

33rd International Footwear Conference

14th November 2014, Agra, India



PREAMBLE

The Council for Leather Exports (CLE) organized and hosted the 33rd International Footwear Conference (IFC) of the Confederation of International Footwear Associations (CIFA) on November 14, 2014, in Agra.

The International Footwear Conference is a prestigious event at which CIFA Member Footwear Associations meet annually and share information on the status of the Footwear Industry in their respective countries. In addition experts were invited from leading global footwear markets like USA, and EU countries to the 33rd IFC, November 14, 2014, Agra-India.

Twelve Footwear Associations from Asian Footwear Producing countries including China, Vietnam, India, Hong Kong, Indonesia, Japan, Malaysia, Philippines, South Korea, Thailand, and Taiwan have formed the Confederation of International Footwear Associations (CIFA), with the common objective of networking and information exchange. Prime activities of CIFA comprise organizing the annual International Footwear Conference, and holding an annual International Footwear Design Competition to promote design talent among Asian footwear producing countries.

The 33rd IFC comprised of Country Presentations by CIFA member-associations, consisting of a comprehensive report on the status of the Footwear Industry in the member-country covering Production, Product and Market aspects. Besides, at the 33rd IFC for the first time, CIFA member-associations also presented the 'Vision 2019 for the Footwear Industry' of their respective country.

Held in the charming ambience of the ITC-Mughal, Agra the 33rd IFC presented a rare and historic opportunity for getting inputs regarding footwear sectors of several competing Asian countries; as also for networking with delegates from these countries.

PRESS MEET

A Press Meet was organized on 13th November 2014, to apprise the Press of the highlights of the 33rd IFC to be held in Agra. The Press Conference was attended by close to 50



From left to right : Shri R. Ramesh Kumar, IAS, Executive Director, CLE ; Shri M. Rafeeqe Ahmed, President, CIFA ; Shri Mukhtarul Amin, Chairman, FDDI and Shri Rajendra K. Jalan, Chairman, CLE



Shri Rajendra K. Jalan, Chairman, CLE (centre) responding to a query. Others on dais are : Shri Tapan Nandi, the Regional Chairman (East), CLE ; Shri Puran Dawar, President, AFMEC ; Shri M. Rafeeqe Ahmed, President, CIFA ; Shri R. Ramesh Kumar, IAS, Executive Director, CLE



Chairman, CLE clarifying a point. Shri Subash Kapoor, Regional Chairman (North) is at extreme right

Journalists representing the major press houses like Zee Network, Amar Ujala, NDTV, Hindustan Times, PTI, Dainik Jagran, Indian Express to name a few.

The Council for Leather Exports was represented by Mr Rajendra Kumar Jalan, Chairman, CLE; Mr M Rafeeqe Ahmed, Chairman, CIFA and Conve-
nor, 33rd IFC; Mr R Ramesh Kumar,

IAS, Executive Director, CLE; Mr Puran Dawar, President, AFMEC; Mr Subhash Kapoor, Regional Chairman(NR), CLE and Mr Tapan Nandi, Regional Chairman (ER), CLE.

The ED, CLE welcomed the gathering and gave an introductory brief about the Conference. Mr Puran Sawar, President, AFMEC also welcomed the Media Personnel and

spoke on the Agra Footwear industry and the Growth opportunities. The Chairman, CLE Mr Rajendra Kumar Jalan in his address highlighted the salient details of the Indian Leather industry and the huge opportunity for Footwear in the global market. He also emphasized on the growing Domestic Market. He also pointed out that the Leather Sector has been identified as a Focus Sector by the Government and especially in view of the Prime Minister's "Make in India" initiative, Leather Sector has been given priority. Talking about the IFC, he said that this was a good oppor-

tunity for India to project itself as a 'Manufacturing Base.'

Mr R Ramesh Kumar, ED, CLE then addressed the gathering and informed that Agra was an apt venue for the Conference and this IFC presented us with a great opportunity for Trade Development.

Mr M Rafeeqe Ahmed, Chairman, CIFA and Convenor, 33 IFC provided information about the IFC and CIFA organizations. He said that Agra was chosen as the venue because it was not only a historical city but was also

the 'heart' of the shoe making in the country. He outlined the programme and also gave a brief profile of the Experts who had been invited. He also spoke in brief about the importance of this conference and gave insights into the composition and objectives of visit of the Chinese delegation to this Conference.

This was followed by an interactive question answer session and the discussion largely centred around the "Vision 2019" and on Skill Development, Raw Material availability, Infrastructure and Capacity Building.

**The events as they unfolded at the 33rd IFC are recapitulated
RECEPTION AT HOTEL ITC MUGHAL IN AGRA**

The delegates and guests were received with traditional honours at the ITC Mughal Hotel in Agra on their arrival on 13th November 2014.



INTRODUCTION OF THE OVERSEAS DELEGATES

At a lunch get-together on 13th November 2014, the Overseas Delegates were introduced to the Committee Members of the Council for Leather Exports and Members of the Agra Footwear Industry.



Shri Subash Kapoor, Regional Chairman (North), CLE (2nd from left) ; Shri Puran Dawar, President, AFMEC and Shri M. Rafeeqe Ahmed, President, CIFA with the delegates



Visit to 'TAJ MAHAL' and 'KALAKRITHI'

After an informal lunch the delegates were taken to visit the "Taj Mahal" which was followed by the 'Kalakrithi' show – a light and Sound show on the Legend of the Taj. The delegates were mesmerized by the grandeur of the Taj and were enthralled with the Cultural Dance and Drama show at the "Kalakrithi Cultural Centre."



WELCOME DINNER

A Welcome Dinner was hosted in honour of the Overseas Delegates on 13th November 2014.



33rd International Footwear Conference Sessions on Country Presentations and Presentations by Experts on 14th November 2014

INAUGURATION

The stage was set for the 33rd International Footwear Conference with a brief "Inauguration." The Master of Ceremonies invited Mr M Rafeeqe Ahmed, Chairman, CIFA & Convenor, 33rd IFC, Mr Frank Kung, Secretary General, CIFA, Mr Rajendra Kumar Jalan, Chairman, CLE, Ms Nie Yumei, Executive Deputy Secretary General, China Leather Industry Association, Beijing, China, Mr Liu Suilong, Chairman, The Association of Guangdong Shoe Manufacturers, Guangdong, China, Mr Tan Wing Mun, Vice Chairman, Hong Kong Footwear Association, Mr Eddy Widjanarko, Chairman, Indonesian Footwear Association, Mr Naoki Tokuda, Japan Footwear Federation, Mr Chang Yong Noh, General Manager, Korean Footwear Industries Association, Ms Maggie Chan Mei Keen, Executive Officer, Malaysian Footwear Manufacturers Association, Mr Roger S Py Jr., Vice President, External Affairs, Filipino Chinese Footwear and Allied Industries Association, Mr Lai Chi Chien, Secretary General, Taiwan Footwear Manufacturers Association, Mr Ming Pant Chaya, Chairman, the Footwear Industry Club, The Federation of Thai Industry, Mr Diep Thanh Kiet, Vice Chairman, Vietnam Leather and Footwear Association and Mr Nasir Khan, Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh to the dais for the Inauguration.

Mr Rajendra Kumar Jalan, Chairman, CLE in his Welcome Address, warmly welcomed all the delegates to Agra for the 33rd International Footwear Conference. He said that Agra was not only a historical city but was also a 'shoe city.' He deemed it a pleasure to be part of the IFC and with the presence of the renowned Asian Giants present it would be a good opportunity to learn about each other's work and the progress made, he opined. Mr Jalan stated that 'Services' are dependent on goods – directly or indirectly and that Trade could not happen in isolation. He also



Shri Rajendra K. Jalan, Chairman, CLE delivering welcome address

said that the recession was ending the resurgence of the industry was imminent.

The WTO had indicated positive growth, Shri Jalan added and informed that Asia had also registered an impressive growth and was on the right track. The Chairman of the CLE said that increasingly countries were

working for Regional and bilateral Trade blocks and the Asian countries too had proactively forged new partnerships between ASEAN and its FTA partners. He emphasized that Regional Trade Agreements would play a greater role and the Footwear Trade needed to leverage this to grow and said that attention to Joint Ventures, Technical Collaboration, Skill Devel-





opment and Environmental Management was the way to go forward. Talking about the Indian Footwear Market, he said that it was a huge market and was expected to post a huge growth with the per capita consumption likely to move up from the current two pairs to three to three and a half pairs in the near future. He said that the huge volume required by the Domestic Footwear market is a good opportunity for the Asian Countries to service. He also stressed that the Government of India had recently included 'Leather' as one of the key industries in their ambitious 'Make in India' initiative which gave manufacturers around the globe to plug into our manufacturing system and gain access to a large and young skilled manpower base. He also expressed his happiness at the presence of the Association of Guangdong Shoe Manufacturers, Guangdong, China who, he informed, were scouting for collaborations and partnership and opined that evaluation of such possibilities to manufacture in India would be a win-win situation for all.

Mr M Rafeeqe Ahmed, Chairman, CIFA & Convenor of the 33rd International Footwear Conference in his "Opening Remarks" welcomed all the CIFA members and delegates warmly to the Conference. He said that India was proud to host this event and was thankful to CIFA to give it a chance to host it for a second time after the first time being in 2007. He quoted a Russian Proverb that "Guests need not thank but the Host should Thank the Guest" and in keeping with that, he said that we were honoured by the presence of all the delegates from the various countries. He stated that Asia today was the 'Powerhouse' of Footwear Manufacturing and contributed to 86% of the global footwear exports. It was the 'largest producer' as well as the 'largest consumer' and this conference would provide a platform to outline growth objectives in the short



Mr M Rafeeqe Ahmed, Chairman, CIFA delivering Opening Remarks

as well as long term, he added. Tracing the history of CIFA, he said that it was in 1971 that the "Asian Rubber Footwear Congress" was held which was the first Asian partnership and once footwear Trade flourished regular meetings were held. India joined this group in 200, he informed. He stated that CIFA, in its present form was born in Hong Kong. He emphasized that 'Fashion and Design' play an important role in the Footwear Trade and we in Asia need to develop this to move up the value chain and stated that in this connection IFC was

conducting the 'International footwear Design Competition (IFDC)' to encourage Design talent and all the major manufacturers participated in this. He also opined that we should blend 'Tradition' with 'technical Knowhow' to get the best results. In conclusion, he quickly introduced the three Technical Experts and extended a warm welcome to all, once again.

Mr Frank Z Kung, Secretary General, Confederation of International Footwear Association (CIFA) in his address said that it was a great plea-



Mr Frank Z Kung, Secretary General, Confederation of International Footwear Association (CIFA) speaking at the inaugural session

sure and privilege to be present at the 33rd IFC in Agra. He thanked Mr M Rafeeqe Ahmed, Chairman, CIFA & , Convenor of the 33rd IFC and his amazing team at CLE, India for their efforts in presenting this conference and thanked them all for the wonderful arrangements for the Conference. He emphasized that the Purpose of IFC was to provide a platform for 'Global exposure' in the area of footwear, exchange of business information amongst members, discuss Business collaboration and provide opportunities for technical tie-ups to work towards a better shoe industry tomorrow.

Mr Kung said that CIFA stood for Co-operation, Information, Facilitation and Appreciation. Outlining the format of the Conference, he said that each member country would present their reports and also briefly described the International Footwear Design Competition held every year which attracted participation from all major members of the CIFA. He described India as a 'beautiful country' and opined that we were all meeting



Lighting of lamp by dignitaries

at the 33rd IFC in Agra to write a new chapter in IFC's history. He sincerely thanked the CLE and the Government of India for their support to the 33rd IFC and for making it an event that would be remembered for a long time. He concluded by wishing all participants great success in the 33rd IFC.

In keeping with the Tradition of India, celestial blessings were invoked and the 33rd IFC was inaugurated by "Lighting of the Lamp" by all the dignitaries present on the dais accompanied by a divine invocation chant signifying that 'may all our endeavours be successful.'

Country Presentations & presentation by Experts

China Leather Industry Association, Beijing, China



Ms Nie Yumei, Executive Deputy Secretary General, China Leather Industry Association, Beijing, China.

The first presentation was made by Ms Nie Yumei, Executive Deputy Secretary General, China Leather Industry Association, Beijing, China.

She divided her presentation into five parts comprising

- Chinese footwear industry 2013
- Chinese footwear industry 2014h
- Top department stores and leading brands
- Cost rise

- Vision for future

She highlighted the Key indicators in 2013 as being Production with an estimated 14 billion pairs; Exports being 10.58 billion pairs with an estimated value of \$48.15 billion; Imports being 55 million pairs with an estimated value of \$1.71 billion and Consumption being 3.7 billion pairs with an estimated value of RMB370 billion.

She informed that Production continued to grow, but at a much lower growth rate with the Output being RMB 641.1b which was up 9.37% versus 13.01% in 2012. Elaborating, she said that Central and Western China experienced higher growth rate than coastal provinces as the Growth rates of output in coastal provinces such as Fujian, Zhejiang and Guangdong were much lower than inner land provinces, with Henan, Hunan, Jiangxi and Chongqing showed growth about 20%. She added that the share of three coastal provinces continues to

decline and in 2013, it declined 3 percentage point compared with 2012. This showed the industrial transfer towards inland provinces from coastal cities continued, she informed.

Ms Yumei stated that Footwear exports still continued grow, but the rate fell below 10% as in 2013, 10.58 billion pairs were exported, with the value of 48.15 billion US\$, registering a rise of 5% and 8.5% respectively, while the rates in 2012 were 2.0% and 12.7% respectively. She also informed that the Share of leather shoes continued to decline both in terms of volume and value. Share of traditional target markets like the US, EU and Japan had also shrunk, she added and to emphasize her point she gave a graphical overview of the Top ten Export markets for China both in terms of Volume and Value and added that China's exports to ASEAN countries were rising. She stated that Asian competitors becomes more competitive in exports and provided statistics of the growth rates of Indonesia (growth: 22.1% in the period 2009-2013) and Vietnam (growth: 19.9% in the period 2009 to 2013) as compared to that of China (growth: 16% in the period 2009-2013). She also stated that the growth of imports had also slowed down and the share of leather shoes had dropped by 4% in volume with the Import origins becoming more concentrated.

Turning her attention to 'retailing and Consumption', she informed that the Footwear consumption entered

a new period of slow-down but added that after a two-year slump the leading sports brands were showing signs of recovery. She stated that the Leather shoes experienced a difficult year and with the society consumption slowing down, overall costs continued to rise, booming online sales, and department stores were gradually losing its attractiveness and leather shoes brands offered much higher discount. Talking about the outlook for the Chinese footwear industry she opined that if 2013 was a bitter year, it seemed that 2014 would be much bitter. However, she said that there was room for optimism as the trend is positively going up, though the growth rate of several indicators is smaller than the same period last year. To buttress her point, she gave figures pertaining to growth rates of the Top 5 chain department stores in China and the Market Share of the top ten footwear brands.

