

# FDRA

## Global Shoe Sourcing Snapshot

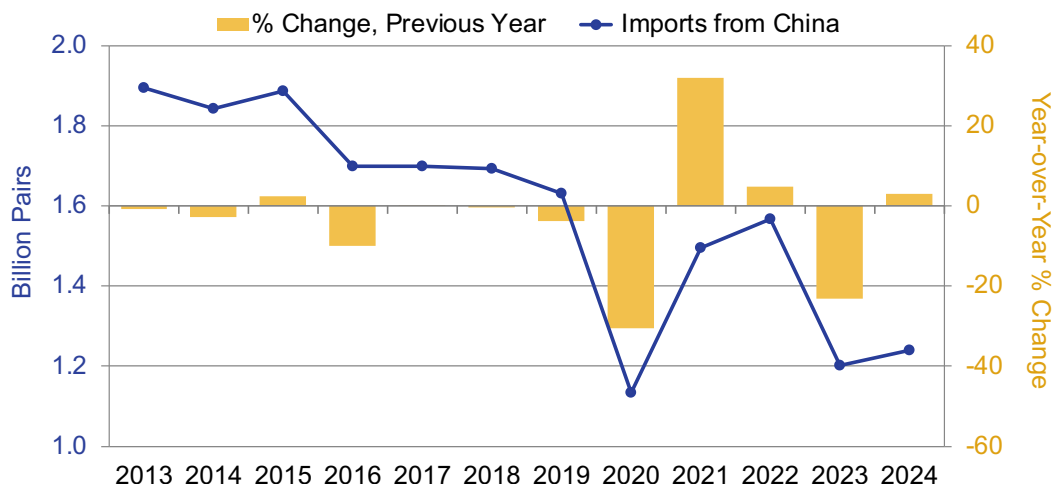
### Chinese Shoe Production Snapshot

As the world's largest footwear producer, consumer, and exporter, China's influence on the global footwear market cannot be understated. Boasting an annual turnover of some 12.3 billion pairs, China's footwear industry accounts for 55.0% of world production and is mainly located in the coastal provinces of Guangdong, Zhejiang and Fujian.

Much of that production is destined for foreign markets. Since the pandemic, the country's footwear exports have rebounded to 9.0 billion pairs of footwear by 2023 worth ~\$49.6 billion, effectively accounting for about three out of four pairs of shoes exported by Asian countries. In fact, the country leads the world—by far—in exports of waterproof (a 58.9% share), rubber & plastic footwear (76.4%), leather footwear (27.0%), textile footwear (60.5%), and other footwear (63.7%). This dominance is due in part to generally lower costs. At an average export cost of just \$5.54 per pair, the average cost of Chinese footwear exports is one of the lowest in the world, due in part to low—albeit rising—labor costs and the higher proportion of rubber & plastic footwear in its product mix.

US footwear imports from China rebounded in 2024 from a post-pandemic low, higher in step with total US footwear imports. Rising 3.1%, the volume of Chinese footwear reaching US shores grew in 2023, higher three of the last four years. But the increase was slower than last year's 7.5% growth in shipments from the rest of the world. This implies China's share of US footwear imports shrank again, falling in both dollar terms and volume terms to 32-year lows of 35.6% and 57.7%, respectively, in 2024. The average landed cost of Chinese footwear reaching the US from China sank -1.9%, comparable to the -2.0% decline in the average cost from the rest of the world. At just \$7.77/pair, the average cost from China remains well below the \$12.59/pair from the world. But rising wage pressures across China and mounting geopolitical tensions may dissuade sourcing from America's largest supplier, suggesting China's share of footwear imports may erode further in 2025.

### US FOOTWEAR IMPORTS FROM CHINA LITTLE CHANGED IN 2024



Source: USITC

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## Global Shoe Sourcing Snapshot

### Vietnamese Shoe Production Snapshot

Vietnam has grown rapidly over the last decade to become the world's third-largest producer and second-largest exporter of footwear, beholden to key markets in the US, EU, and China. Rebounding from a record plunge witnessed in 2023, US footwear imports from Vietnam climbed for the 22nd time in the last 24 years in 2024, pushing its share of America's footwear suppliers higher and closer to records set in 2020.

