

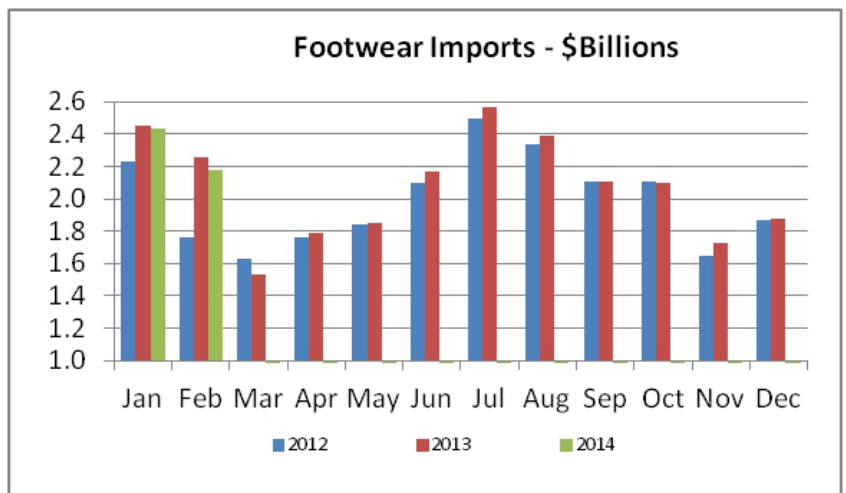
Footwear Imports Continue to Drag Their Feet in February

Judith Russell

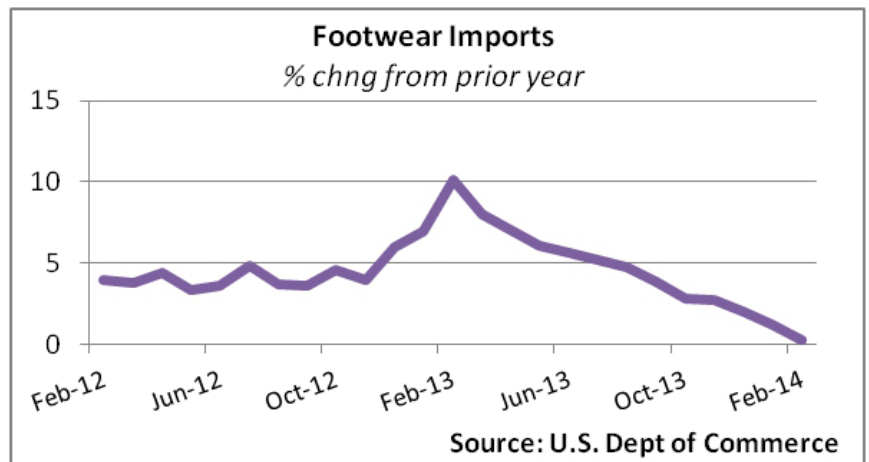
Footwear import growth continued to slow in February, according to recent data from the Office of Textiles and Apparel (OTEXA). After growing by 3.7% on a dollar basis in 2013, footwear imports slipped 0.7% in January compared to the same month in 2013, to \$2.4 billion, and then further deteriorated in February, down 3.5% from 2013, to \$2.1 billion. On a 12-month smoothed basis, February import growth in the category slowed to 0.3%, its lowest rate of increase in four years.

The average cost for a pair of imported footwear increased 5% in the first two months of the year compared to a year ago, to \$9.18, due to increased labor costs and shifts in product mix towards pricier styles.

Though it has lost three percentage points of market share so far this year, China remains by far the dominant footwear supplier to the U.S., with a 70% share of total shoe, boot, slipper and sandal imports. The average cost per pair for footwear imported from China in January was \$7.73, well below the overall average. Approximately 42% of the footwear imported from China is made of leather, with the balance made mostly of synthetic materials. In 2013, footwear imports from China fell 0.8% to \$16.6 billion.



Vietnam, despite gaining over a point of share in the first two months of the year, remains a distant second with an only 12 percent share, but has enjoyed an almost 7% increase in the dollar amount of footwear shipped to the US in the period. Unit imports grew by 4 percent, driving up the average pair cost by almost 2 percent year over year. Last year, footwear imports from Vietnam grew by over 20% in dollar terms, to almost \$2.9 billion.