Ms Yumei then spoke about the 'Rising Costs' and attributed it to the 'labour costs' which had seen the monthly wages of migrant workers reaching RMB 2609 in 2013 which translated into a 13.9% rise, and there were signs that the actual monthly income could reach RMB 2500-5000 in footwear manufacturing sector. She also added that about 24 provinces had raised the minimum wage standard, which was up 22% on an average. She also touched upon the Material costs. Outlining the Vision for the next five years, she said that it was forecasted that the world

economy would be in a long period of slow recovery and that the Production was projected to remain stable, with a low-single digit growth in volume and double digit (just above 10%) growth in output. She also added that Exports were projected to be in the process of slow recovery along with the recovery of world market demand and that low to mid-single digit growth in volume and double-digit in value, just above 10%, could still be expected. Further, she stated that Imports were projected to growth faster than exports and since Consumption was closely linked with income, the Consumption would grow steadily, about low double digit overall in value. She added that Labour cost and raw material cost would continue to go upward and opined that the Western and Central provinces in China would experience higher growth in production and exports, benefiting from the industrial transfer.

The Association of Guangdong Shoe Manufacturers, Guangdong, China

The next presentation was by Mr Liu Suilong, Chairman, The Association of Guangdong Shoe Manufacturers, Guangdong, China.

He prefaced his presentation by stating that since 2013, Footwear Industry of Guangdong and China had been put in a tight spot due to many factors, such as the traditional market downturn and RMB exchange fluctuation. Moreover, the increasingly growing labor cost and raw material procurement cost, the elevated Europe and the United States trade barriers and the orders transferred to the Southeast Asian countries had also increased the export difficulty of Guangdong footwear enterprises, he stated and opined that these were the reasons as to why the Footwear Industry of Guangdong and China was facing a new era of industrial transfer and upgrade.

Talking of Foreign Trade Export of Footwear Industry of Guangdong, he listed the Statistical data and said that the national export value of footwear was USD 50.764 billion and grew by 8.44% on the year-on-year basis, the export volume was 10.577 billion pairs and increased by 5.02% on the year-on-year basis in 2013. Exports



A delegate clarifying a point



Mr Liu Suilong, Chairman, The Association of Guangdong Shoe Manufacturers, Guangdong, China.

from Guangdong, Zhejiang and Fujian he stated, were the highest and accounted for 73.87% of the gross footwear export value and 81.27% of the gross export volume of China, of which the footwear export value of Guangdong was USD 17.339 billion, accounting for 34.16% of the gross export value of China, and its export volume was 3.791 billion pairs, accounting for 35.84% of the gross export volume of China.

He stated that in 2013, Guangdong footwear industry's main export markets were USA, Hong Kong, Britain, Malaysia and Germany with the largest export market being USA with an annual export amount of USD 5.589 billion, accounting for 11% of Guangdong's total exports, and with the average unit export price being USD 8.52; the second largest export market was Hong Kong, with an annual export amount of USD 1.458 billion, accounting for 2.9% of Guangdong's total exports and with the average unit export price being USD 7.11. Elaborating on the Footwear Export of Guangdong from Jan. to May, 2014 he said that the national footwear export value was USD 20.581 billion and grew by 9.28% on the year-on-year basis, and the export volume is 4.404 billion pairs and decrease by 0.17% on the year-on-year basis, of which the export value of Guangdong was USD 7.147 billion, accounting for 34.73% of the gross export value of China and its export volume was 0.571 billion pairs, accounting for

12.97% of the gross export volume of China. He added that in January-May 2014, Guangdong footwear industry's main export market was USA, Hong Kong, Malaysia, Britain and the United Arab Emirates with USA and Hong Kong being still the two largest export markets.

Mr Suilong then touched upon the Change of Labor cost and the purchasing cost of raw materials as well as the Labor cost and Workers' Remuneration, in which connection, he stated that from 2003 to 2013, the workers' wages of China footwear industry had been tripled, whereas RMB exchange rate against the U.S. dollar had appreciated by more than 30%, plus other cost rise ensured that the profit of footwear manufacturing enterprises had been basically nibbled. He added that in recent years, Guangdong footwear industry was in short supply with manpower resource, the worker's pay had been increased year after year and this vicious cycle of shortage of workers and the rise of labor cost had become the largest constraints for the development of footwear manufacturing enterprise. As the overall wage and welfare treatment level was heightened and some enterprises attracted workers through higher salaries, average wage of on-post staff in Guangdong had stably increased year by year, but a large number of factories were still lacking of labor, he pointed out.

Talking about the Footwear materi-

als, e.g. leather, synthetic leather and rubber, he stated that the change of footwear materials directly affected the sales price of finished shoes and in recent years, the production cost of footwear manufacturing enterprises had grown greatly because of the rise in material prices, the competitive advantage of products had fallen directly, and corporate profits had declined year by year. Mr Suilong the spoke eloquently on the Domestic Market Development of Guangdong Footwear Industry and stated that China had become the largest footwear consumption market all over the world, with the sale volume in the lady's footwear market achieving about RMB 350 billion and it was estimated that the market would continue to be developed rapidly in the next few years. He added that with the growth of land and manpower cost, seeking for the largest benefit of enterprises, Guangdong footwear had struggled for the brand development in recent years and along with the development of the consumer market of China, the high-end domestic footwear market would also have the huge potential in the future. He informed that many powerful brand operation enterprises had actively expanded in the Mainland China market through different distribution channels and due to the wide and stable customers, large numbers of brand operation enterprises preferred to set up counter brand for the promotion of brand products in famous department stores.

Mr Suilong pointed out that at present, there were more than 100 self-owned brands of footwear in Guangdong and in the next five years, the number of Guangdong footwear brand would be increased multiplicatively. He said that the famous brand retail system of Guangdong footwear industry had gradually become mature and taking BELLE as an example, he said that its core brand BELLE was at the top of the sales of lady's shoes for 12 consecutive years and became the best brand in China's footwear market. It also had other brands: Teenmix, Tata, Staccato, Joy & Peace, Mirabell, Millie's, Senda, Innet, Basto and JipiJapa, he added and furthermore, BELLE operated 8 well-known brands: Bata, BCBG, Elle, Clarks, Me-

phisto, Merrell and Caterpillar, he informed. He opined that through this multi-brand strategy, BELLE achieved win-win cooperation with powerful department stores and controlled the retail terminal and formed the strong supply chain system and marketing system. He informed that in 2013, BELLE income had exceeded RMB 36.25 billion in footwear, a rise of 10.3% year-on-year; with the net profit being RMB 4.492 billion, with year-on-year growth rate of 3.2%. Its distribution network covered over 400 main cities in the mainland, he said and there were more than 400 footwear retail outlets and 2500 staff in Guangdong. Now BELLE was the largest lady's shoes retailer in China, he stated.

Mr Liu then presented Vision for the year 2019 as:

Footwear Industry would grow steadily in 5 years (2014-2019)

In 2014, the global economy showed the signs of a mild recovery, the great footwear consumption potential and manufacturing demand became a hot topic both in China and abroad. Professionals predicted that the gross output of China footwear industry would breach RMB 700 billion in 2014, up 7% from last year; it would continue to maintain a steady growth.

China footwear industry would meet the satisfactory growth rate in the foreseeable future. It was estimated that the annual growth rate of domestic footwear sales would reach 12% in 2014-2019. The gross output of Guangdong footwear industry would be RMB 20 billion in 2014, up

11% from last year.

- The ASEAN market becomes the largest export market of Guangdong footwear industry.

Along with the maturity of China-ASEAN Free Trade Zone, the footwear products gradually launch into the ASEAN market. Specifically, there will be a substantial increase in the export to Malaysia, Singapore, Thailand and Brunei, the volume of export to these four countries will account for 75.3% of Guangdong's total volume of export to ASEAN.

- Guangdong footwear industry undergoes the transformation from low-end processing and manufacture to the high-end product design and production.

Owing to the increased production and labor costs in China, the competitive advantage of low-end shoes will no longer be obvious, the orders for low-end shoes will be "snatched" by the manufacturers in Cambodia and so on.

Meanwhile, the market share of China footwear industry will be gradually reduced in USA, EU, etc. and will continue to decline. It will make domestic footwear manufacturers transform from the long-end processing and manufacture to the high-end product design and production, excavate and focus on the fractionized fields, satisfy the consumer's individual needs and stick to the road of brand development.

Due to the above two factors, the production and export of footwear products will possibly decline in the American and EU market, but the qual-

ity will be improved, the product price and gross export will continually grow.

- Guangdong powerful footwear enterprises will gradually go deep into foreign terminal market.

The powerful footwear manufacturing enterprises in Guangdong will set up factories through overseas investment; establish the R&D center, logistics center and distribution center by means of acquisition, leasing, joint venture and cooperation, launch into the foreign terminal market. The footwear manufacturing enterprises will increase the export of the self-owned brands with high added value and maintain the export competitive advantage. However, Guangdong footwear manufacturing enterprises will be challenged by many problems within a short term, for example, the increased labor cost, the raw material price markup, the strict environmental protection requirement and so on.

Industrial Integration is the trend

In recent years, along with the increase of labor cost and raw material cost as well as the fluctuation of international market demand and the decline of market share, the footwear manufacturing enterprises have faced a keen competition. If the footwear manufacturing enterprises do not make improvement in the product development and design, self-owned brand and international market and still exist in the small and scattered form, they will hardly break through the development bottleneck of high production cost and low product added value and gradually lose the industry advantage, not to mention Guangdong footwear industry in shortage



The participants

of land and labor. By selecting the superior and eliminating the inferior, the successful enterprises will be the powerful enterprises capable of integrating advantageous resources; the industrial integration strategy will be an inevitable choice for enterprises to be bigger and stronger.

The footwear industry integration implies the seamless joint and mutual cooperation of the upstream, midstream, downstream and the quick and efficient of footwear industry chain. We will complete the systematic gathering and rational layout of each link in the process of enterprise development, such as development and design, brand operation, exhibition trade, e-business, financial settlement, industrial exchange, international exhibition, storage and logistics, etc., realize the industrial structure adjustment, promote the overall development of footwear industry.

In order to heighten the research, development and design ability and enhance the market share, some domestic enterprises have begun to cooperate with the advanced enterprise both at home and abroad, focus on the R&D of high-end products, accelerate the product brand construction, heighten the added value of product, strengthen the core competitiveness; meanwhile, regulate the marketing strategy, satisfy the customer's individual needs, strive for more market share and greater profit margin through high quality product and service. The industrial integrated development strategy will become the future development mode of footwear manufacturing enterprises. BELLE is a typical case of achieving great success through industrial integration.

In the next few years, The Association of Guangdong Shoes Manufacturers will energetically promote the integration of footwear industry, make domestic and foreign footwear manufacturing enterprises complement advantages and share resources in the field of R&D, design, production, brand, channel, personnel, information, etc., help footwear manufacturing enterprises and partners to enhance international competitiveness, and promote the vig-

orous development of Guangdong footwear industry under the new situation.

Hong Kong Footwear Association, Hong Kong

The next presentation was by Mr Tan Wing Mun, Vice Chairman, Hong Kong Footwear Association, Hong Kong.

He commenced his presentation by showing the performance of Hong Kong's Exports of Footwear which had registered a negative 10% rate of growth. To give a clearer picture, he analyzed the Footwear exports vis-à-vis the Markets which had largely shown a declining trend and through categories such as Finished Footwear, Rubber or Plastic uppers, textile Uppers, leather Uppers and other Accessories and parts which also followed the same trend. He then proceeded to give the cost of the various leather types such as Calf Leather, Cow leather, nubuck, Cow Suede, Patent Cow Leather, Crystal patent Cow leather, Goat leather, Hair Sheep Leather, Pig Lining, Goat lining and Sheep hair lining.

Mr Mun then gave the details of the progress and business status of the leading Brands in Hong Kong such as "Joy and Peace", "Mirabell", "Dr. Kong", "Sabatina", "Staccato" and "Footspot" and also talked about the leading Departmental Stores such as "Lane Crawford", "Sogo", "Yata", "Wingon", "Sincere" and "Aeon." He then pro-

ceeded to give the Average wage rates analysis by Industry section as also the Average daily Wages, average number of work and average number of standard working days of craftsmen and operatives analyzed by industry section. He also informed the audience of the total export productwise as well as Marketwise and also touched upon the 'Domestic Exports' productwise and marketwise as also the Re-Exports productwise and marketwise. In conclusion he presented the Imports – Productwise and marketwise.

Indonesian Footwear Association, Indonesia

Mr Eddy Widjanarko, Chairman, Indonesian Footwear Association, Indonesia gave the next presentation wherein he split the Indonesian Footwear Industry categorywise as Category A being for Branded sport shoes for export; Category B being for Branded non-sport shoes for export and Category C being for Local Brands mainly for local market. He then proceeded to highlight Indonesian footwear exports and imports in the period 2008-2013 which had shown an impressive growth. He also presented the exports under the categories-Sports and non-Sports which again was very impressive in terms of rising growth. A detailed list of 'Destination Countries' that were recipients of Indonesia's products was then highlighted.

He then went on to enumerate the



Mr Tan Wing Mun, Vice Chairman, Hong Kong Footwear Association, Hong Kong



Mr Eddy Widjanarko, Chairman, Indonesian Footwear Association, Indonesia

“challenges in the footwear industry” and listed them as being:

- Significant dependence on foreign brands
- Efforts to introduce national brands.
- Supporting industry is in the development stage
- Infrastructure need many improvements
- Support from financial institutions
- Development of human resource competence

On the ‘Raw Material Issue’, he opined that:

- Impact of dependence on imported raw material on competitiveness
- Impact of availability of raw material to production process
- Raw Material Center
- Down streaming industry to supply the industry just started.

Mr Eddy then gave a detailed picture of the Indonesian Tanneries Performance for 2013 and then set out the Indonesian footwear industry

‘Vision 2019’ as being:

- Strengthening the industry structure through :
- Investments in supporting industry
- Machinery modernization toward quality products , efficient production
- Implementation of new Industrial Law to reinforce the footwear industry
- New Law on Institute for Investment Financing

He then gave us a glimpse in the variation of ‘Minimum Wages’ in different parts of Indonesia and gave us an idea of where the Footwear Industries were clustered. He also listed out the famous Indonesian footwear Brands as being: GinoMariani, Jalan Sriwijaya, Pakalolo, Specs and Mario Minardi.