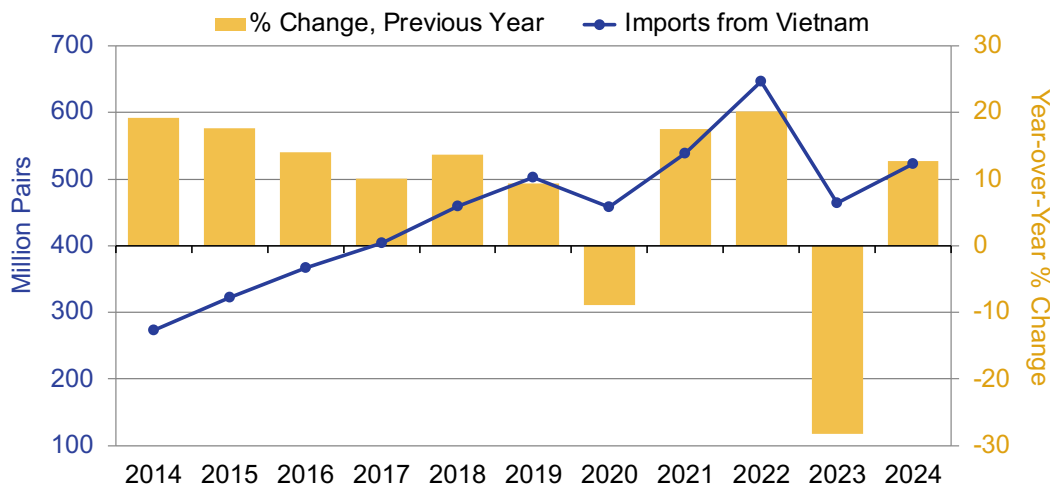
The improvement in Vietnamese shipments outpaced the rebound in total US footwear imports, despite Vietnam having a rising average landed cost set against a declining average landed cost from the rest of the world. At a modern-day high of \$16.82/pair, the average landed cost from Vietnam rose in 2024 for the thirteenth time in the last fifteen years. But at \$12.59/pair, the average landed cost from the rest of the world declined -4.2%, the sharpest drop in twenty-two years and lower seven of the last ten years. In fact, at \$5.58/pair, last year's difference in average landed cost between Vietnam and the rest of the world climbed again to a twenty-three-year high, suggesting other factors beyond cost are influencing sourcing decisions.

Factory wages average 12 million dong per month (~\$469.47) and are rising rapidly. The average duty rate of shoes imported from Vietnam in 2023 was 13.4% due to the number of athletic shoes made there, as athletic shoes generally have higher duties than non-athletic. This rate is well above the world average calculated duty rate of 12.3% the same year.

Key challenges for footwear brands who do not currently have a foothold in Vietnam are access to inputs, limited factory capacity, and a limited workforce. Indeed, many factories are not taking orders from new customers. Estimated at well over 90%, factory capacity is limited and likely will remain so in Vietnam. And at just 2.2%, the national unemployment rate is among the lowest in Asia and risks driving domestic wages higher as employers compete to attract and retain workers. What's more, the concentration of export markets in the US (35%), China (8%) and the EU can be a concern.

Despite these limitations, we remain bullish on prospects for US sourcing of Vietnamese footwear. Indeed, both the volume and value of Vietnamese footwear exports to the world stand at near-record levels, rebounding from early-COVID lows. The 1.34 billion pairs shipped abroad with a value of \$28.7 billion peg the country as the world's second-largest supplier. The domestic industry is primarily concentrated in the Southeast, including Ho Chi Minh City, the Red River Delta, and the Mekong River Delta.

### US FOOTWEAR IMPORTS FROM VIETNAM REBOUND IN 2024 FROM A RECORD PLUNGE



Source: USITC

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## Global Shoe Sourcing Snapshot