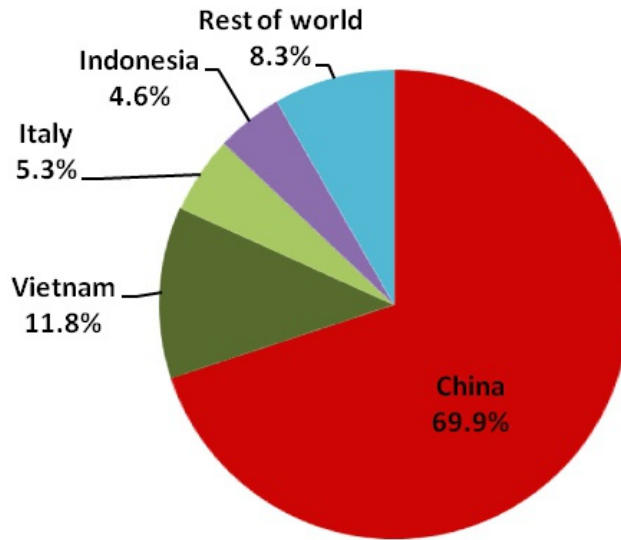
Not surprisingly, Italy supplies our priciest footwear, at an average cost of \$72.35 per pair, up 4.5% over the same month last year. In 2013 the U.S. imported \$1.2 billion worth from Italy, a 8.5% increase over last year. Almost 90% of the footwear imported from Italy is of leather. Italy is now the third largest supplier in dollar terms to the U.S. footwear market, with a more than 5% share, indicating just how dominant the high end of the business has become.

Portugal is becoming a more important supplier of high-end footwear as well, with shipments to the U.S. up 32% last year compared to 2012, to \$82.3 million. The average cost of a pair of footwear from Portugal was around \$50 last year, more than five times higher than the average pair. For the first two months of 2013, shoe

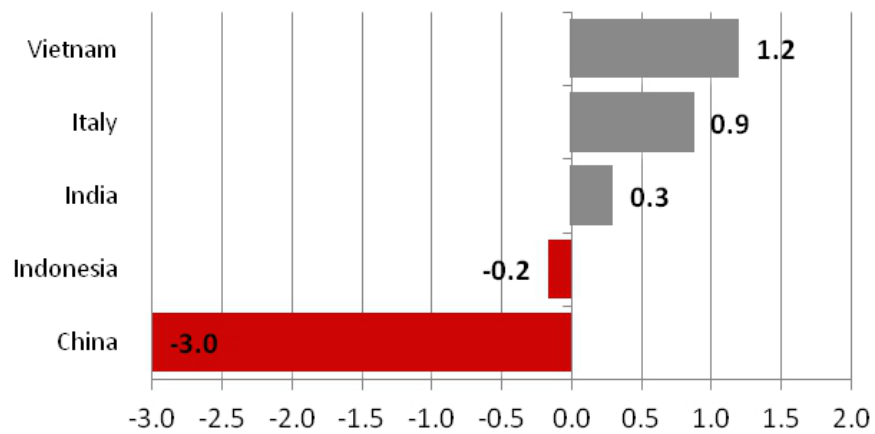
and boot imports from Portugal, increased 35% compared to the same period in 2013, to \$17 million.

Imports from Indonesia, the fourth largest source of U.S. footwear with a 4.6% share, fell 7.3% for the two months on a dollar basis, the biggest drop of any of the top trading partners, to \$115 million.

Footwear Imports By Country (Dollar Volume)
YTD February 2014



US Footwear Import Share Shifts By Top Country
YTD Feb 2014 vs. 2013



Source: OTEXA

Footwear Imports: YTD February 2014 vs. 2013						
<i>MM Dollars and Units</i>						
APPAREL	Dollars	Prs	Unit Cost	% Chg	% Chg	% Chg
	Millions	Millions	\$/Pr	Dollars	Prs	\$/Pr
World	4,356	474	9.18	-4.0	-8.6	5.0
China	3,047	394	7.73	-8.0	-10.7	3.0
Vietnam	515	43	12.05	6.8	4.4	2.3
Italy	232	3	72.35	14.9	10.0	4.5
Indonesia	200	15	13.14	-7.3	-10.8	4.0
Mexico	54	2	22.44	-4.5	-5.1	0.7
India	52	3	17.01	15.9	11.5	3.9
Dominican Rep.	33	1	25.01	14.8	7.7	6.6
Brazil	32	3	12.73	-4.5	0.2	-4.7
Spain	39	1	50.41	6.6	0.9	5.6
Thailand	18	1	14.84	-9.0	-15.3	7.5
<i>Rest of world</i>	<i>135</i>	<i>8</i>	<i>16.97</i>	<i>25.8</i>	<i>37.2</i>	<i>-8.4</i>