Elaborating on footwear retail, he gave the details of the major Footwear retailers like PT Sepatu Bata Tbk, PT Buccheri Indonesia, PT SABANG MANDIRI ABADI, PT SUMBER KREASI FUMIKO and PT Teguh Murni Perdana. He also gave us the details on the major Departmental Stores in Indonesia like Matahari, Ramayana, Carrefour, h-hypermart and Yogya.



The participants

Subscribe !!!




Expert presentation by Mr Massimo Donda, President, FEDERCALZATURE- Italian Shoe Trade Federation

Mr Massimo Donda spoke on “Italian Footwear Industry in the coming Decade.”

Mr Massimo Donda, President, FEDERCALZATURE- Italian Shoe Trade Federation

He introduced himself and informed that his family was in shoe business since 1887 when his great grandfather opened a first little shoe shop and factory in Trieste, 127 years ago! This was then taken up by his grandfather and his father. He informed that he was currently the President of Federcalzature: Italian Shoe Trade Federation and past president of CEDDEC European Shoe Trade Confederation.

He commenced his presentation with a description of the Italian Footwear Industry in the coming Decade and presented:

- Trends on shoe retail Italian market 2015-2025
- Trends on shoe manufacturing Italian market 2015-2025
- Trends on Italian industrial shoe products 2015-2025

He informed that Italy produced 207 million pairs, whereas China 12,887 and India 2,209 and therefore market quotas in world production were 1% Italy, 60.5% China and 10.4% India.

According to these data, he said that Italy was just a mosquito on the Chinese red dragon or on the Indian elephant. He added that we should not forget that when we considered the turnover instead, Italy produced 10,376 million USD which was equal to 10.1% and China produced (obviously still more) 39,374 million USD equal to 38.3%, which clearly depicted the big disparity in prices.

The participants

He stated that the Italian footwear



was worth on average 45.32 USD per pair, while the Chinese footwear was worth on an average 3.87 USD per pair and the Indian price was 12.61 USD per pair which meant that the consumers all around the world were willing to pay for an Italian product even though it was around 12 times more. This begged the question “Why?” and he opined that the added value of Italian footwear was recognized not only from the insiders but above all from consumers all around the world.

Explaining, Mr Donda stated that this was because Italy was the leader, since the past century, in the footwear field: in design, in brands, in the craft productive capacity of its staff which was physically charged of the production. He added that in Italy it was absolutely normal for a factory worker to stand up from the conveyor to signal that according to his personal experience this leather was not qualitatively suitable for the product that was being realized or an upper

operator could complain because she thought, that a particular string needed a reinforcement. This happens regularly in an Italian factory, he stated.

Italy was leader in the capacity of capturing and stimulating the micro trend of the consumers on behalf of the retail sales network, he emphasized and said that Italy was a leader in the ability of producers to capture the trend during samples creation, as well as in the ability of creativity and innovation of producers of accessories, materials and leathers, in products and in their processes.

He further added that even in admen creativity, brand supervision and not only in the uncontested creative capacity of designers were the Italians successful. This, he opined, was because of being blessed with a practical mind, creative talent, critical sensibility, personal genuine initiative which he felt was innate in the Italians at all employment levels, not



only managerial levels, but also the merely executive ones.

He stressed that the creative capacity showed up endlessly in all the distributive-productive-creative supply chain, in every single point of it, in something which Japanese would call and well understand as "total quality" and added that all of this was born, centuries ago, from the handmade capacity of craft workshops during the Italian Renaissance, which have had their excellences in the big painters, sculptors, artists and architects, known and famous in all the world, like Michelangelo or Da Vinci, which had brought at all the levels of education and professionalism an education of what is "The beautiful and well made", recognized to Italy as Made in Italy (SLIDE 15) and under the slogan of "Dolce vita" (sweet life) from the title of a famous fifty's film and he further added that this was why he was talking to the audience at the 33rd IFC about the Italian trends in the next years.

Mr Massimo Donda then dwelt on the Trends in shoe retail in the Italian market - 2015-2025

He highlighted the following points:

- Continuation of the trend with a further loss of market quotas on behalf of the Made in Italy product (too expensive for the impoverished Italian market) and a further increase of the foreign import market quotas.
- Continuation of the trend with a further loss of market quotas on behalf of traditional distribution (little shops), with a failed increase of the chain distribution caused by competitiveness of the e-commerce sales.
- Creation of Agreements of collaboration also in Italy between big Italian and European e-commerce players and the off-line distribution to minimize costs of locked-up shoe stock and to offer bigger proximity service to evolved customers.
- Aging of the Italian population (in Italy there is a higher number of pensioners than in Japan) would imply specializing of retailers on

this no longer niche market with specific needs: consumers far from technology, who look for human relations, shoe comfort, low prices, because certainly not all pensioners are wealthy.

- Entry of Chinese chains in the market and buying directly Italian players and realizing their own flagship stores for pure promotional aims and own shop chains to allocate directly the footwear product, skipping the importers and having like this a direct relation with the customer; customer who has made big the Italian footwear industry, being certainly the most demanding of the world in every price level of shoe product.

- Use of drones for deliveries to the customer will help e-commerce with lower costs of delivery to the customer, but could also move the shopping habits, from walking around the city streets and shopping malls to try shoes comfortably at home, in various sizes, brought by a "flying shop assistant", chatting with friends by social networks.

He also shared his thoughts on the Trends in shoe manufacturing in the Italian market - 2015-2025 and stated the following trends:

- Continuation of the trend of closure of small craft production realities that has not known how or couldn't reposition their self as "contractors" with the big Italian

and European luxury Brands.

- Continuation of the trend of rising of the big international luxury Brands market quotas, owners now of the whole production chain: from the shops to the shoe industries, to the tanneries, all of their property with supply chain synergies and high production standards control.
- Continuation of the trend of the rise of luxury sales, motivated by both the maintenance/growth in the western countries of this range and growth both consumption, and consumers of this range in the emerging markets.
- Continuation of the slow return of Italy to footwear production (reshoring), today outsourced in other countries: mainly the Balcanic area, the Mediterranean area and East-European area, motivated by a rise of labour costs in these countries but also by improving productivity (shorter production supply chain) to obtain a bigger market answer reactivity, and of the hopes for reduction labour costs in Italy: less taxes and more freedom of working hours and redundancy. (
- Introduction of 3D printers will imply a small revolution in heel factory and sole factory allowing a cheap and effortless realization of the set of samples and a small personalized productive series of few pairs helping the small, typically Italian, niche productions.



Chairman, CLE presenting a memento to Mr. Donda

- Italian shoe manufacturers will slowly become from creators and manufacturers of shoes to creators of shoe brands. The brand has always more importance to diversify the product from the competitors and Italian entrepreneurs know how to occupy every possible niche market with the suitable brand, in particular in medium-high range.

Trends in Italian industrial shoe products - 2015-2025 was Mr Donda's next focus wherein he said that:

- Continuation of the technology development at high concentration of innovation which permits mass production, cutting back on the number of handlers. Right now Quadwrap system takes advantage of four layers of polyurethane to produce a pair of sneakers in just 3 minutes. Desma and Bayer argue that the time reduction is near to 90%, but that only two workers are needed to manage the machine. A considerable evolution / revolution in relation to the 200 people chain called to produce 1,200 pairs in 8 hours shift: the same number of shoes, with Quadwrap technology could be done in only 24 hours.

- 3D printers (right now used in the children games industry www.imaginarium.it) permits a very strong customization of the product on PVC products in short time (for example: Brazilian Melissa – Grendene Group or US Crocs). You can this way permit the advanced customer to "create" his/her "custom made" shoe of it's proper taste and to play to be a real designer.

This leads to the birth of Italian computer programmers with a foot-



Shri Md. Sadiq, Senior Principal Scientist, CLRI with Mr Frank Z Kung, Secretary General, CIFA

wear background trained to realize computer apps for an easy customer use.

As time passes, 3D printers, like it happens in the entire electronic field, will lose value and print costs will crumble, permitting all consumers to realize personally at home a big part of easy footwear products as slippers, flip flop and rain boots.

- There is also a remote chance that from object for foot protection during walking, footwear becomes in the future a new urban mode of transportation, if it doesn't turn into just a niche product like Segway did.

The Rocketskates are "Rollerblades" moved by 50 Watt, electric engines with 90 minutes autonomy for 20 miles per hour (cost 250,00 USD) which permits to revolutionize the urban amble but also the foot-

wear distribution. (SLIDE 23)

In conclusion, Mr Massimo Donda opined that the economic crisis which was affecting Italy today: politically, economically and socially would help them in the next decade. It could result for the future, for Italy, a big opportunity, and they should know how to use it. He added that the experience, the capacity and the know-how accumulated in the economic boom years until 2008 (with sensibility and capability necessarily gathered in the last years to survive against today's big economic crisis) would permit Italy, putting together both aspects, to be ready, like in a post-war period, for a creative revival that would lead them to a bright future.

Mr Rajendra K Jalan, Chairman, CLE presented a plaque to Mr Massimo Donda.



The participants

Japan Footwear Federation

Mr Naoki Tokuda, Japan Footwear Federation was then invited to make his country presentation. He started his presentation with a graphic of the GDP growth of the Japanese Economy and said that in 2014 it was estimated that the GDP would grow by 2.9%. He proceeded to give the statistics relating to the Domestic Production and Imports which clearly reflected the drop in Domestic production and subsequent increase in Imports. He also gave a detailed picture of the 'Import Data' clearly highlighting the Countries from which the Import was being made. Mr Tokuda then dwelt on the various categories of footwear like Leather footwear, Canvas Shoes, Rubber Shoes, Plastic Shoes and Sandals and showed how their Imports had increased significantly. He also pointed out how the 'Transition of Imports' was taking place and demonstrated how year on year the Imports from China had grown substantially while the Imports from the rest of the countries had dropped significantly. The Same Trend was highlighted by him even when the Shoes were analysed Category wise.

Talking about the Domestic Products and Imports, Mr Tokuda pointed out that the quantity of import of footwear in 1987 was over 100 million pairs and the quantity of import of footwear in 1991 was over 200 million pairs but the production and Imports reversed the situation of each other in 1993. However, he pointed out, that the quantity of import of footwear in 1994 was over 300 million pairs and rising steadily with the result that the quantity of import of footwear in 2013 was over 700 million pairs.

Elaborating on the Footwear Market in Japan, he stated that the Footwear production had increased substantially in the period from 2009-2013 while the population had remained largely static during this period with the consequence that the Per Capita consumption of footwear had shown a steady rise and was now at 5.6 pairs per person which was reasonably high. He also gave a detailed break-up of the Material and Labour Costs.

Presenting the "Vision 2019" for Japan, Mr Tokuda pointed out that



Mr Naoki Tokuda, Japan Footwear Federation

the Domestic Footwear Production (inclusive of Leather Shoes, Rubber Shoes, Plastic Shoes, Slippers, Sneakers etc.) would go down from 60 Million pairs to 49 Million pairs and the number of workers involved in Footwear production would also decline from 17300 to 14800 though there would be a very substantial increase in the Market Size for footwear in Japan. He also highlighted the 'change in Age' and said that a vast majority of the population would be in the 15 to 64 years age group. He also pointed out that there would be a decrease in the Labour Force.

Mr Tokuda then gave an interesting analysis of the 'Economic Ripple Effect due to the Tokyo Olympics.' He also presented the Top Departmental Stores in Japan as being:

- Isetan Department Store
- Mitsukoshi Department Store - managed by Isetan Mitsukoshi Holdings
- Daimaru Department Store
- Matsuzakaya Department Store - managed by J. Front Retailings
- Takashimaya Department Store - managed by Takashimaya Company, Limited

He also informed that Chiyoda Co., Ltd., ABC-Mart, Inc. and G Foot Co, Ltd. were the Big Three Footwear Retail Chain Stores in Japan. Mr Tokuda also made an interesting presentation of the Spring Summer 2014 Fashion Trends and said that White Colour Shoes and Pointed Toe Pumps were in vogue in Japan. Slip on Shoes, Mesh Shoes, Seed through Shoes, Platform Sandals, Flip Flop Design Sandal, Twist

Strap with Wedge Soles were some of the Fashion Styles and Trends seen at the Retail Stores, he informed.

Tracing the history of the 'Japanese Footwear federation', he said that it was established in the year 1977 and comprised of 7 main footwear associations in the country and was the Largest organization of the footwear industry in Japan. In conclusion, he pointed out that the Footwear associations which were amalgamated under the Japanese Footwear federation consisted of:

- Japan Rubber Footwear Manufacturers Association which comprised 17 companies involved in the manufacture of Rubber shoes, sports shoes, canvas shoes makers.
- Japan Shoe Manufacturers Association which comprised of 11 companies who were mainly large leather shoes makers.
- All Japan Leather Shoe Industry Federation which comprised of over 200 companies who were Medium and small leather shoes makers.
- Japan Chemical Shoes Industrial Association which comprised of 112 companies who dealt with Chemicals in shoes making.
- National Federation of Sandal Manufacturers Association which comprised of 59 companies who were Sandal makers.
- Japan Federation of Shoe-Wholesalers Organization which comprised of 130 companies.
- Japan Shoes Retailers Federation which comprised of over 300 companies

Korean Footwear Industries Association, Korea

Mr Chang Yong Noh, General Manager, Korean Footwear Industries Association was then invited to make his country's presentation.

He commenced his presentation with a status review of the Korean Footwear Industry wherein he presented the Footwear Annual Sales Turnover; Number of Companies, Number of Workers, Footwear Export Data and the Footwear Import Data. He said that there was an increase of 2.85% in Dollar Terms with regard to the Manufacture of Footwear and a 1.02% increase Wholesale/retail Sale in the period from 2009-2013. Similarly the Number of Companies involved in Footwear Manufacturing had shown an increase of 1.33% year on year and the number of companies involved in Wholesale/Retail had shown a 4.59% increase year on year during the period 2009-2013, he added. He also informed that while the number of workers involved in Footwear Manufacturing had shown a decline of 1.74% the number of workers involved in the Wholesale/Retail had shown an increase of 5.29% year on year during the period between 2009-2013.

Presenting the Korean Footwear Export and Import data, Mr Noh informed that in Korea, the Annual Export of Footwear had shown an impressive growth of 10.14% year on year during the period from 2008-2013 while the Annual Import of Footwear had shown only a marginal increase of 0.88% year on year during the period between 2008-2013.



