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Vietnam and China Face Shifting Fortunes in Footwear

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China's grip on the global footwear market seems to be loosening.

World Footwear's annual yearbook revealed that Vietnam has outpaced the world's sourcing superpower when it comes to one critical category: textile footwear. For the first time in the yearbook's 10-year history, China has fallen behind when it comes to producing shoes made with fabric uppers—a subset that makes up a major slice of the footwear pie, as it includes many sneakers, dress shoes and casual styles.

Vietnam, with a population of 97.34 million compared to China's 1.4 billion, has established itself as a footwear production powerhouse over the past decade. The country accounted for more than 10 percent of the world's footwear exports in 2020—even more notable considering the disparity in market positioning between the two countries. The Southeast Asian nation charges, on average, $19 per exported pair of shoes, compared with China's $5 per pair.

China's share of worldwide footwear exports has been falling for roughly the past decade. Since 2011, when it owned more than 73 percent of shoe exports, China's share of the business contracted by 12 points to just over 61 percent in 2020. Competitors like Vietnam and Indonesia, which captured 1 percent and 1.6 percent, respectively, in 2011, have seen the greatest gains, now controlling more than 10 percent and 3 percent of the world's footwear exports.

In Europe, Turkey ascended to the No. 5 spot in 2020 with 2.3 percent of global footwear exports. The country now closely follows Germany, which, at 2.5 percent, has overtaken Belgium and Italy as Europe's largest footwear exporter. This year, Spain regained its place on the top 10 list of footwear producing countries, with 1.1 percent of the world's shoe exports.

While some countries secured a greater share of the footwear business, the pandemic notably affected the market overall. World Footwear's data showed that footwear exports dropped from 62 percent of all shoes produced to 59 percent, meaning that 12.1 billion fewer pairs were

FITI Testing & Research Institute
79, Magokjungang 8-ro 3-gil, Gangseo-gu, Seoul, Korea
Contact us: fitiplus@fitiglobal.com / Unsubscribe

exported in 2020 than during a normal year. Last year's footwear production fell by nearly 16 percent, or 4 billion pairs, erasing a decade of industry growth.

The Covid crisis hit the economies of the U.S., Canada and Europe hardest. The gap between the average per capita annual footwear consumption in North America and Africa fell from four pairs in 2019 to just 2.8 pairs in 2020. Rather than seeing North America and Europe buying disproportionately more footwear than other markets, 2020's global footwear consumption breakdown more closely aligned with the distribution of the worldwide population. Asia represented almost 56 percent of total shoe consumption, while Europe saw 13.6 percent and the U.S 13.1 percent. Africa consumed 10.9 of the world's shoes, South America 5.8 percent and Oceania 0.8 percent.

"Whether this is a structural change in consumer behavior or whether per capita consumption in advanced economies will rebound once the pandemic is overcome is a major question for the industry's marketeers," the report said.

The Commerce Department's Office of Textiles & Apparel (OTEXA) data shows that footwear imports are already picking up pace in the U.S. As of August, the number of imported shoes jumped 31.5 percent—or 1.26 billion pairs—from the same period in 2020.

China's share of those imports grew, with a year-to-date 30.5-percent rise to 844.77 million pairs—evidence that the Biden administration's decision to preserve Trump-era tariffs had little impact on the country's dominance. And in keeping with World Footwear's findings, OTEXA data showed imports from Vietnam into the U.S. market increasing by 29.8 percent from August of 2020, for a total of 381.91 million more pairs.

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