



INDUSTRY CAPABILITY REPORT



Footwear Industry

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1. INTRODUCTION

The footwear and leather industry in Sri Lanka have been identified as a value-added manufacturing sector, which generates export revenue to the country. In the past, the industry's expansion has been gradual yet sure and purposeful; today the country takes pride in producing a range of high-quality footwear and leather products. The highly labour-intensive industry demonstrates significant potential of being a key contributor to the country's economy. Value addition in the footwear sector is between 35% - 45%.

The industry at present employs about 40,000 people directly and indirectly includes 5 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 Molds and lasts etc.

Where the outsoles are concerned, Sri Lanka has the advantage of having an adequate supply of good quality natural 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 Polyurethane (PU) 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 purposed including military. large volume of rubber flip flops (thongs) are produced both for local & export market.

Sport shoes

There is a 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 & 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	2016	2017	2018	2019	2020	2021	2022	2023
Footwear	118	108	89	52	14.28	17.13	25.89	25.93
Leather Products	22	23	30	20	15.64	14.85	23.9	20.47
Total	140	131	119	72	29.92	31.98	49.79	46.4

Source: Sri Lanka Customs

8. KEY PLAYERS OF THE FOOTWEAR & LEATHER INDUSTRY

- Lanka Leather Fashions (Pvt) Ltd
- D. Samson Industries (Pvt) Ltd
- Lakpa Footwear (Pvt) Ltd
- Kavin Polymers (Pvt) Ltd
- Ceylon Leather Products PLC
- 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.

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 AND WEAKNESSES OF THE FOOTWEAR INDUSTRY

Strength	Weakness
<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.

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