Mr Chang Yong Noh, General Manager, Korean Footwear Industries Association

He then spoke on the "Korean Sports, Outdoor and Dress Brand Market" where he highlighted the Sports Brand Market in Korea, Outdoor Brand Market in Korea and the Dress Brand Market in Korea. He listed the major Sports footwear brands in Korea as Fila from M/s Fila Korea; Lecaf from M/s HS Corp; Nike from M/s Nike Sports; Adidas from M/s Adidas Korea; Pro-specs from M/s LS Networks; EXR from M/s EXR-KOREA; descente from M/s Descente Korea; Asics from M/s Asics Sports and Vitro from M/s Hak San. He also pointed out that the Total Sports Brand Market in Korea had gone up from US\$ 3339 Million in 2008 to US\$3804 Million in 2012. Turning his attention to the "Outdoor Brand Market & Dress Brand" in Korea, Mr Noh informed that as far as the 'Outdoor Brand Market' was concerned the major brands were: Kolon from M/s Kolon Ind; The North Face etc. from M/s Young One; K2 from M/s K2 Korea; Blackyak from M/s Black-

yak and Treksta from M/s Treksta. He added that the Annual Sales Turnover of the 'Outdoor Brand Market' had risen substantially from US \$ 2331 Million in 2010 to US \$5428 Million in 2012, across all brands. Touching on the 'Dress Brand Market' he said that the major Brands in this segment were: Kum Kang from M/s Kum Kang; Esquire from M/s Esquire; Salvatore Ferragamo from M/s Ferragamo Korea and Elcanto from M/s elcanto and the Annual sales Turnover for the 'Dress Brand Market' had gone up from US\$ 658 Million in 2010 to US\$ 961 Million in 2012.

Mr Noh then focused his attention on the "Korean Retail Market" which he said comprised of Shoe Multi Stores; Departmental Stores; Hyper Markets and Supermarkets; Home Shopping and Internet Shopping. Describing a 'Shoe Multi Store in Korea' he gave the example of 'M/s ABC MART Korea Co., Ltd' which was selling under the Brand Names of



The participants

'Hawkins' and 'Vans.' It was established in August 2002 and had a turnover of US\$ 333 Million in 2013; he stated and added that ABC Mart had a total of 146 distributors. Other examples he gave were of 'Shoemaker' with a turnover of US\$ 138 Million in 2013 with 192 distributors and 'Les More' brand with a turnover of US\$ 142 Million in 2013 with 78 distributors. He also listed out the major retailers in Korea as being: Lotte Shopping Co. Ltd. with a Sales Turnover of US\$ 23.8 Billion in 2012; Shinsegae Co. Ltd. with a Sales Turnover of US\$ 2.1 Billion in 2012, Hyundai Department Store Co. Ltd. with a Sales Turnover of US\$ 1.4 Billion in 2012; E mart Inc. with a Sales Turnover of US\$ 12 Billion in 2012; E. LAND retail with a Sales Turnover of US\$ 2.2 Billion in 2012 and Samsung Tesco Co. Ltd with a Sales Turnover of US\$ 8.4 Billion in 2012. He also gave the statistics of Sales Turnover accrued from Home Shopping and listed the major players as being: GS Home Shopping Inc with a Sales Turnover of US\$ 971 million in 2013; CJ O Shopping Co., LTD with a Sales Turnover of US \$ 1,026 million; HYUNDAI Home Shopping with a sales Turnover of US\$ 723 million in 2013 and LOTTE Home Shopping with a Sales Turnover of US\$ 638 million in 2013. Mr Noh added that for Internet sales in Korea the Major player was eBay Auction Co., LTD with a Sales Turnover of US\$ 630 Million in 2013.

Highlighting the General Statistics of the Korean Footwear Industry, Mr Noh stated that the footwear industry in Korea took the form of the 'International Division Production' which had the domestic-based development headquarters and the manufacturing base in Southeast Asia. He added that since the higher wages cause difficulty for OEM production, the International Division production was the system used for overcoming this trouble. He informed the audience that there was also another manufacturing method in which the sewing works were completed in Southeast Asia including China and the complete product was then assembled in Korea adding that this system was competitive since it was proper for the outdoor industry of Korea in fashion and it could provide customers with high quality and

aptly priced footwear. He emphasized that Korea had uncompetitive price with regard to the subsidiary material and the part components as compared with China and Southeast Asia and hence this strategy was useful. He also added that efforts were on to overcome this situation, and the related studies of developing up-to-date footwear material were currently under way and the program to shorten the production process was also being developed. Mr Noh opined that since the manufacturing technique of footwear in Korea was still using the outstanding infrastructure, the Footwear industry in Korea could see glory days once again by developing an up-to-date automatic system and use excellent material that could be helpful in overcoming the high wage. He concluded his presentation by extending a Warm invitation to all to be present at the next edition of IFC which was scheduled to be held in Busan Korea in 2015.

Malaysian Footwear Manufacturers Association, Malaysia

Ms Maggie Chan Mei Keen, Executive Officer, Malaysian Footwear Manufacturers Association was the next speaker who presented the Country Report from Malaysia.

She commenced her presentation with the Malaysian Footwear Exports Data for The Year 2011 to 2013 and highlighted that the value of exports of Waterproof footwear had gone up

from 43.372 Million Malaysian Ringgit in 2011 to 54.163 Million Malaysian Ringgit in 2013 and had a share of 11.42 % in the exports pie which was a 6.95% increase over the year 2011. He added that the Exports of Rubber/Plastic Footwear had decline in value from 2233.086 Million Malaysian Ringgit in 2011 to 158.526 Million Malaysian Ringgit in 2013 yet its percentage share of the total Exports pie was 33.14% in 2013 which was a 6.36% rise as compared to 2011. Proceeding, she pointed out that the Exports of Leather Footwear had also declined from 192.871 Million Malaysian Ringgit in 2011 to 121.137 Million Malaysian Ringgit in 2013 and went on to give the figures for the exports of Textile Footwear and other footwear as well.

She then presented a pie-chart clearly depicting the various types of footwear exported and their share in Malaysian footwear exports for the year 2013 which clearly shows that the major exports were of Rubber/Plastic Footwear followed by leather Footwear. Ms Keen then presented the Malaysian Footwear import data for the years 2011 to 2013 which showed a substantial reduction in 2013 when compared to 2011. Her data suggested that the major imports were of Leather footwear followed by Rubber/plastic footwear. Singapore, Indonesia, Thailand and UAE were among the Top destinations for Malaysian footwear Exports while China, Vietnam and Indonesia



Ms Maggie Chan Mei Keen, Executive Officer, Malaysian Footwear Manufacturers Association

were among the Top Import destinations for Malaysia.

Ms Keen then gave us an insight into the Labour Costs and wages prevalent and said that the minimum wages for a non-skilled worker was 900 Ringgit, for a Skilled worker it was 1500 Ringgit, for a Supervisor it was 2000 Ringgit and for a Manager it was 3000 Ringgit. The Raw Material Cost as described by her was: Leather US\$1.5 to 3 per sq. ft.; Synthetic Leather US\$6.3 to 9.5 per Mtr.; Natural Rubber US\$1.7 per Kg. and textile US\$6.3 to 9.5 per Mtr.

The List of the Top five Brands - Shoe Retailers in Malaysia was then spelt out by her as: Bonia Corporation Berhad; Larrie Corporation (M) Sdn Bhd; NOSE (Malaysia) Sdn Bhd; Padini Holding Berhad

and Dr. Cardin Holdings Sdn. Bhd. Ms Keen also gave us the details of the TOP 5 DEPARTMENT STORES as Parkson Corporation Sdn Bhd; AEON Co. Ltd; AEON CO. (M) BHD; Isetan of Japan Sdn Bhd and GCH Retail (Malaysia) Sdn Bhd

Presenting their "Vision 2020", she said that the Malaysian government had launched the 'Economic Transformation Program (ETP)' as a comprehensive effort that would transform Malaysia into a high-income nation by 2020 and in keeping with this objective the broad plans for 2020 for the Malaysian Footwear Sector were:

- Enhancement of Malaysian Footwear Design Center (MFDC) program in conjunction with ETP via
 - o Talent Enrichment Program - enhance the knowledge and skill of existing workers
 - o Talent Development Program – to nurture and build new talent



Mr Roger S Py Jr., Vice President, External Affairs, Filipino Chinese Footwear and Allied Industries Association

- Branding enhancement and market extension to ASEAN market
- Modernization of the industry with automation

Filipino Chinese Footwear and Allied Industries Association, Philippines

Mr Roger S Py Jr., Vice President, External Affairs, Filipino Chinese Footwear and Allied Industries Association was then invited to make his country's presentation.

Mr Roger Py began his presentation by highlighting the Summary of Current Regional Daily Minimum Wage Rates in the Agriculture and Non-Agricultural sectors of the Philippines industry and followed it up with a comparative chart of the Daily wages in select countries which clearly depicted that the Daily minimum Wages in Philippines were quite high as compared to the wages in other countries like Malaysia, Thailand, China, Indonesia, Mongolia, Vietnam, Pakistan, Cambodia and Myanmar. Dwelling on the Global electricity Price, Mr Py

highlighted that the Electricity Prices in Philippines were high as compared to other countries like United Kingdom, Japan, Singapore, Indonesia, India, United States, Malaysia, China, Thailand, Vietnam, Korea, Myanmar and Cambodia.

Mr Py then listed out the major Mall Retailers in Metro Manila as being: Supermalls; Robinsons Malls; Ayala Malls; Walter Mart, Metro Gaisano; Megaworld Life Style; Isetann Department Store; Greenfield Development; Ever Gotesco Malls and Ortigas Malls.

He then gave us an insight into the Exports of Footwear Products from Philippines and informed us that the Footwear product coverage comprised Leather Footwear, non-Leather footwear, Sports Shoes, Slippers and Sandals, Footwear components and Special use footwear. He informed us that the Major Footwear Production sites were in PEZA centers and other production units were geographically dispersed in Nueva Ecija, Bulacan,



The participants

Metro Manila, Laguna and Cebu. He added that there were about 150 Footwear Exporters in Philippines.

Presenting the five year Footwear Exports and Imports data of Philippines over the period 2009-2013, Mr Py informed us that while the Exports had climbed steadily from US \$26 Million in 2009 to US\$ 39 Million in 2013 the Imports had also risen sharply from US\$ 56 Million in 2009 to US\$ 155 Million in 2013. Giving a product wise break-up of the Export Pie, he stated that Sports Footwear accounted for 50% of the Exports; Parts/Supplies/Accessories accounted for 18% of the Exports, Special Use Footwear for 15% of the Exports, Non-leather for 13% of the Exports, Leather Footwear for 3% of the exports and Slippers/Sandals for 1% of the Exports.

Mr Py presented the statistics of the Merchandise Exports from Philippines in terms of value and informed us that Sports footwear had risen in value of exports from US\$413.39 Million in 2009 to US\$ 19.4 Million in 2013 registering an average Annual Growth Rate of 45.72% and the other major segment was the Footwear Components which had risen in Export Value from US\$ 2.01 Million in 2009 to US\$ 7.17 Million in 2013 registering an Average Annual Growth rate of 86.51%. Exports to Japan accounted for 71% of Philippines total Footwear exports while the rest of the exports were divided between Netherlands -8%; South Korea-5%; Belgium-3%; Malaysia-3% and rest of the World -10%, he added and also enlightened us with the value of Exports in 2013 to these countries being US\$ 27.81 Million to Japan; US\$ 3.12 Million to Netherlands; US\$ 1.99 Million to South Korea; US\$ 1.06 Million to Belgium and US\$ 1.06 Million to Malaysia.

Mr Roger Py then presented latest Philippine Footwear Trade Statistics for the period January 2014 to March 2014 and informed that the Exports were to the tune of US\$ 13.99 Million and Imports were to the tune of US\$ 37.99 Million. Comparing the Exports for the same period in 2013 i.e January to March 2013 he said that the Exports then were US\$ 6.27 Million and the figures this year had

shown a significant 123.05 % increase compared to the last year. He stated that in the period January to March 2014, the Top 10 Export destinations like Japan, Germany, Malaysia, South Korea, Belgium, Estonia, Nigeria, UK, France and China comprised 97.92% of the Total Footwear related Exports while the Rest of the World accounted for only 2.08% of the total exports from Philippines. He added that in terms of Imports the major share was taken up by Non-Leather Footwear with 36.08% followed by Sports Footwear with 30.63% and Leather Footwear by 19.11% with the balance being made up by other footwear categories. In conclusion, he gave the details of the Footwear Suppliers to Philippines during the period January to March 2014, with the Top 10 comprising China, Vietnam, Indonesia, Hong Kong, Spain, Singapore, Brazil, Thailand, USA and Taiwan accounting for Imports to the tune of US\$ 37 Million which was 97.41% of the total imports while the rest came from other parts of the world.

Expert presentation by Dr Ferenc Schmel, Technorg Consulting, Hungary

Dr Ferenc Schmel spoke on "Technical trends in Shoemaking: Present and Future."

He commenced his presentation with a quick look at the history of technology development in Shoe Making and stated that exciting developments were on with respect to newer materials and the structure

and properties of products being manufactured. He also said that the 'Trends' and 'challenges' for Future technology development also needed to be studied. He opined that Footwear provided Protection, Facilitation and Aesthetics. He also discussed the dictionary definitions of Leather and footwear and the Manufacturing process. He also traced the advances in technology over the years from Manual manufacturing to Mechanized manufacturing and now to Automated Manufacturing and also stressed the importance of 'knowledge' and 'skills' in the process.