### Indonesian Shoe Production Snapshot

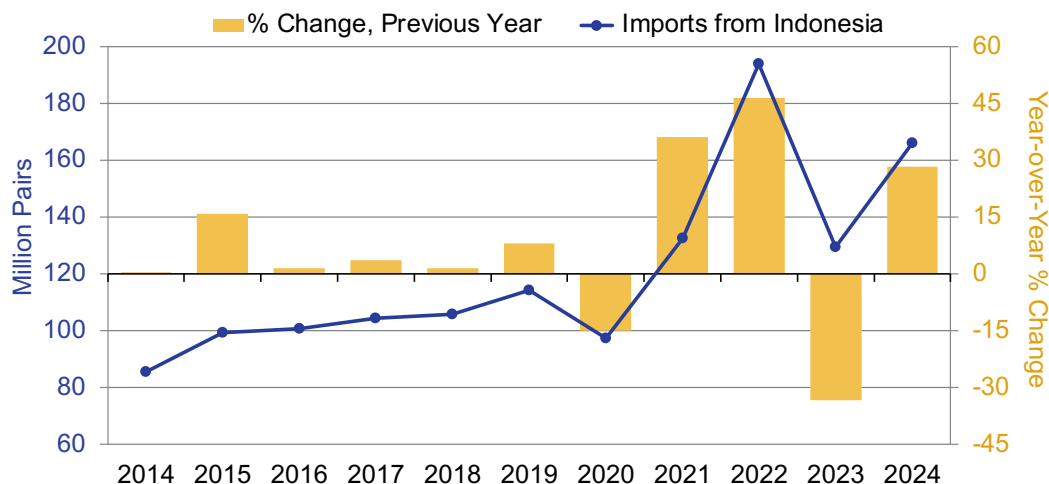
As the fifth-largest footwear manufacturer in the world, Indonesia has enjoyed robust growth in foreign demand over recent years. The volume and value of Indonesian footwear exports have grown impressively in the wake of COVID before easing in 2023, pegging the country as the world's third-largest supplier. These footwear exports have risen each of the last few years to a record volume and dollar amount, spurred by strong growth to China, the US, and the EU, benefitting from several government support programs.

After falling at a record rate in 2023, footwear shipments from Indonesia to the US rebounded 28.3% last year as the average landed cost from Indonesia fell sharply. At 166.1 million pairs, shipments to the U.S. market recovered to a near record, sharper than the 7.5% increase in shipments from the rest of the world. At \$15.35/pair, the average landed cost shrank -8.2% in 2024, steeper than a -2.0% dip in the average cost from the rest of the world. The sharper drop in landed cost from Indonesia narrowed the gap between these costs in 2024 from the prior year's near record to \$2.76/pair—the second lowest in thirteen years—prompting more sourcing from Indonesia.

In value terms, US footwear imports from Indonesia are split between shoes with leather uppers (50.3%) and with uppers of textile materials (27.3%), while all other footwear shipments account for just 22.3%.

The Indonesian footwear industry employs roughly 800,000 workers, primarily concentrated in the provinces of Banten and West Java. The average monthly earnings of factory workers in Indonesia are 8.47 million rupiah (~\$518), comparable to other Asian competitors. But we caution nominal wages in the Indonesian garment, textile, and footwear sector have grown an average 12.6% per year each of the last few years, faster than most other Asian competitors.

### US FOOTWEAR IMPORTS FROM INDONESIA ALSO REBOUND IN 2024 FROM A RECORD PLUNGE



Source: USITC

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## Global Shoe Sourcing Snapshot

### Cambodian Shoe Production Snapshot

For more than two decades the garment and footwear sector has been the backbone of Cambodia's economy, with exports mushrooming in recent years. Indeed, the value of footwear leaving the country climbed again in 2023 to an unprecedented high, owing to a competitive average export cost. Indeed, the country has grown to become the eleventh-largest producer and ninth-largest volume exporter in the world. But the footwear industry has grown heavily reliant on shipments to America, the largest market. Accounting for nearly one third of the value and volume of Cambodian footwear exports, shipments to the U.S. surged 264% over the last five years, easily outstripping gains to any other key market.

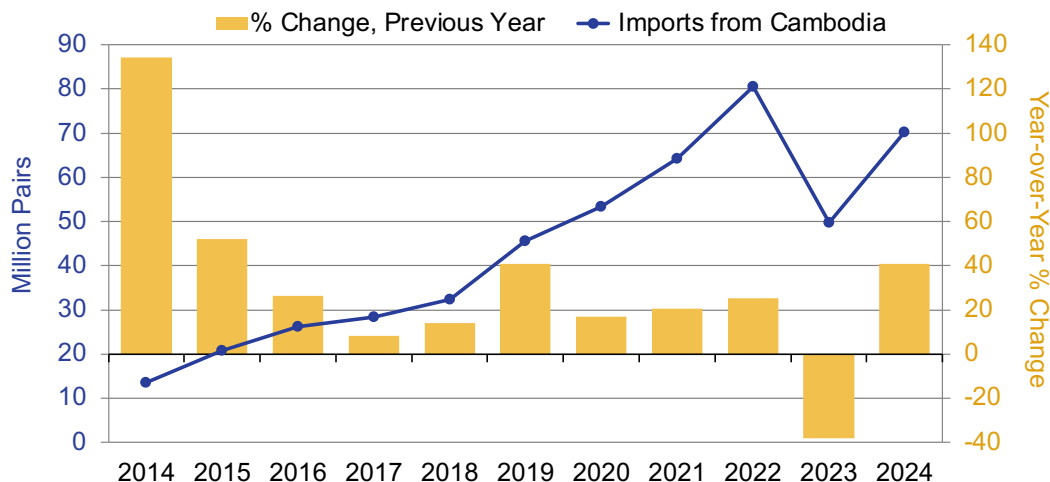
Indeed, U.S. footwear imports from Cambodia have climbed eighteen of the last nineteen years, ballooning from effectively none in 2005 to more than 70 million pairs in 2024, making the country America's fourth-largest foreign supplier with a record 3.3% share of all footwear imports. In fact, after seeing shipments from Cambodia plunge -38.2% in 2023, they rebounded a robust 41.0% in 2024, the sharpest expansion in nine years and the biggest jump among any key supplier to the US market.

