



# INDUSTRY CAPABILITY REPORT

---



---

## FOOTWEAR INDUSTRY

Prepared  
by: Export Development Board (EDB),  
Sri Lanka  
July  
2021

## **CONTENTS**

<b>1. INTRODUCTION</b>	<b>2</b>
<b>2. TYPES OF PLAYERS</b>	<b>2</b>
<b>3. KEY PRODUCTS AND VARIETIES</b>	<b>3</b>
<b>4. UNIQUE CHARACTERISTICS OF THE SECTOR</b>	<b>3</b>
<b>5. MAJOR BRANDS SUPPLIED TO</b>	<b>3</b>
<b>6. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY</b>	<b>3</b>
<b>7. TOTAL EXPORTS OF THE FOOTWEAR &amp; LEATHER SECTOR (US\$ MN)</b>	<b>4</b>
<b>8. KEY PLAYERS OF THE FOOTWEAR INDUSTRY</b>	<b>4</b>
<b>9. NUMBER OF PEOPLE EMPLOYED IN THE FOOTWEAR SECTOR</b>	<b>4</b>
<b>10. GOVERNMENT SUPPORT AVAILABLE IN THE SECTOR</b>	<b>4</b>
<b>11. AVAILABILITY OF TECHNOLOGY &amp; SKILLED LABOUR</b>	<b>4</b>
<b>12. STRENGTHS IN THE SRI LANKAN FOOTWEAR INDUSTRY</b>	<b>5</b>
<b>13. REGIONAL COLLABORATION</b>	<b>5</b>
<b>14. FOOTWEAR &amp; LEATHER FAIR IN SRI LANKA</b>	<b>5</b>

## 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 35% - 45%.

The industry at present employs about 40,000 people directly and indirectly includes 10 large 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 25 - 35 Mn pairs per year. This figure excludes the supply capacity for rubber thongs which by itself is estimated to be 30-35 Mn pairs per year.

## 2. TYPES OF PLAYERS

The industry includes 10 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, Turkey and Pakistan.

At present there are 05 chrome leather tanneries and 01 vegetable leather tanneries operating in Sri Lanka. The combined capacity of which is estimated to be in the region of 650 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. Over eight factories are equipped to turn out PU out soles but at present most of them serve only their own shoe production.

### **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 35% - 45%.

### **5. MAJOR BRANDS SUPPLIED TO**

The industry caters to famous international brands like **NIKE, Clarks, H&M Jack Wills Next, Decathlon**

### **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)**

<b>Year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 Jan- June</b>
<b>Footwear</b>	87	86	118	108	89	52	16	7.2
<b>Leather Products</b>	23	24	22	23	30	20	14	5.71
<b>Total</b>	110	110	140	131	119	72	40	12.91

## **8. KEY PLAYERS OF THE FOOTWEAR INDUSTRY**

Ceylon Leather Products PLC  
D. Samson Industries (pvt) Ltd  
Lakpa Footwear (Pvt) Ltd  
Kavin Polymers (Pvt) Ltd  
Service Shoes Lanka (Pvt) Ltd  
Work Wear Lanka (Pvt) Ltd  
Irosha International (Pvt) Ltd

## **9. NUMBER OF PEOPLE EMPLOYED IN THE FOOTWEAR SECTOR**

The Footwear industry provides direct & indirect employment to around 40,000 people.

## **10. GOVERNMENT SUPPORT AVAILABLE IN THE SECTOR**

The government has offered duty free concession to import of raw materials 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-35%-45%
- 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

### Disclaimer:

The Sri Lanka Export Development Board, (EDB), has taken every care in the preparation of the content of this report, but the EDB cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The EDB accepts no liability whatsoever.

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 12<sup>th</sup> edition of the fair was held from 07<sup>th</sup> to 09<sup>th</sup> February 2020 at BMICH, Colombo. 101 companies displayed their products in 225 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 25,000 people including importers, agents, suppliers, manufacturers and the public visited the fair. Next edition of the fair will be held in February, 2022 at BMICH, Colombo.