Dr Schmel traced the genesis of Technology Development through the decades and mentioned that in the early 1900's Mechanization began to be followed; in the 1960's newer Chemicals began to make its impact in the industry; 1980's was the era of Cybernetics and the 2000's saw an emphasis on Environment. In terms of Technology, use of conveyors, Leather substitutes, better adhesives, modern CAD/CAM and Robotics and Recycling concepts gained firm ground, he added. He also flagged that from the Management aspect also there was development with better Supervision, Quality Control, enhanced Training, carrying out of Time Studies, more aggressive marketing, use of better manufacturing techniques like the Rink System and a better overall business control. He also highlighted that the "Development Motivations" through the decades have been:



Dr Ferenc Schmel, Technorg Consulting, Hungary

- Replacement of vegetable tanned leather
- Decreasing material costs
- Decreasing production costs
- Improving functionality (e.g. wear properties, weight, water/vapor management)
- Attracting attention (marketing)
- Addressing Environmental concerns

He also captured the 'Evolution of Technology Development' from 1960-2010 and flagged the various milestones in this period as being:

- Development of Mondo Point Sizing system
- Use of Time and Work study methodology for productivity improvement
- Use of HF welding
- Using Prefabricated components
- Introduction of Injection Moulding (PVS, PUR, TPR)
- Use of Poromerics for leather substitution
- Introduction of conveyors
- Advent of CAD/CAM/CIM systems
- Use of Quality Assurance systems like TQM, Six Sigma
- Introduction of Lean Production with Just in time
- Use of Solvent free Adhesives
- Advent of Automation, robotics
- Introduction of modern manufacturing techniques like Rink System and use of Kanban and Toyota quality systems
- Outsourcing
- Supply/Value Chains
- Environment concerns

Dr Schmel quickly informed about the Tradition of Leather Shoes through the ages and graphically illustrated the wide gap with regard to leather availability and leather requirement. He also took us on a journey of 'Shoe Material Development' stating that in the 1900's Textile was used for upper and lining with wood being used for heels but in 1910 Rubber as an outsole material was introduced alongwith the introduction of cork as a midsole material in 1930. He added that in 1940 Leather Board was used for insoles and stiffeners, Paperboard for Insoles and Nitrocellulose for Toe-caps. All the materials used thus far in shoe making were from 'Natural Origin' he emphasized. In the 1950's Coated Fabrics started being used as Upper with Shoe Lasts from Polythene and PVC injected outsoles, he informed and continued by stating that in 1970 Poromerics were introduced as Upper and lining materials and in 1990 Polystyrene Heels, Thermo Plastic Rubber Soles, Poly Urethane soles and EVA soles became popular. In 2000, Membranes were introduced as Interlinings, Fiberglass as reinforcements and Polycarbonates as toe caps, he stated.

Enumerating the relative merits of Leather, he said that it was a Traditional material, possessed Hygienic properties and had a rich look while it also had demerits like uneven and inconsistent properties, High price, Limited supply, problems in pollution control both during production and during disposal. He also informed that EU was funding a basic research project for synthesizing leather (collagen-like protein fibers and web) by using biotechnology. He then spoke briefly about "Smart Materials" which

he defined as materials that possess one or more properties that can be significantly changed in a controlled manner by external stimuli or conditions. He proceeded to give examples of such materials like: Membranes which conduct substance or flux differently depending on direction and could be used in 'Comfort Footwear'; Piezoelectric Materials which produce Voltage when stress is applied and could be used in Functional or Orthopaedic footwear; Shape memory Polymers which are thermoresponsive whereas deformation can be induced and recovered through temperature changes and could be used in Sports, Comfort or Orthopaedic footwear; pH sensitive polymers which swell/collapse when the pH of the surrounding media changes and could be used in Protective footwear; Temperature responsive polymers which undergo changes upon exposure to heat and could be used in Winter footwear; Halochromic Materials which are commonly used materials that change their colour as a result of changing acidity and could be used in Fashion or Dress shoes; Chromogenic Systems that change colour in response to electric, optical or thermal changes and could be used in Fashion or Dress footwear.

Dr Schmel then gave us an insight into how the footwear value chain had changed and informed the 'traditional Physical Process' in vogue till 2000 relied on "making the product" and then "selling the product but today there is more value creation and you first choose the value through customer segmentation-Market focus-Value positioning; then provide the value through Product Development-Service Development-Pricing-



Sourcing/Producing-Distributing and then communicate the value through Sales promotion and advertising. To emphasize his point he showed us some examples of Innovative Footwear, Innovative Insoles, Innovative Promotion, Shoes from recycled material, Heel Innovations and demonstrated how Fashion could be mixed with technology to develop innovative footwear.

“Mass Customization” of Shoes is the future according to Dr Schmel and to make us understand its process he graphically illustrated as to how the Foot data can be captured using a 3D Foot Scanner, converted into a Shoe Last, choose the relevant Shoe Style and Materials and then create a shoe fitting exactly to the contours of the foot for total comfort. He also led us through the technological development of Sewing machines and last-ing machines and demonstrated how they had improved with incorporation of the latest technology. He summarized the Technology development trends as being: Brands and services with Specialization, product and market focus; Outsourcing and logistics control; Use of information technology with the latest CAD/CAM/CIM systems for Real-time/on-line production management systems; Application of smart/intelligent materials; Integration and automation of operations (e.g. 3D printing); Application of biotechnology and Social aspects like Pollution control (waste management), Occupational safety and health (OSH) and Corporate social responsibility (CSR). He also graphically demonstrated the 3D printing technology through a video depicting the entire process.

Dwelling on the “Present and future challenges”, Dr Schmel stated that Increasing living standards, increasing labour costs in China and India invoke relocation of existing capacities (i.e. which result in incurring of additional investment costs). He opined that elevation of production costs in South-East Asia would increase shoe prices gradually making them luxury accessories and especially those made of leather and pointed out that Environmental protection pressure especially Used shoe disposal (charges, procedures, recycling) would incur costs



Mr N Shafeeq Ahmed, Vice Chairman, Council for Leather Exports presenting a plaque to Dr Ference Schmel.

as Pressure groups in industrialized countries would influence consumers negatively.

In conclusion, he remarked that the Present and Future challenges comprised International brand and marketing dominance over technology/technical development; Trade margins-manufacturing productivity; Rapid expansion of e-Commerce; Weakening footwear R&D institutions and Disappearing professional education and training.

Taiwan Footwear Manufacturers Association, Taiwan

Mr Lai Chi Chien, Secretary General, Taiwan Footwear Manufacturers Association was then invited to make

his country's presentation.

He commenced his presentation by giving a statistical overview of the Exports/Imports of Taiwan over the recent five years. His statistics included data on Waterproof footwear, Rubber/Plastic Footwear, leather footwear, textile and other types of footwear. His data revealed that the total footwear Export pairage had declined from 13.178 Million pairs in 2009 to 13.406 Million Pairs in 2013 but the value of Exports had surged from US\$ 18.678 Million to US\$ 65.193 Million. Presenting the Import figures, he stated that the import pairage of footwear had increased from 60.584 Million Pairs in 2009 to 79.313 Million in Pairs in 2013 with a corresponding



Mr Lai Chi Chien, Secretary General, Taiwan Footwear Manufacturers Association

increase in the value of Imports from US\$ 309.524 Million to US\$ 511.974 Million.

Mr Chien then presented the countrywise Footwear Export data and explained that the major export destination for Taiwan was the USA where it exported 3 Million Pairs in 2013 to a value of US\$ 13.149 Million. The other major export destinations for Taiwan were Japan, Hong Kong, Korea, Singapore, Canada, Australia, Belgium, France Germany, Greece, Holland, Italy, Spain, UK, Mexico and the UAE with a total export of 13.406 Million Pairs and a total export value of US\$ 65.193 Million, he added. Mr Chien informed that 20.2% of its Exports went to USA, 16.5% went to Japan, 12.4% went to the European Union, 2% went to Australia, 4.6% went to Hong Kong, 1.5% went to Mexico, 7.9% went to Singapore and 35% went to other countries.

The main export products from Taiwan comprised Sandals which comprised of 10% of the Export Pie, Slippers which comprised 16% of the export pie, Casual Footwear which comprised of 9% of the export Pie, Children's Shoes which comprised of 3% of the Export Pie, Athletic Shoes which comprised of 7% of the Export Pie and other types of footwear which comprised of 55% of the export pie, he informed. Mr Chien also gave the details of the Importing Sources for Taiwan in 2013 as being: China which constituted 85% of the Imports, Japan 0.3% of Imports, Indonesia which constituted 4% of the Imports, Brazil; which constituted 1% of the Imports, Vietnam which constituted 7% of the Imports, Thailand which constituted 1% of the Imports while others accounted for 2% of the imports. Dwelling on the Main Products being imported in 2013, Mr Chien informed that this constituted of 11.8 Million Pairs of Athletic Shoes, 4.16 Million Pairs of Casual Footwear, 36.015 Million Pairs of Slippers, 3.168 Million Pairs of Sandals, 0.718 Million Pairs of Work Shoes, 0.634 Million Pairs of Children's Shoes, 1.03 Million Pairs of Boots, 10.506 Million Pairs of Indoor Shoes while other footwear categories constituted 11.277 Million Pairs of Imports.

Mr Chien then spelt out the 'Wage Scale' status in Taiwan in 2013-14 and presented the Average Salaries as: Technicians-US\$ 1580; Administration Clerks-US\$1434; Assistant-US\$1046; Leadman-US\$1240; Skilled Workman-US\$1200; Semi-Skilled Workman-US\$982 and Workman-US\$845. He also told us that the Annual Net Working hours per employee was 2048 Hours. The prevalent Raw Material Costs in Taiwan were then provided by Mr Chien and he said that Cow Leather was priced at US\$ 2.8 per sq. ft.; Cow Suede leather was priced at US\$1.9-2.4 per sq. ft.; Goat Leather was priced at US\$ 1.8-2.6 per sq. ft.; Sheep Leather was priced at US\$ 2.4-3.0 per sq. ft.; Goat Suede leather was priced at US\$2.8-3.8 per sq. ft. and Pig leather was priced at US\$1.15-1.4 per sq. ft.

The Synthetic Leather prices as prevalent in Taiwan were also given by Mr Chien and he informed that Synthetic Leather of 0.8mm substance varied in price between US\$3.68 to US\$8.2 per sq. yd. Depending on the type of embossing and printing required. He also told us that the cost of Microfiber material of substance between 1.3-1.5mm varied in price from US\$10-13 per sq. Mtr. The major Shoe Brands in Taiwan are ASO; Daphne; La New; Travel Fox; Miss Sofi and Sense he added. He also listed out the Top Five Departmental Stores in Taiwan for footwear as being Far Eastern Retail Group; Shin Kong Mitsukoshi; Breeze; Taipei 101 Mall and

Bellavita.

Mr Chien then presented their Vision for the future and placed the future direction of developments

for the Taiwan Footwear industry as being:

- Research & Development: automation.
- Focus on Designs, shoe materials, shoe machinery.
- Focus on mid-high quality shoe product, limited quantity for various styles, value added.
- Managing marketing channel for own branded shoes logistics.
- Improvements for light weight, easy to operate, multi-function, space-saving for shoe machines.
- Going global: selecting nice places for shoe-making.

The Federation of Thai Industry, Thailand

Mr Ming Pant Chaya, Chairman, the Footwear Industry Club, The Federation of Thai Industry was then invited to present his country's report.

He commenced his presentation by giving us a detailed Statistical insight into the Principal Exports of Footwear from Thailand. In the year 2013, he stated that China accounted for exports to the tune of US\$ 140.51 which accounted for 52.23 % of the total export share and which showed a growth of 22.18 %; Vietnam accounted for exports to the tune of



Mr Ming Pant Chaya, Chairman, the Footwear Industry Club, The Federation of Thai Industry

US\$33.01 Million in 2013 accounting for 12.51% with a growth of 21.26%. The other major export destinations for Thailand were Italy, Indonesia, Malaysia, Brazil, Cambodia, India, Taiwan, USA, Spain, Japan, Portugal, Singapore and Laos among other countries.

Mr Chaya also presented the detailed statistics pertaining to the Principal Exports of Sports Footwear which in the year 2013 resulted in the export of Sports Footwear to the tune of US\$14.26 Million to China; US\$8.92 Million to Vietnam; US\$6.43 Million to Indonesia; US\$0.43 Million to Italy; US\$0.58 Million to India among the top five exports destinations of Sports footwear for Thailand. The other major export destinations for Sports Footwear for Thailand were Cambodia, Japan, Pakistan, Bosnia, S. Korea, USA, Colombia, France, Taiwan and Hong Kong among other countries. The overall growth in 2013 for Sports footwear exports was 17.53 %, he informed.

The next focus of discussion by Mr Chaya was the Principal Exports in Leather footwear and he informed us that in the year 2013, Thailand exported Leather Footwear to the tune of US\$ 28.99 Million to China; US\$12.09 Million to Italy; US\$9.83 Million to Vietnam; US\$ 7.36 Million to Indonesia; US\$2.05 Million to India as its top five export destinations among others which included USA, Malaysia, Portugal, Spain, Singapore, Brazil, Cambodia, Slovakia, UK and Japan. The overall growth in 2013 for Leather footwear exports was 16.82 %, Mr Chaya told.

The Principal Exports of Rubber and Plastic Footwear were then presented by Mr Chaya in which he stated that in the year 2013 the exports of Rubber and Plastic footwear to China were to the tune of US\$ 40.90 Million; US\$ 6.03 Million to Malaysia; US\$4.65 Million to Vietnam; US\$ 2.46 Million to Brazil; US\$ 1.72 Million to Indonesia as its top Five Export destinations of Rubber and Plastic footwear among others which included Italy, USA, S Korea, Japan, Taiwan, Spain, Myanmar, Netherlands, Australia and Cambodia. The overall growth in 2013 for Rubber and Plas-

tic footwear exports was 16.14 %, he added.

He also gave us Statistical details of the Principal Exports of Other footwear, Footwear Components, Cloth Footwear and other Textile Products as well. He then presented the 'Labour Wages' in vogue in Thailand and said that the Minimum Wage for Non-Skilled personnel was US\$ 9 per day while that for a Skilled Worker was US\$ 12.5 per day. Regarding the Costing for Raw Materials, Mr Chaya informed that the Price for Leather was US\$ 2.7 per sq. ft; the price of Synthetic Leather was US\$ 2.3 /W/L (53"x40") and the price for Natural Leather was US\$ 2.5 per kg.

In conclusion, he said that the future expectation for the country in production and exports in the year 2019 was to reach a target of US\$ 1.2 Billion. He also predicted that the Cost of Labour would increase by 3% every year.

Vietnam Leather and Footwear Association, Vietnam

Mr Diep Thanh Kiet, Vice Chairman, Vietnam Leather and Footwear Association was then invited to make his country's presentation.

Mr Kiet commenced his presentation with an Overview of the operations of the Vietnam Leather and Footwear Industry in the year 2013 and stated that the Footwear industry contributed nearly 10% to national export turnover and was the third

largest export industry with nearly 600 enterprises, with about 65% of them located in South Vietnam in Ho Chinh Minh city, Binh Duong Province and the Dong Nai Province. He added that in terms of Capacity it had 1,600 footwear production lines producing 800 million shoes pairs/year, 120 million handbags/ year and 200 million sqft of leather/year. Giving information of the Labor force, he said that there were over 600,000 labourers who worked in the shoe Industry and over 500,000 labourers who worked in the support industries.