Historically, America's landed cost of footwear from Cambodia averaged less than from the world each of the last several years until rising above the world average cost each of the last three years, stretching to a fourteen-year high in 2023. But last year the average landed cost of shipments from Cambodia sank -7.0% to \$12.68/pair, closing the gap with the average cost from the world, incentivizing sourcing from Cambodia.

Cambodia employs some 113,000 in its footwear factories, earning as little as \$210/month, but typically closer to 2,310,000 Cambodian riel (~\$575/month), still one of the lowest rates in Asia. But this minimum wage is up 214% over the last decade, crimping local competitiveness in labor-intensive industries like footwear.

Footwear shipments are concentrated among key foreign markets, with the US (30%), Japan (11%), and Germany (9%) accounting for roughly half of all exports. The local government has been providing training and infrastructure to help the industry develop.

### US FOOTWEAR IMPORTS FROM CAMBODIA REBOUND IN 2024 TO A NEAR RECORD



Source: USITC

## Indian Shoe Production Snapshot

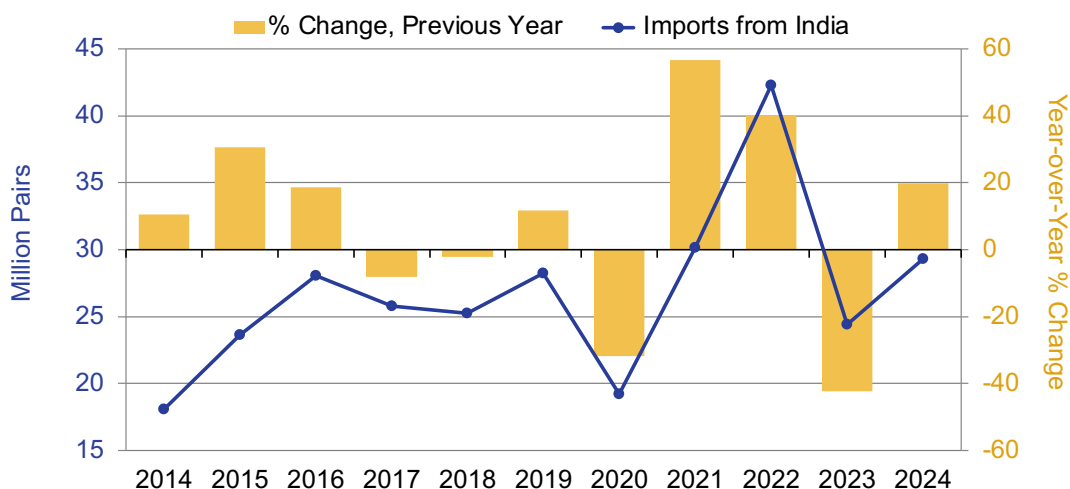
Boasting annual production and consumption of some 2.6 billion pairs, India is the second-largest footwear manufacturer and consumer in the world. The country exports about 10% of the footwear it manufactures each year, roughly 257 million pairs, still enough to be the world's sixth largest exporter. Footwear shipped abroad in 2023 rose from a 2020 COVID low but has been relatively flat over the last eight years.

