



The Brazilian footwear industry achieved export growth of 12% in value and 21% in volume in the first five months of this year.

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Brazilian footwear on the up

Brazil's footwear exports for the first five months of 2010 had a total value of \$627.7 million. This figure represents a 12% increase on the same period last year.

During the January-May 2010 period, Brazilian footwear brands and manufacturers exported 69.4 million pairs of shoes, an increase of more than 12 million pairs, or 21.3% on the same period last year. The figures come from the Brazilian footwear manufacturers' association, Abicalçados.

The average price per pair of these exported shoes was \$9.04, which is slightly down on the figure for the first five months of last year (\$9.90), although, as we shall see, the figures for a number of key overseas markets are considerably higher than the overall average.

Shipments to the US increased by 32.6% in volume and by 9.5% in value over the period. So far in 2010, the US has been by far the most popular export

Increases in the volume and value of exports, a good average price per pair in key overseas markets, and a rise in employment opportunities at home have combined to give the Brazilian footwear industry a strong start to the year.

destination for Brazilian shoes, with 20.2 million pairs heading there in the five months for which figures are available so far. Paraguay occupies a perhaps unlikely second spot; Brazil exported 5.9 million pairs of shoes to its neighbour—which has an estimated population of only 6.3 million—in the first five months of this year, with a value of \$25.8 million. This represents an increase of 50% in volume and of 97.3% in value.

Spain is the third-most popular export destination for the Brazilian footwear industry. Volume of 5.7 million pairs signifies an increase of 131.3%, although the increase in value is much lower at only 3%. Given this, it's not surprising that the average price per pair on exports to Spain is low at \$4.53. Only Paraguay has a lower average, \$2.97, which may help explain why Brazilian shoes—those at the lower end of the design ladder, at least—have suddenly become so popular there.

Only the figures for Hong Kong show greater growth, 155.3% in volume and 176.1% in value, although the number of pairs of shoes involved is much smaller, just 554,000.

Good levels of design

There are also impressive numbers for Chile, a potentially lucrative market because of the level of wealth there (the highest, at an estimated \$14,340 per capita in 2009, in South America), but a tough one to crack, not least because Chile has a free trade agreement with China. Between January and May 2010, Brazilian companies exported 380,000 pairs of shoes to Chile. While this total is low compared to Argentina (2.9 million pairs), the UK (3.7 million), Italy (3.1 million) and even Bolivia (2.3 million pairs), growth in the figures for Chile are 19.5% in volume and 40% in value compared to the first five months of last year. Most encouraging of all is that the average export price per pair for the Chilean market is \$26.2, the highest that Brazilian manufacturers are achieving anywhere in the world by a substantial margin. The closest to this high average price are the UK (\$19.59 per pair), Argentina (\$18.52), Italy (\$17.91), France (\$17.35) and Russia (\$17.24). This shows that shoes shipping from Brazil to these higher-end markets incorporate good levels of design and are receiving a warm welcome from fashion-conscious consumers there.

Jobs in footwear

An increase in jobs is adding to the positive atmosphere the Brazilian footwear industry is generating at the moment. Abicalçados has said that between January and April this year, footwear companies in the South American country took on almost 33,000 new workers, taking the total number of people the sector employs to more than 350,000. "We're now winning back the jobs we began to lose in 2008," says Abicalçados president, Milton Cardoso, on this subject. He believes a target the industry has set itself of reaching 400,000 employees in two years' time may even be met before the end of 2010, and he acknowledges the benefit manufacturers have received from new anti-dumping measures against imports from China.

The Brazilian government confirmed in March that it will impose antidumping duties of \$13.85 on every pair of shoes imported from China.

The footwear industry in Brazil raised complaints in 2008 that it was competing against Chinese-made shoes that had a cheaper export price in the Brazilian market than they did in the domestic market in China. A provisional duty of \$12.47 per pair was put in place last year. Politicians from regions of Brazil with high levels of footwear production have claimed that, since September 2009, this provisional anti-dumping measure stopped 30 million pairs of shoes from China reaching Brazilian shops, encouraging retailers to stock locally made shoes instead. The higher duty will stay in place for five years.

"We have a new production rhythm in our industry these days," he continues, "but we also owe a lot to the anti-dumping measures the federal government has put in place to defend us. We are writing a new page in the history of the Brazilian footwear sector." 🌐



High levels of design are helping Brazilian manufacturers achieve a high price per pair in wealthy export markets such as France, Russia, Italy, the UK and Chile.

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