He informed us that the footwear exports from Vietnam had grown from US\$ 4.2 Billion in 2009 to US\$8.5 Billion in 2013 which he said was 6.42% of the total exports from the country. With regard to the major footwear Export destinations, he said that EU accounted for 35% of the exports; North America-33%, asia-17%, Latin America-10% and others 6%. He also informed that of the Total Leather products Exports basket, Footwear Exports accounted for 81.4% while Export of Handbags accounted for 18.6% and with respect to Imports in this area, he said that Leather accounted for 14%, Materials and Accessories accounted for 25.3% and Equipment accounted for 1%

Mr Kiet then proceeded to give us a very SWOT analysis of the Vietnamese Footwear Industry. He listed the Strengths as being: Labor cost and labor skill which could compete with



Mr Diep Thanh Kiet, Vice Chairman, Vietnam Leather and Footwear Association

other countries; Stability and Safety of Vietnam as a country; Highly Appreciable and friendly Law of Labor and Law of Environment.

The Weaknesses he listed were: Lack of key materials as leather, PVC, PU, fabrics, accessories; Lack of skilled technicians and engineer, Lack of product development and marketing.

The Opportunities according to him were: Big advantages from TPP, EU FTA, RBK Custom Alliance FTA, Big and Growing Domestic market and Market Expansion to ASEAN countries.

The Threats, he foresaw, were: Products from ASEAN and China, Increasing Competition and Increasing Labour costs, Too much dependence on Exports and Imports.

Giving an overview of the Vietnamese Economy, he said that the economy of Vietnam was gradually recovering and he stated some social-economic indices of the country as: GPD growth of 5.8 % compared with 2013, Export turnover growth of 10%; CPI increase of 7% and Job creation for 1.6 million persons.

As regards, Labour Costs, Mr Kiet informed us that minimum wages ranged from US\$ 98.8 to US\$ 127.03 per month depending on the location but the Unskilled Workers were being paid US\$195-210 per month while the Skilled Workers were being paid US\$ 260-300 per month. The Employers were also conscious of the welfare of the workers and while the worker contributed *5 to Social Insurance his Employer contributed 18%. Similarly, he added, while the Worker contributed 1.5% towards Health Insurance, his Employer contributed 3% and they both contributed 1% each towards Unemployment Insurance.

The Material Costs in Vietnam were also given in detail with the Full Grain leather priced at US\$ 2.8 per sq. ft; Action Leather priced at US\$ 1.05 per sq. ft; Suede Leather priced at US\$ 1.4 per sq. ft.; Synthetic Leather priced at US\$ 6.5 per sq. mtr; Sand-

wich Mesh Width priced at US\$ 2.8 per sq. mtr.; Merry Mesh priced at US\$ 1.5 per sq. mtr.; Rubber Outsole for Children's Shoes priced at US\$1.1 per pair and Rubber Outsole for Adult Shoes priced at US\$ 1.8 per pair.

He also gave us Statistical details of the Export of Footwear and Handbags during the year 2014 and said that there was a 14% growth in Footwear Exports over 2013 while there was an 18% growth in Handbags exports over 2013 figures. He also stressed that to help the export industry in Vietnam grow further the development of Support Industries was very crucial and he proceeded to give us the 'Demand Forecast' of different materials in the near and distant future by saying that in 2015 there would be a demand of 600 Million Sq. ft. of Leather and in 2025 it would be 1600 Million sq. ft. Proceeding, he added that in 2015 there would be a demand of 144 Million Yards of Synthetic Leather which would go upto 270 million Yards by 2015. Similarly the fabric demand in 2015 would go up from 248 Million Yards to 465 Million Yards in 2025; Outsoles from 880000 Tons in 2015 to 1650000 Tons in 2015; Shoes from 2304000 Pairs in 2015 to 4320000 pairs in 2015; Metal accessories from 158000 Ton in 2015 to 296000 Ton in 20125; Glue and Adhesive from 16000 Ton in 2015 to 30000 Ton in 2015 and Packing Accessories from 255000 Ton in 2015 to 478000 Ton in 2025.

Mr Kiet informed us that to achieve such scales it was planned to setup Leather Production Zones in the North and South of the country to augment its leather production by 200-250 Million Sq. ft.; Synthetic Leather parks to augment production by 30 to 50 Million Sq. yards; Outsole production in South Vietnam to augment its production of soles by 250 to 300 Million tons; setting up of a Small Production Zone for Metal Accessories to augment its production by 50 Million Tons and setting up of Training centres to train an additional 150 to 200 designers/pattern makers; 200 to 250 Production Managers; 80 to 100 Engineers and 300-500 Line Leaders.

Presenting the "Strategy and Solutions" Mr Kiet said that Targets had been set upto 2025 and stated that the target for Footwear was 1172 Million pairs in 2015, 1698 Million pairs in 2020 and 2272 Million Pairs in 2025; for Handbags it was 186 Million pieces in 2015, 311 Million Pieces in 2020 and 478 Million Pieces in 2025; for Hard Leather it was 39000 Tons in 2015, 63000 tons in 2020 and 84000 Tons in 2025 while for Soft Leather it was 197 Million Sq. ft. in 2015, 277 Million Sq. ft. in 2020 and 353 Million Sq. ft. in 2025; increase in Labour Force from 838000 in 2015 to 1003000 in 2020 to 1167000 in 2025; Export Turnover of US\$ 13 Billion for Footwear and Bags in 2015 to US\$ 24.5 Billion in 2020 to US\$40 Billion in 2025.

Mr Kiet also presented the 'Key Solutions' as being :

- Develop the support industry, focus on leather, PVC, PU, fabrics... This is long term solution.
- Take advantages of opportunities created by all Free Trade Agreement from TPP, EU, Asean, RBK Custom Alliance.
- Focus on training human resources in order to create more designs, R&D and enhance the efficiency of the industry.
- Build up good business environment to attract foreign investors and encourage domestic investors.

In conclusion, he defined the role of LEFASO – the 'Vietnam Leather and Footwear Association' as being Comment on foreign policies, Free Trade Agreement; Promote the image of Vietnam Footwear Industry and Represent the voice of Vietnam Footwear Enterprises. He added that it also had a role in contributing to the reforming of administrative procedures, Playing an important role in the National Salary Council and Participating in economic policy formulation. He concluded by saying the LEFASO would Connect domestic and foreign enterprises, Build up local supply chains and also Represent for the benefit of all enterprises in footwear.

Council for Leather Exports, India

Mr M Rafeeqe Ahmed, Chairman, CIFA & , Convenor, 33rd IFC was then invited to make the 'India Country presentation.'

His presentation on the 'Indian Footwear Industry' began with an overview of the 'India and the World Footwear Basket 2013' wherein he stated that the World Import of Footwear was to the tune of US\$ 122.19 billion and India's Export of Footwear was US\$ 2.53 billion which showed that India accounted for 2.07% in World Footwear Imports. He then proceeded to list out the Top 10 Global Producers of Footwear in 2013 and said that of the 22 Billion pairs of footwear produced China accounted for 14200 Million Pairs, India was second at 2065 Million Pairs followed by Brazil with 900 Million Pairs with the other countries being Vietnam, Indonesia, Pakistan, Turkey, Bangladesh, Mexico and Italy. Dwelling on the Continent Wise Distribution of Footwear Production he stated that Asia manufactures 87% of world footwear and 86% of the world exports is from Asia while 51% of the World Footwear is sold in Asia.

Mr Rafeeqe Ahmed then listed out the Top 10 Consumers of Footwear in 2013 with China consuming 3678 Million Pairs, USA 2285 Million pairs, India 1950 Million Pairs with the other countries being Brazil, Japan, Indonesia, UK, Russia, Germany and France. He added that the World's top Ten exporters of footwear in 2013 were China with 10577 Million Pairs, followed by Vietnam with 650 Million Pairs, Hong Kong with 314 Million Pairs, Italy with 220 Million Pairs, Belgium with 196 Million Pairs, Germany with 187 Million Pairs, Indonesia with 178 Million Pairs, Turkey with 166 Million Pairs, Netherlands with 156 Million Pairs and India with 133 Million pairs.

The Trend in Leather & Non-Leather Footwear Exports-Continent Wise was then presented which clearly showed that the Leather Footwear's share continued to Decline and Non Leather Footwear's Share continue to Gain. Presenting a Snapshot of the Indian footwear Industry, Mr Rafeeqe Ahmed highlighted that India was:



Mr M Rafeeqe Ahmed, Chairman, CIFA & , Convenor, 33rd IFC

- Second largest manufacturer in the world
- 95% of the production consumed domestically
- 2.06 Billion Pairs produced annually
 - o Leather Footwear 909 million pairs
 - o Non-Leather Footwear 1056 million pairs
 - o Leather Shoe Uppers 100 million pairs
- Export value in 2013-14 US\$ 2.53 billion
- Per capita consumption of footwear 2 pairs
- Employs about 1 million - Women employment predominant
- Nearly 70% of India's Export of Footwear is to EU 60% and USA 12%

He also graphically demonstrated the major footwear production centres in India and focussed on Global Import of Footwear and India's Share where he pointed out that the World Import of Footwear in 2009 was to the tune of US\$ 78562.98 Million and had risen to US\$ 122190 Million in 2013 while India's Footwear Export was to the tune of US\$ 1507.59 Million in 2009 and climbed to 2531.04 Million in 2013 signifying that India's Share in the World Import of Footwear had gone up from 1.95% in 2009 to 2.07% in 2013. He pointed out that Footwear Exports were growing at a CAGR of 13.82% in the last five years with a 22% growth in 2013-14.

Highlighting the Top Ten Export

Destinations from India in 2013-14, he pointed out that UK accounted for 16.83% of India's total footwear exports followed by Germany with 13.63%, USA with 12.34%, Italy with 7.26%, France with 7.23%, Spain with 4.62%, UAE with 4.2%, Netherlands with 3.89%, Belgium with 2.39% and Saudi Arabia with 1.12%. These 10 countries together accounted for a major share of 74% in India's export of footwear, he stated. He also listed out the Global Brands that currently sold in India and highlighted the names of the local brands also.

Dwelling on the Indian Footwear – Export Price Range, Mr Rafeeqe Ahmed pointed out that Children shoes were priced in the price range of US\$6-10, Men's Shoes were priced in the range of US\$10-25, Women's Footwear were priced in the range of US\$ 10-20 and Other footwear were priced in the range of US\$ 10-15. With regard to the Import of Footwear in India, he said that the imports had gone up from 79.05 Million Pairs at a value of US\$ 95.83 Million in 2009 to 162.11 Million Pairs at a value of US\$325.26 Million in 2013-14 adding that China was the leading supplier of footwear to India accounting for a share of 51% of imports, followed by Vietnam with a share of 12%.

Mr Rafeeqe Ahmed then highlighted some points of the Domestic footwear Industry in India and stated that:

- With an Annual Turnover of around US\$ 5.75 Bn, Exports is to the tune

of US\$ 2.5 bn & Domestic market estimated at US\$ 3.25 bn

- Booming Retail Market
- Footwear retailing constitute about 38% in the total consumer market
- Men's Footwear is about 50% of the market
- Ladies and Kids Footwear, Sport Footwear also have vast potential

He also enumerated the Strengths of the Indian Footwear Industry as being:

- Abundant Raw Material availability
- Best Tanning Expertise
- Available Skilled Workforce
- Rapid Increase in Domestic consumption
- Increasing Capacity of the production units
- World class institutional support for designing & testing
- Changing product-mix in favour of Comfort & Women shoes from Men and formal shoes
- Traditional presence in EU & USA

On the Indian labour Market, he mentioned that:

- Around 487 million workers, the second largest after China
- About 60% Working age group Population
- Women Employment comprise more than 50% in footwear units
- Work force understands English
- 25 days working per month and 300 days per annum
- Lower Labor cost (USD 80 to 100 a month)

He also emphasized on the sizable Women's Employment in the Indian footwear industry.

Presenting the 'Vision 2019', Mr Rafeque Ahmed said that:

- The Export of Footwear was projected to row to US\$ 10.00 Billion by 2019-20 being 55% of total estimated export of US\$ 18.5 Billion.
- The Domestic Footwear market was projected to grow to US\$ 11.05 Billion by 2019-20 being 65% of the total estimated market value of US\$ 17 Billion
- Product Diversification: Potential in Ladies & Children Footwear

- Need to concentrate on enhancing exports of ladies and children's footwear
- Ladies & Children segment currently account for only about 46% (US\$ 1164.27 mn) of exports from Indian footwear sector. However, 75% of the world footwear market is dominated by these segments
- Ladies and Children Footwear segment to rise to 56% (US\$ 5.6 bn) by 2019-20 of the total footwear export value of US\$ 10 bn

A short film on the 'Indian Footwear Industry' was then played which highlighted the progress and growth of the Industry and exhorted the world's manufacturers to "be a part of it."

Expert presentation by Mr Peter Mangione, Global Footwear Partnerships, USA

Mr Peter Mangione spoke on "Changing Face of Global Footwear Sourcing and Distribution" – China and Beyond."

He commenced his presentation by listing out China's Major Challenges as being:

- Rising wages
- Aging population
- Declining productivity
- Bloated and inefficient state enterprises
- Internal party corruption
- Dilemma of 'tightening and loosening' at the same time

- Restrain real estate speculation while keeping growth strong
- Weaken the RMB to promote fluidity which in turn promotes liquidity and lowers borrowing costs while at the same time tightening lending

He also touched upon the Income Inequality in China and the anti-corruption drive there.

Mr Mangione quickly highlighted the uncertainties of China's economy in 2014 and opined that maintaining a 7% growth rate was tough.

Turning to the Shoe Sector in China, Mr Mangione listed out the World's Footwear Supply from Cina, India, Brazil, Vietnam, Indonesia, EU, Mexico, Tghailand, Korea, Japan and Taiwan and gave the detailed statistics of their Production, Exports and Imports. He also listed out the World Footwear Consumption of Selected Countries in millions of pairs for the year 2013. He pointed out that the Per capita consumption of footwear was 2.9 pairs in China, 5.8 pairs in Eu, 7.6 pairs in US, 1.7 pairs in India, 4.2 Pairs in brazil, 5.5 Pairs in Japan, 2.2 pairs in Indonesia, 2.8 pairs in Mexico, 4.6 pairs in Korea, 3 pairs in Thailand, 5.2 pairs in Canada, 1.9 Pairs in Vietnam, 4.6 pairs in Australia and 4.3 pairs in Taiwan.

Mr Mangione very interstingly then compared the Costs per Hour of workers and said that they were US\$0.36 for Ethiopia, US\$ 0.71 for Bangladesh, US\$ 0.85 for Cambodia, US\$ 0.85 for



Mr Peter Mangione, Global Footwear Partnerships, USA

India, US\$ 1.14 for Vietnam, US\$ 1.27 for Nicaragua, US\$1.34 for Thailand, US\$1.6 for Indonesia, US\$1.88 for the Dominican republic, US\$2.09 for China, US\$3.05 for El Salvador, US\$3.48 for Brazil, US\$3.75 for Mexico, US\$6.37 for Portugal, US\$18.68 for Italy and US\$25.66 for Japan clearly indicating which country had the advantage of low labour costs in footwear manufacturing.

