



INDUSTRY CAPABILITY REPORT



FOOTWEAR INDUSTRY

Prepared by:
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1. INTRODUCTION

Footwear

The footwear industry, which is highly labour intensive, clearly has a significant potential for being a key contributor to the economy of the Country. Value addition in the footwear sector is between 40% - 50%.

The industry at present employs about 20,000 people directly and indirectly includes 10 large export companies, 30 medium scale companies and about 3000 small scale manufacturers. Diverse range of modern shoes like canvass and rubber boots, thongs, sports shoes, leather shoes etc. are produced, using a variety of raw materials.

The country's total production capacity can be estimated to be in the range of 20 - 30 Mn pairs per year. This figure excludes the supply capacity for rubber thongs which by itself is estimated to be 27-30 Mn pairs per year.

2. TYPES OF PLAYERS

The industry includes 10 large export companies, 30 medium scale companies and about 3000 small scale manufacturers.

Raw material Base

Leather

The bulk of leather footwear made in Sri Lanka is made out of imported leathers from Italy & India. However, in recent years several production units have been set up in the country using local leather. In fact two companies are equipped with tanneries and are able to produce leather to meet their own specific requirements.

At present there are 6 chrome leather tanneries and 11 vegetable leather tanneries operating in Sri Lanka. The combined capacity of which is estimated to be in the region of 25 kg a day. In general however the supply of locally tanned and finished leather is inadequate to meet of the export industry's requirements both in terms of quality and quantity. The government has allowed duty free import of raw material to facilitate the industry.

Fabrics components Moulds and lasts etc.

Where the outsoles are concerned Sri Lanka has the advantage of having an adequate supply of good quality rubber including sole crepe of which Sri Lanka is the only producer. Several factories have facilities for producing moulded rubber soles. There are also a couple of factories equipped to manufacture Thermo Plastic Rubber (TPR) and Polyvinyl chloride (PVC) unit soles. One factory in the FTZ is equipped to turn out PU out soles but at present serves only their own shoe production .Few companies have started manufacturing lasts and heels.

3. KEY PRODUCTS AND VARIETIES

Diverse range of modern shoes like canvass and rubber boots, thongs, sports shoes, leather shoes, Beach slippers etc. are produced, using a variety of raw materials.

Canvas & Rubber boots

The bulk of the productions consist of up market canvas & rubber fashion shoes both in cold processed and vulcanized construction.

The rubber boot range consists of children's boots in attractive colours and designs, yachting boots, fishing boots, bean boots and boots for a variety of functional purposes including military. A large volume of rubber flip flops (thongs) are produced both for local and export market.

Sport shoes

There is a limited production of injection moulded and cold processed sports shoes

Leather footwear

The leather footwear consists largely of those with leather uppers and out soles of rubber, PU PVC or TPR. A range of full leather shoes and leather upper and sole is also available for export. In variety of casual shoes is stitched down and cemented construction are available

Shoes of Man Made material

Ladies fashion shoes made from a multitude of synthetic finished are available both the domestic and export markets

Beach Slippers

Beach slippers are made using variety of raw material Rubber, Eva, Textiles and environment Friendly material.

4. UNIQUE CHARACTERISTICS OF THE SECTOR

The footwear industry is highly labour intensive. Value addition in the footwear sector is between 40% - 50%.

5. MAJOR BRANDS SUPPLIED TO

The industry caters to famous international brands like **NIKE, Clarks, Mark & Spensor, Bata France, H.H. Browns**

6. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY

The footwear industry is mainly based in the western province of Sri Lanka while SMEs of the industry are scattered in and around the country.

7. TOTAL EXPORTS OF THE FOOTWEAR AND LEATHER SECTOR (US\$ MN)

Year	2006	2007	2008	2009	2010	2011	2012
Footwear	20	24	22	17	19	17	12
Total	46	41	39	31	36	37	31

8. KEY PLAYERS OF THE FOOTWEAR INDUSTRY

Michael Angelo Footwear (Pvt) Ltd – BOI Co

Classic Footwear (Pvt) Ltd – BOI Co.

Palla & Company (Pvt)Ltd – BOI Co.

Ceylon Leather Products PLC

D. Samson Industries Ltd

Bata Exports (Pvt)Ltd

Bettans Exports (Pvt) Ltd

Lakpa Footwear (Pvt)Ltd

Kavin Polymers (Pvt) Ltd

Cat Walk Industries (Pvt)Ltd

9. NUMBER OF PEOPLE EMPLOYED IN THE FOOTWEAR SECTOR

The Footwear industry provides direct & indirect employment to around 20,000 people.

10. GOVERNMENT SUPPORT AVAILABLE IN THE SECTOR

The government has offered duty free concession to import of raw materials, machinery and equipment used for processing and manufacturing of Footwear Sector. To address the scarcity of leather government has imposed an export cess on raw hides & skins.

11.AVAILABILITY OF TECHNOLOGY & SKILLED LABOUR

The Industrial Development Board (IDB), Sri Lanka Institute of Textile and Apparel (SLITA) National Institute of Technology (NAITA) conducts certificate courses in manufacturing of footwear.

12. STRENGTHS IN THE SRI LANKAN FOOTWEAR INDUSTRY

Strengths

- High value addition-40%-50%
- Availability of trained rubber technologists, stitching operators and a highly trainable labour force.
- Raw material base (Natural rubber)
- Adherence to internationally accepted labour practices.
- Logistics of shipping- for example the sailing time from Colombo to London is approx. 15 days as against 28 days from Vietnam.
- Industry's flexibility in being able to handle both large and small volume orders.

Weaknesses

- The present dearth of good quality leather
- Lack of skilled labour
- Unwillingness of the entrepreneurs to enter the export field
- Lack of finance

13. REGIONAL COLLABORATION

The free trade agreement with India facilitates the trade with India.

14. FOOTWEAR & LEATHER FAIR IN SRI LANKA

Sri Lanka Export Development Board (EDB) in association with the Ministry of Industry and Commerce and other stake holders organized the first ever Footwear & Leather Fair in Sri Lanka in 2007, with a view to give recognition to the Industry locally and internationally. The fair has now become an annual event in the Sri Lankan Trade fair calendar. The 5th edition of the fair was held from 8th to 10th February at BMICH, Colombo. 104 companies displayed their products in 213 stalls. Local manufacturers of footwear, leather goods, travel goods, footwear accessories, local and foreign importers of raw material and components exhibited their products at this fair. More than 20,000 people including importers, agents, suppliers, manufacturers and the public visited the fair. Next edition of the fair will be held from 7th to 9th February, 2014 at BMICH, Colombo.

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