

OPPORTUNITIES FOR SRI LANKAN FOR FOOTWEAR/SHOE SOLES IN SOUTH AFRICA



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1. SUMMARY

South Africa has a well-established footwear industry, both in terms of manufacturing and the importation and distribution of global brands. Locally the industry includes nearly 120 manufacturers under the umbrella of the Southern African Footwear and Leather Industries Association and National Bargaining Council, while another 60 small, medium and microenterprises operate under less formal structures. Kwa-Zulu Natal is the predominant producing province (with around 60%) followed by the Western Cape, Eastern Cape and Mpumalanga.

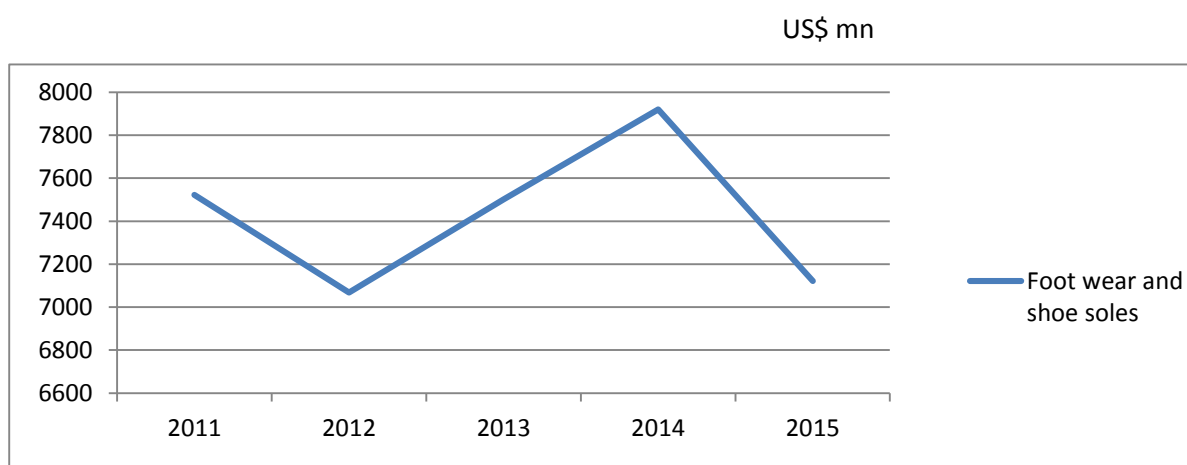
The footwear industry in South Africa manufactures a wide range of products including safety and protective footwear, gumboots, men and women's formal and casual footwear, school shoes, slippers, sandals, ballet shoes and children's shoes. In 2015 US\$ 92.8 Mn was imported to South Africa whereas in 2014 it was \$ 133.8 Mn.

2. MARKET DESCRIPTION

In 2015, the total sales of footwear in South Africa were approximately 1.2 bn USD of which 33% was supplied locally. Of the imported footwear, 60 % was imported from China while 20% from Vietnam followed by Italy, Indonesia, India, Lesotho, & Thailand etc.

Estimates of the size of the SA footwear market approximate 300 mn pairs sold per annum. MFN general tariff applied for Shoe sole (HS 640620) is 20% per 1 Kg of shoe soles on the shoes, about 96% of rubber soles are manufactured locally and 100% of leather soles are imported mainly from China and Italy. Other soles used are made from thermo plastic rubber, PVC, Polyurethane manufactured locally.

Figure: Total footwear and shoe soles (HS 6406) imports from the world



Source: Trade map

The graph given above has shown the import trend of shoe soles over a period of 5 years in South Africa. There is an import fluctuation of the particular product.

3. POSITION OF SRI LANKAN GOODS

At present Sri Lanka does not export footwear or Shoe soles to the South African market. Several Sri Lankan Footwear companies have explored the opportunities to penetrate this market but have failed since the footwear market in South Africa is very competitive, and more so because of the low-priced shoe soles produced by local South African manufacturers and those imported from China.

4. ACTIVITIES OF COMPETITION

The South African shoe market is highly competitive and throughout the year promotional offers are made available by retailers to attract customers.

Table: Top 5 Suppliers of Footwear Product to South Africa

US\$ thousand

Exporters	2011	2012	2013	2014	2015
China	2225	2280	2206	2042	2512
Italy	900	877	1004	717	269
Vietnam	184	106	82	58	130
Taipei, Chinese	154	101	130	154	120
Hong Kong, China	4	12	11	0	62

Source: Trade Map

5. CONCLUSIONS AND RECOMMENDATIONS

- Sri Lanka exporters should explore possibilities of opening up joint venture partnerships with South African manufactures
- Sri Lankan footwear exporters should strive to obtain duty free access to supply raw materials to local producers at the initial stage and later, after securing the market for raw materials such as shoe soles
- Sri Lankan exporters of footwear should also look for the possibility of establishing a manufacturing plant to supply shoes and raw materials to the rest of the southern African countries under preferential arrangements such as SACU, SADC etc.

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