He also gave us an insight into the US consumption by upper material with Leather being 32%, Plastic/Rubber being 32%, Textile being 35%, Waterproof being 1%. The comparative EU consumption showed leather with 29%, Plastic/Rubber with 39%, Textile with 24.5%, Waterproof with 2.5% and others with 5%.

Giving an overview of footwear he opined that China still rules because:

- While costs and labor issues will continue to plague shoe production in China, they will not derail its dominance anytime soon.
- No where else will draw the massive infrastructure investment needed to supplant China's unparalleled inventory of shoe supply chain investment.
- China remains the irreplaceable source for many shoe categories – women's fashion, low price, etc.
- Sport shoes and outdoor items for export have accelerated their move out of China.
- Niche shoe production will strengthen in some emerging shoe markets – Vietnam, Cambodia, Bangladesh, India, as well as in Ethiopia, Latin America.

Giving statistical details of the China's Shoe exports for 2013 he said that 2013 China shoe exports Pairs were 10,577.0 billion, up 5.0% or 506.0 million pair; Value in dollars \$48.1 billion, up 8.5%; Leather shoes \$12.0 billion up 9.9% with pairs up 3.5% to 865.4 million pair with average price of \$13.86, accounting for 8.2% of total export pairs.

He opined that Major challenge today for China was:

- Unprecedented cost spiral
- Minimum wage increases
- Social insurance costs
- Inflation: food, fuel, electricity and water
- Labor contract law empowers workers, strikes
- Chronic, systemic labor shortages
- Higher corporate taxes for JVs
- Environmental regulations, energy and water conservation
- Appreciation of the RMB/\$
- Power of domestic consumption
- Worker Unrest

Mr Mangione then analyzed the Pros and Cons of a few countries and said that in:

India:

- Pros
 1. Abundant and low cost labor.
 2. Good supplies of local leather.
- Cons
 1. Lacking in foreign investment in production and sector infrastructure – only a few pilot programs to date.

2. Labor laws are not flexible enough on hiring/firing.
3. Shoe clusters are not located near one another – adding buyer costs/challenges.
4. Local production is heavily in men's leather and women's sandals – more experience in tailored women's, athletic or synthetic items would help.

Vietnam:

- Pros
 1. Low cost work force, large shoe making infrastructure with dozens of industrial factories, mostly branded sport shoes.
 2. Hospitable to Taiwan/China entrepreneurs – until recently!
- Cons
 1. Limited potential for new investment in labor intensive, low value added industries, like shoes, that have energy and pollution issues.
 2. Severe labor and land limitations especially in HCHC area.
 3. Competition for land/workers from high value added sectors.
 4. Weak port facilities, and uncertain political climate, but China/Taiwan investors are rebuilding.

Ethiopia:

- Pros
 1. Ample, low cost labor, favorable currency, US zero duties.
 2. Good supplies of some leather types.
 3. Supportive/stable government – new industrial park, social stability,



pro-investment regulations, etc.

• Cons

1. Expensive and long time/distance logistics, but improving.
2. Language and culture require workforce training.
3. Inputs other than leather must be imported.
4. Foreign investment is essential to competitive production.

Bangladesh:

• Pros

1. Ample and low cost labor, and attractive tax advantages.
2. Good supplies of certain local leather.
3. Access to South Asia shipping lanes.

• Cons

1. Many CSR/political issues – strikes, demonstrations, etc.
2. Lead times around 30 days more than China.
3. Most inputs must be imported.
4. Only a few leading China investors have taken the plunge – Golden Chang, Stella and Pou Chen.

Cambodia:

• Pros

1. Ample, but limited, and low cost labor.
2. Good start up tax incentives.
3. Hospitable to China/Taiwan entrepreneurs.
4. Zero duties to Canada, GSP for EU.

• Cons

1. All inputs must be imported, lead times several weeks longer than China.
2. Active labor unions press for higher wages, new dormitories, and shorter hours.
3. Small country (about 15.0 million people) – limited potential for factory expansion, and much competition from higher value added industries.

He opined that Foreign Investment was the key to the Shoe Sector and Unstable Political Climate Complicated Business. He also spoke about the US economy and said that US economy was slowly growing, but with 9 million unemployed, it will

take years to recover. The Banks, are hurt by toxic mortgages/foreclosures and are just starting to lend to most businesses and consumers --- auto sales are up driven by suspect credit, housing sales are up so much that soaring prices have started to discourage buyers and credit is still tight, he stated. Hiring held back due to overhang of huge new government imposed costs for health care, financial regulation, and prospect of higher taxes – lack of confidence and uncertainty still restraining investment he added. Massive injections of Fed money in banking system raise specter of future inflation and slow growth, ‘tapering’ of QE’s signal trend back to normal interest rates, when? Were questions being asked and Zero interest rates are pushing US investment overseas, hurting job creation and recovery at home and a New CULTURE OF THRIFT has taken hold in the US, and spending levels by consumers, that accounts for 70% of GDP, may never reach pre-crisis rates, he added.

Mr Mangione then elucidated the Fundamentals of the US Footwear Market and stated that:

- Some \$60 billion in annual retail shoe sales
- o On average, some 7 pair person sold annually, more than 2.2 billion pair
- Highly concentrated retail and brands, dominated by mega firms
- o Nearly half of all retail shoe sales by Wal-mart, Payless, Target, K-mart, etc.
- Some 45% of all shoe sales are athletic, mostly Nike, adidas, New Balance
- National brands, those sold by numerous retailers, have less than 50% market share
- o All national brands sold in the US are US based, just a handful of exceptions
- Only about a third of shoe sales are leather items, rest are synthetic and textile

He also presented the Statistical details of US footwear Imports in 2013 and showed that China constituted the major player with 81.5% of the total US footwear imports fol-

lowed by Vietnam with 9.9%, Indonesia with 3.7%, Mexico with 0.8%, India with 0.7%, Italy with 0.7%, Brazil with 0.4%, Dominican Republic with 0.4%, Thailand with 0.3%, Cambodia with 0.3%, Taiwan with 0.2%, Hong Kong with 0.2% and Spain with 0.1%.

He opined that the US spending was lagging and the US customer was ‘on pause’. He went on to explain the ‘Radical Changes’ in the US Footwear Consumer Distribution and highlighted the following:

- US shoe sales to consumers up 7% (about \$3.5 billion) to \$56 billion since 2011 – largely driven by strong performance of branded athletic items, surging boot sales (both women and men) and fashion sandals
- Since 2011, nearly half the shoe sales growth has been in the age group 55 and above – the ‘boomers’ seem unstoppable!
- During 2013, retail store customer traffic fell by some 3% (May and June 2014 down 8% and 10%)
- Three quarters of the growth in shoe sales since 2011 has been on line!
- Overall in 2013, on line accounted for about 20% of all shoe sales or some \$10.5 billion (Germany by contrast, 12% of shoe sales are on-line)
- About 60% of on line shoe sales are by companies that operate retail stores, while 40% is pure internet players like Zappos
- o Women’s 51% Men’s 36% and Kids 13% (Germany: 69%,19% and 7%)

He also stressed that the US Internet Sales had Topped US\$350 Billion in 2013. He also gave the Sales figures of the leading US Departmental Stores like Nordstrom’s, Macy’s, Dillard’s, Wal-Mart US, Target and Kohl’s. He also mentioned that Nordstrom was the ‘Online Leader’ with a total sales in 2013 of \$12,395 billion which was up 5.4% and an online sale of US\$1622 Billion which was up 30%. Mr Mangione also gave detailed Statistical data of the leading US Retail Stores like DSW, Famous, Gensco, Finish Line and Footlocker and the lead-

ing Brands like Nike, Adidas, Brown Shoe, Steve, Madden, Sketchers and WWW.

Mr Peter Mangione emphasized that the US shoe store landscape was like no other in the world and highlighted the following:

- It is dominated by mega store chains
- There is only a modest share for independents
- It is mostly a mulkti-brand retail environment
- US consuers seem to prfer multi-brand formats to mono brand concepts
- It is also penetrated by self-service shoe retailers

Querying as to what was next for this market, he stated that several scenarios were there like:

- More consolidation
- More Internet and fewer retail Shops
- Invasion of foreign stores, brands, concepts
- More of the same

Focussing next on Europe, he said that the Euro Zone continued to struggle and gave the detailed statistics of Euro Footwear imports. He also spoke briefly on the 'population implosion' and its impact on the footwear trade and suggested that there was a decline in workforce and the workforce was also aging.



Mr VB Parvatikar, Consultant, FDDI

In conclusion, he summarized his presentation:

- China still rules the shoe sourcing world.
- This is true especially for the US which is so dependent on its big factory capacities and infrastructure investment to service its mega retail and brand buyers.
- Niche producers in Asia, Latin America and Africa will grow and sports shoes will grow the most out of China.
- US shoe business is still expanding, although not at break out levels.
- Internet sales now are 20% of total sales with the bulk from companies that have their own stores. MORE TO COME!

Presentation by Footwear Design and Development Institute (FDDI)

Post a small coffee-break, Mr VB Parvatikar, Consultant, FDDI was then invited to make his presentation which was preceded by a 'short film' on FDDI. He commenced his presentation with an overview of FDDI and highlighted its Core Competence areas. Mr Parvatikar also listed out the detailed academic programmes offered in various FDDI campuses and informed that the Training capacity had been enhanced to 4000 in the current year from 190 in 2004-05 for UG & PG courses for Designers, Technical Experts, Production Managers and added that the training capacity was set to increase to approximately 5,000 by 2015-16 and reach 10,000 by 2018-19.

Highlighting the 'Revenue Growth' of FDDI he said that it had a commendable and consistent revenue growth since last 5 – 6 years and in next three years, the target for revenue was expected to be Rs. 100 Crores.

He also highlighted the 100% Placement record of FDDI in leading Corporate Companies and outlined the major initiatives taken by FDDI. He also gave us an overview of the INTERNATIONAL COLLABORATION and PARTNERSHIPS forged by FDDI. The International Testing centres at NOIDA and Chennai showcased their competency in Testing and were for the Industry's Quality requirements, he added.



Mr Mukhtarul Amin, Chairman, FDDI presenting a plaque to Mr Peter Mangione.

Mr Parvatikar then spoke about the initiatives undertaken for cluster development and presented Graphical Images of the various FDDI campuses across the country. He also touched upon the Infrastructure available in FDDI and gave us a glimpse of life at their campuses.

In conclusion, he highlighted the future challenges for FDDI which he presented:

- To retain the premier position globally in Leather Goods, Apparels, Fashion Footwear & Footwear Retailing.
- To ensure International Standardized Training to 5,000 high end professionals by the year 2015-16 and target to train 10,000 high end professionals (technocrats, designers, managers, merchandiser) by the year 2018-19 through the campuses.
- To train 1.2 Lacs fresh workers (unemployed youth) per year and induct them in the Industry.
- The Deemed University status recognition for value addition in the programs conducted.

SUMMING UP

Mr Frank Z Kung, Secretary General, CIFA then took the stage to sum up the deliberations at the 33rd IFC in Agra.

He Thanked all IFC Members Associations for preparing and presenting their Country Status Reports to fulfill



the purpose of internal business information exchange.

He expressed his deep sense of gratitude to the Council for Leather Exports, India for inviting the International Experts -Mr. Massimo Donda from Italy, Dr. Ferenc Schmel from Hungary and Mr. Peter F. Mangione from the United States for making their expert presentations which benefitted all the participants, he added. He also opined that their participation at the 33rd IFC had made this conference more international than ever before.

He said that he was very proud that for the first time we had the CIFA Flag for the conference and complimented CLE for their efforts. He also echoed the view of Mr. Eddy Wijanarko of Indonesia who had said that "This Conference was one of the

best that we have ever had."

He took the opportunity to Thank the Korean Footwear Industries Association for confirming and inviting all to meet again next year in Busan, Korea for the 34th IFC 2015.

In conclusion, Mr Kung expressed his deep appreciation to CLE and happily concluded that the 33rd IFC was fruitful and a real success.

He expressed his heartfelt thanks Mr. M. Rafeeqe Ahmed, Chairman, CIFA and the Convenor, 33rd IFC, Agra, Mr. Rajendra Kr. Jalan, Chairman of CLE and also thanked Mrs Sunanda Santappa of CLE and Mr Md Sadiq of CSIR-CLRI for their help in making the 33rd IFC a Great Success and an event to remember.

With this the Sessions of the 33rd IFC concluded.



