

4th World Footwear Development Forum

Oct. 30 – Nov. 1, 2012, Dongguan, China

▶ The fourth edition of World Footwear Development Forum (2012) was held in Dongguan, China during Oct. 30 – Nov. 1, 2012.

The Theme of this year's forum was "Innovative and developing way of world footwear".

The speakers at the Forum included Government Officials, representatives of industry association, authoritative economists, industry investment experts, e-commerce marketing experts, global footwear leaders and world footwear trading leaders. The attendees included footwear brand merchants, footwear manufacturers, footwear traders, purchasers including (leather, shoe material and machine), suppliers, footwear associations, footwear media whose position is or above vice general manager or hose of the same position.

The overseas trade associations who were invited to the Forum include Indonesian Footwear Association, Malaysian Footwear Manufacturers Association, Philippine Footwear Federation, Korean Footwear Industry Association, Footwear Manufacturers Association in Cambodia, Filipino-Chinese Footwear & Allied Industries Association, Council for Leather Exports-India, Vietnam Leather and Footwear Association and so on.

Every aspect of the footwear industry development, including the analysis of government policy, industry background, industry development mode, cope strategy of global financial situation of enterprises and ways & means

to transform and development the industry was discussed during the Forum. The Forum offered valid suggestions to the industry members to cope-up with their problems and to expand their influence and authority among the industry.

Shri M. Rafeeqe Ahmed, Chairman, Council for Leather Exports, India was invited to the Forum. Shri Ahmed delivered a speech on Introduction to Shoe Manufacturing, leather industry and investment attracting policy in India"

Speaking on the occasion, Shri M. Rafeeqe Ahmed stated that the leather industry in general is seen as a fashion oriented sector worldwide. However, as far as footwear segment is concerned, it is to be considered more as an essential item, though fashion, design, colour and style too play a significant part in determining the market movement of footwear, besides the price factor. Footwear is always considered an essential item for the human race. The discovery of the oldest shoe on earth dating back to 3500 B.C. is a testimony to this fact. The technology of shoe making has evolved and changed over the years, but the purpose of footwear being a protector of feet still remains the same.

The above facts are clearly revealed in the global import trade of footwear, as import of footwear, footwear components and non-leather footwear constituted a share of 70% i.e. to an amount of USD 97.46 billion, out of the global import trade of USD 137.96 billion in 2010.



Shri M. Rafeeqe Ahmed, Chairman, CLE (right) with a delegate

Highlighting the trends of the Asian footwear industry and market, Shri Ahmed stated that Asian countries, with a production output of 14,461 million pairs of footwear per annum, are contributing a massive share of about 85.39% to world output of footwear. An interesting aspect is that Asian countries are also major consumers of footwear. According to SATRA footwear report, China (1944 million pairs), India (880 million pairs - Leather Footwear) and Japan (699 million pairs) were the second, third and fourth largest consumers of footwear respectively in the global market during 2008, next only to USA (2229 million pairs). Further, Asia has a share of 42% in the global consumption of footwear, which is greater than the share of Europe and the Americas. Though the focus in Asia continues to be on exports, there is a significant increase in the domestic market for footwear in countries like China and India in recent years.

The average per capita consumption in Western Europe is about 5.7 while in USA it is 7.3, in Canada 4.7, but in Asia the average consumption is 2.6. Though the per capita consumption in Asia is lower, the massive market size in Asia offers tremendous opportunity for entrepreneurs to tap the huge potential in this market. It is true that the footwear exports from Asia was affected significantly in 2008 and 2009 due to the adverse effect of the global economic slowdown. However, there has been a positive turnaround in exports since the second half of 2010 and 2011 too has witnessed a positive growth in exports in the range of 12-15%.

Shri Ahmed added that though the recessionary trends are continuing in Europe which is a major market for Asia, it is hoped that that Asia will be able to maintain its growth momentum in exports in the long run.



The delegates at the Forum

Thereafter, Shri M. Rafeeqe Ahmed highlighted the growth of the Indian Footwear Industry and good prospects available for the overseas entrepreneurs to enter into joint ventures or set-up their own production centres in India.

Speaking about the challenges facing Indian Footwear Industry Shri Ahmed stated that though large footwear units are coming-up in the country, there is a need to go in for capacity modernization and expansion in the case of existing units and also establish new production centres of footwear across the country. In this context, the Government of India has proposed to establish Mega Leather Clusters across the

country in next 5 years. These Mega Leather Clusters will have all required infrastructure and support systems for the production units. The industry in different regions across the country are currently in the process of identifying land for the Mega Leather Clusters in the range of 120-180 acres. The Mega Leather Clusters will significantly help in meeting the export and domestic demands in the coming years and there is an opportunity for overseas entrepreneurs.

Though the Indian footwear industry has the advantage of comparatively cheap labour, the industry is now facing shortage of trained labour, particularly for the shop floor level operations. Hence, the Government of India is giving priority to this aspect by establishing a "Sector Skill Council" for the Leather Industry so as to train about 2 million people by 2020 and the footwear industry will be a major beneficiary of this effort.

Infrastructure Development is crucial for ensuring sustained growth of Indian footwear sector. Development of infrastructure at the footwear clusters and also the common infrastructure at ports/airports need to be done. The Government of India has recently constituted a Task Force on Transaction Costs which has given detailed recommendations on improving common infrastructure including port infrastructure.

Though the footwear component industry in India is growing, there is a need to further modernize and expand this industry for production of world-class components for the footwear industry.

Highlighting the Major Challenge facing the Asian footwear industry, Shri Rafeeqe Ahmed stated that the significant escalation in prices of leathers and also its scarcity is a major challenge confronted by the footwear industry in Asia. The availability of hides and skins depends on various factors including grazing of animals/cattle, slaughtering, effect of natural calamities on livestock population etc. The hides/skins market is currently going through a cycle wherein we are witnessing a downturn in availability. However, with the projected increase in global population and perceived continuity in the existing food habits, one can expect that better grazing/rearing of animals and better recovery of hides/skins from slaughtered/fallen animals will improve the availability of these essential raw materials.

However, the present situation of scarcity and rising prices of hides and skins will not lead to greater use of alternative and synthetic materials, as leather will always have its own market for its uniqueness, style and finish.

Predicting a bright future for the global footwear industry, Shri Rafeeqe Ahmed concluded his speech by stating that going by the current trends, the global footwear imports are likely to go-up from the level of USD 97.46 billion in 2010 to about USD 170 billion in 2020, which means the imports will significantly increase in the next 9-10 years in value terms. Further, as footwear is seen more as an essential item and hence the global footwear industry, including the Asian footwear industry definitely has a good scope in the long run.