CIFA Meeting

14th November 2014; 5.30 pm to 7.00 pm



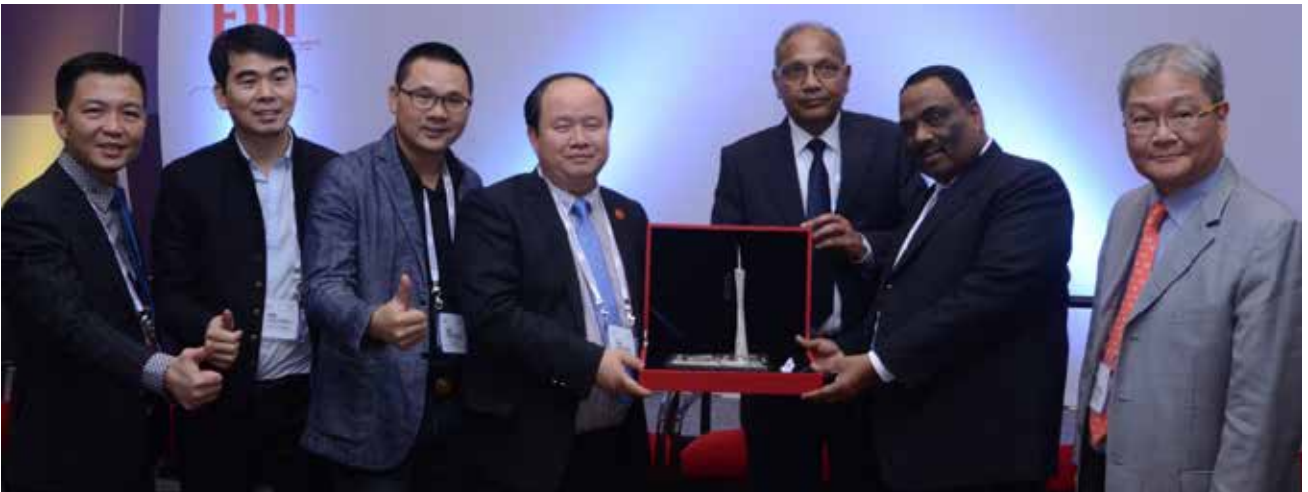
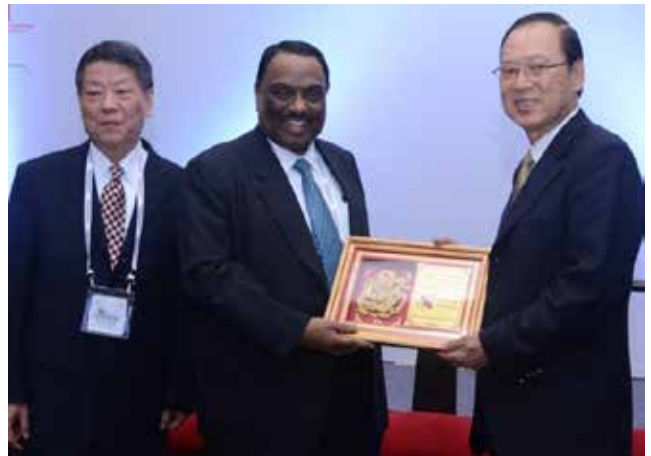
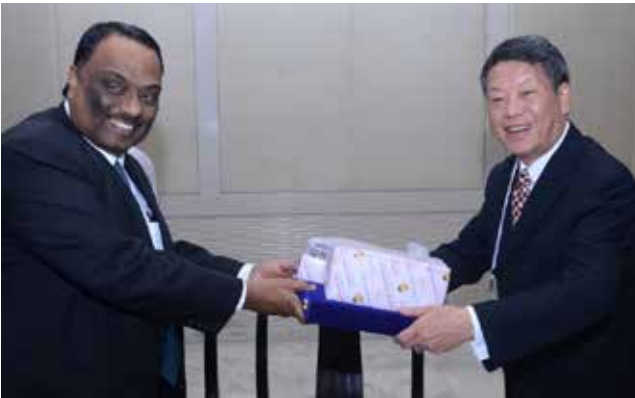
Announcing International Footwear Design Competition 2015



The In-coming CIFA Chairman



Exchange of Gifts



CIFA Members: Group Photo



BANQUET

BANQUET

To mark the successful completion of the 33rd IFC a “Banquet Dinner” was organized at the ITC Mughal hotel on the evening of 14th November 2014. The programme for the ‘Banquet’ was structured to cast a retrospective look at the 33rd IFC and offer a ‘thanksgiving’ to all the participants, Sponsors and supporters of this conference. As a fitting finale, a ‘dance programme’ reflecting the cultural diversity of India was also scheduled to regale the members present.

Mr Rajendra Kumar jalan, Chairman, CLE in his address stated that it was a pleasure and privilege to organize the 33rd IFC and said that all of us were enriched from the various country presentations as well as from the presentatins of the resource persons. He opined that it was indeed enthralling.

He said that all the delegates were happy with the information shared and are looking to take the next step forward.

He said that Agra, apart from being a historical city, was also the largest centre of footwear production in the country. Touching on the Cultural Show at Kalakrithi, he opined that it was excellent and hoped that all the participants had a satifying visit.

Mr Jalan thanked the officials from Agra for the support and arrangement and thanked Mr Puran Dawar for his stellar role in organizing this conference. He also took the opportunity to THANK, on behalf of



Mr Rajendra Kumar jalan, Chairman, CLE speaking at the banquet



the Leather Industry, CLE and on his own behalf, the Convenor of the 33rd IFC Mr M Rafeeqe ahmed for getting this Conference to India and added that his day to day involvement had made this conference one of the best organized ever.

Chairman, CLE also thanked Prof. Dr AB Mandal, Director, CSIR-CLRI and his team from CSIR-CLRI for their active participation and involvement in the conduct of this conference.

The dynamic, Executive Director,



CLE and his team have done a wonderful job and he thanked them for organizing this conference so meticulously that it was now being labelled as “one of the best organized events ever. He specially thanked Ms Sunanda Santappa, Asst. Director (Fairs), CLE, Chennai for her excellent work and the event managers – Attitude for their professionalism.

He concluded by thanking all the delegates, friends from the industry, all the regional Chairmen of CLE for their active participation.

Acknowledging the Sponsors:

Mr Rajendra Kr. Jalan, Chairman, CLE also took the opportunity to thank the co-s Footwear Design and Development Institute and M/s Top Repute for their support. He also thanked the other sponsors M/s Canara Bank, M/s Labour Net, M/s Tata International Ltd., M/s SGS, M/s Navriti Technologies Ltd., M/s Intertek and M/s Wilhelm Textiles.

Mr Rajendra Kr. Jalan, Chairman, CLE then honoured Mr Frank Kung, Secretary General, CIFA with a Me-

mento.

Mr M Rafeeqe Ahmed, Convenor, 33rd IFC then honoured Mr Mukhtarul Amin, Chairman, FDDI with a memento.

Mr Subhash Kapoor, Regional Chairman (NR), CLE then honoured Mr Frandle Tse, M/s Top Repute and Mr AK Verma, Canara Bank with mementos.

Mr Naresh Bhasin, Regional Chairman (WR), CLE then honoured Mr Ravindra, M/s Labournet and Mr Atul Nagrath, M/s Tata International Ltd. with mementos.

Mr R Ramesh Kumar, IAS, ED, CLE then honoured Mr Rahul Garg, M/s SGS and M/s Navriti Technologies Ltd. with mementos.

Mr Tapan Nandi, Regional Chairman (ER), CLE then honoured Mr Ashutosh Choudhury, M/s Intertek and Mr. Vijay Gantra, M/s Wilhelm Textiles with mementos.

Mr Puran Dawar, President, AFMEC and Mr Ajit Kalsi, M/s Metro & Metro, then honoured Mr Pankaj Kumar, District Magistrate, Agra Division and Mr Shalabh Mathur, SSP, Agra with mementos.



Shri Rajendra K. Jalan, Chairman, CLE presenting memento to Mr. Frank K. Zung, Secretary General, IFC



Shri M. Rafeeqe Ahmed, President, CIFA presenting memento to Shri Mukhtarul Amin, President, FDDI

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Shri Subash Kapoor, Regional Chairman (North), CLE presenting mementos to sponsors



Shri Naresh Bhasin, Regional Chairman (West), CLE presenting mementos to sponsors



Shri Ramesh Kumar, IAS, Executive Director, CLE presenting mementos to sponsors





Shri Tapan Nandi, Regional Chairman (East), CLE presenting mementos to sponsors



Shri Puran Dawar, President, AFMEC presenting memento to a Sponsor

Dance programme

A medley of dances comprising Kathak, Bharatanatyam, Kalbelia and Dhol were presented and the performers enthralled the audience with their breathtaking performance.

CULTURAL DANCE PERFORMANCE

1. Kathak is one of the eight forms of Indian classical dance. This dance form traces its origins to the nomadic bards of ancient northern India, known as Kathakars or storytellers. Its form today contains traces of temple and ritual dances, and the influence of thebhakti movement. The name Kathak is derived from the Sanskrit word katha meaning story, and kataka in Sanskrit means he who tells a story, or to do with stories. The name of the form is properly kattachak, with the geminated dental to show a derived form, but this has since simplified to modern-day kathak.

2. Bharatanatyam- Mallari Dance

In Carnatic music Mallari is associated to Nadaswaram instrument, the

Mangala vadyam (auspicious instrument). Redention of Mallari is an important part of Nagaswaram repertoire. Nagaswaram music is a part of everyday temple ritual. During deepaaradhana's and temple processions Mallari is played with this instrument along with Tavil. The common ragas in which Mallari's are presented are Gambheera nattai, Nattai, gowla, and Arabhi.

This is an invocation to the lords performed in Bharatanatyam style.

3. The Kalbelia dance, performed to celebrate any joyful moment in the community, is an integral part of Kalbelia culture. Their dances and songs are a matter of pride and a marker of identity for the Kalbelias and they represent the creative adaptation of this community of snake charmers to changing socioeconomic conditions and their own role in rural Rajasthan society.

4. Dhol Cholom

The Dhol is a large drum used during Manipuri dances, especially on

religious occasions. Dhol cholom is a form of singing and dancing to the accompaniment of the Dhol and is performed by a group of male dancers. The drumming rises gradually from a whisper to a thunderous climax as the tempo of the dance builds up in equal up in measure. This dance of the Meiteis of Manipur valley is associated with Yaoshang or the Festival of colours. Dhol Cholom, is a part of the Manipuri sankirtana tradition.

5. Dandiya is the most popular dance of not only Gujarat but also all the states throughout India. It is a special feature of the Navratri festival. Dandia is a dance form usually performed in a group, by both men and women. The special feature of the Dandiya dance is the colorful attire worn by the dancers and the colorful sticks carried by them. The wooden sticks are used as prop and are beautifully decorated. It is for this reason this dance is also called the 'Stick Dance'. The uniqueness of dandiya from the rest of the Indian dance forms is the use of colourful, musical sticks and its dress code

Cultural Programes



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Announcement of 19th UITIC Congress

The Council for Leather Exports proudly announced its hosting of the 19th International Technical Footwear Congress in collaboration with the International Union of Shoe Industry Technicians (UITIC) during 03-05 February 2016 in Chennai.

A short presentation on UITIC and the Conference was then played.

The evening's programme concluded with the "Banquet Dinner."

FACTORY VISITS

The Council for Leather Exports organised the visit of the overseas delegates to Footwear Factories namely Gupta Overseas, Virola Enterprises and Dawar Footwear Industries on 15th November 2014.

Initially, the members of the CIFA Delegation visited the factories. The visit was coordinated by Shri R.K.Shukla Assistant Director – CLE.

1. Gupta H C Overseas (I) P.Ltd.:

Shri Gopal Gupta, Managing Director of the company welcomed the delegates in his factory & taken them to the 'Sample Room'. Shri Gupta informed that they are specialized in making "High Fashion Ladies footwear" and they export to all the six continents. After the interaction the delegation was taken to the floor to show the manufacturing process. The delegates enquired about the raw material, other components technology etc., which was well informed to them by the Managing Director of the company.

A booklet was provided to each of the delegates by Shri Gopal Gupta for detailed information about the company.

2. Virola International:

A very warm welcome was extended to the Delegates in the company by Shri Ashok Grover, Director of the company. After the welcome they were taken to the floor to show the manufacturing process. After visiting the floor the delegates visited the sample room & saw the products.

3. Dawar Footwear Industries :

Shri Puran Dawar Chairman – Dawar Group recd. the delegation in his unit. The delegation was taken to the different sections in the factory i.e. Leather Store, Cutting, preparation & Closing, Lasting, R&D. In the leather store the Chairman of the company explained about the different types of leather being imported by the company from different countries. He also shown color marked being followed in the company for ready stock etc.

After visiting the floors, the delegation visited the 'Show Room', & saw the different collections of the ladies & gents footwear. They appreciated the quality & design of the final products.

The lunch was hosted by Dawar Group for the delegates & Chairman of the company Shri Puran Dawar requested them to enjoyed it.

After the lunch CIFA Delegates very heartily thanked & Shri Puran Dawar for his very warm welcome & hospitality. The Delegates also conveyed their sincere thanks to Shri M Rafeque Ahmed, Convenor – CIA, Shri Rajendra K Jalan, Chairman, Shri R Ramesh Kumar, Executive Director – CLE.

After sending off the CIFA delegation from Agra, Assistant Director - CLE organized the factory & footwear wholesale market visit of the delegates from 'The Association of Guangdong Shoes Manufacturers' (AGSM). The AGSM delegation visited the following factories.



Dawar Footwear Industries:

The AGSM Delegation was recd. by Shri Puran Dawar, in his unit along with Assistant Director – CLE. They were shown the manufacturing process in the factory & explained about the different process of manufacturing in the unit. They visited the show room & took pictures of the products displayed there. A few members of the delegation expressed their interest for supplying the footwear components to India, being manufactured by them. The details of the same was noted by the R&D manager of the company for consideration by them.

Transworld Shoes P.Ltd.:

Shri Apul Agrawal, Director of the company recd. the delegation in his unit & shown the manufacturing process. Shri Apul Agrawal explained about the company & export destinations. A few members of the delegation shown interest in the products manufactured by the company & discussed for further business opportunities.

Virola International :

Shri Ashok Grover, Director of the company recd. the delegation in his factory & took them to the floor to show the production process. The members of the delegation raised few queries about the products, export destination etc., which were suitably explained by the Director of the company to them. They also visited the Sample room, took pictures & enquired about the products.

Visit to Footwear Wholesale Market :

After completing the factory visits,

the Guangdong Delegation visited the globally well renowned 'Footwear Whole sale market' in Agra which is called the main hub of the domestic market in the country. As per information from the industry associations, it caters to approx. 65% of our domestic footwear consumption.

A formal welcome was arranged by "Agra Shoe Factors Federation"(ASSF) the prominent association of the wholesale market. Shri G.D. Ramani, General Secretary & now President – Agra Shoe Factors Federation extended a very warm welcome to the delegates by garlanding each of them. Addressing the delegates & the members of his Association, he thanked CLE for organizing the visit of Guangdong delegation to the " Footwear wholesale market". He said the footwear made in Agra is very popular not only in our country but all over the world that is why Chinese entrepreneurs are also here to see the speciality of the Agra made shoes.



Shri G.D. Ramani, General Secretary, ASSF welcoming the delegates

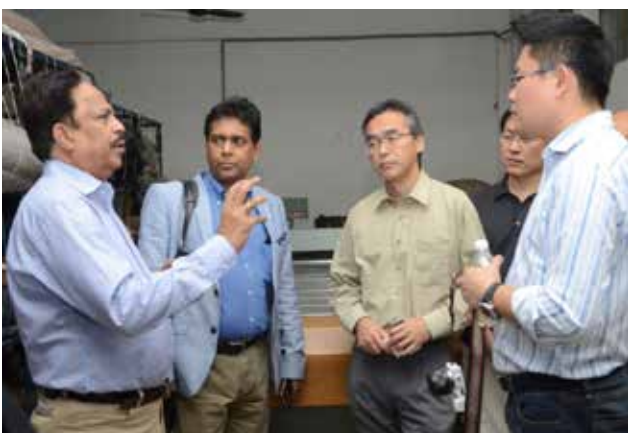
The delegation visited many stores in the wholesale market & saw the very attractive & colorful ladies, gents & kids footwear. They appreciated it & enquired about the & pricing etc. The members of the delegation also informed that they intend to supply footwear components to footwear

manufacturers in India.

On completion of the visit Mr. Liu Sui Long, head of the Association of Guangdong Shoes Manufacturers (AGSM) thanked CLE for organizing their visit to the footwear units & wholesale market.

FACTORY VISIT PHOTOS







Team INDIA



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