The U.S. remains India's largest foreign footwear market, with those shipments rebounding a sharp 19.9% in 2024, mirroring a similar bounce from the rest of the world. At 29.3 million pairs, imports from India jumped to the third biggest year on record. One key factor behind the robust recovery was a dramatic drop in the average landed cost from India. At \$15.32/pair the average cost fell -15.9% in 2024 from the prior year, sharper than any other key supplier. While America's landed cost of footwear from India has averaged more than from the world every year for many years, in 2024 the difference between the two sank to the lowest in decades. A key driver behind the lower cost from India is the rupee plumbing a record low against the dollar in 2024, an issue that typically makes imports more cost competitive.

The country's large and young workforce, relatively low wages, and abundant cattle herd make it a viable competitor in the global footwear market. At more than 1.44 billion people, India's population is now bigger than China's, growing while China's is shrinking. The median age is just 29.5 years old, over a decade younger than China's. The country's footwear industry employs over 1.1 million workers, dwarfing the industries in most other countries around the world. While India has no national minimum wage per se, minimum wages may be set by state or sector of industry. Typical wage rates in the domestic footwear industry—adjusted for currency differences—are near the low end of the scale witnessed across Asia. With more than 307 million head of cattle, India also has the world's biggest livestock herd, accounting for 32.6% of the planet's cattle population. Unsurprisingly, leather footwear makes up about 45% of the volume of Indian footwear exports.

The Indian footwear industry is highly fragmented with almost 15,000 small and medium-sized enterprises operating with at most several dozen people each. With government support (i.e., Make in India and the Indian Footwear, Leather & Accessories Development Program) and growing foreign direct investment in the country's footwear manufacturing sector, the country is increasing its presence in the global footwear export market. Indeed, a growing number of international footwear and fashion companies are manufacturing footwear products in India and shipping them overseas.

### US FOOTWEAR IMPORTS FROM INDIA REBOUND IN 2024 FROM A RECORD PLUNGE



Source: USITC



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## Global Shoe Sourcing Snapshot

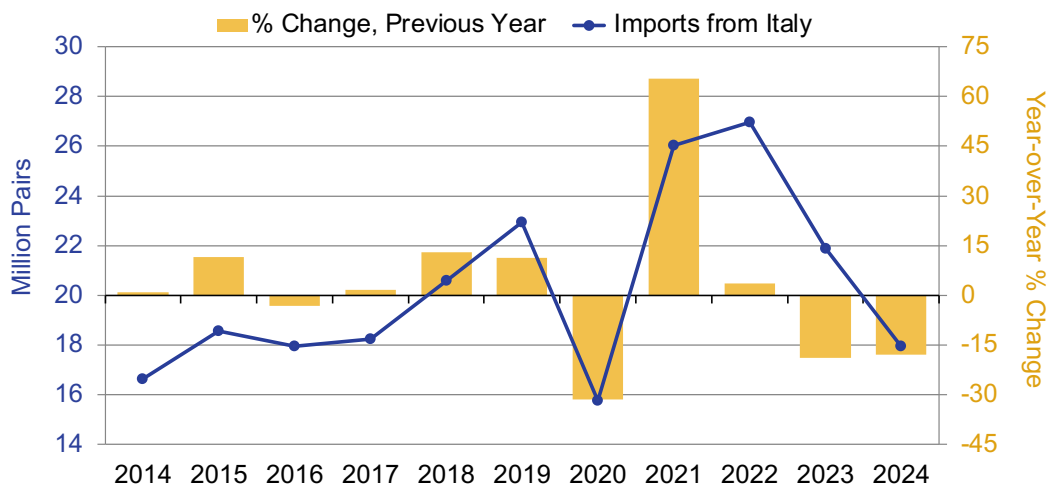
### Italian Shoe Production Snapshot

One of the world's most highly regarded manufacturers of high-end footwear, Italy also is one of the biggest producers and exporters of total footwear. The domestic sector footwear employs some 76,000 people and exports most of its production. Shipments destined abroad in 2023 reached a record \$13.7 billion, pegging the country as the third-largest exporter in the world behind lower-cost suppliers China and Vietnam. Indeed, Italy has achieved this lofty global status despite having an average export cost more than five times the world average export cost.

Key markets remain concentrated in Europe and the United States, accounting for well over half the value and volume of footwear exports. But 17.9 million pairs, shipments to US shores sank in 2024 to a four-year low and second lowest in ten years. Indeed, the shipments plunged -18.0% in 2024, the sharpest decline among any top twenty supplier to the US. These shipments fell faster in volume terms than value terms, implying the average landed cost rose again, to a record of more than \$107 per pair, also several times the average landed cost from the rest of the world. These trends are not new, as Italy has been a top-seven footwear supplier to America—in volume and value terms—every year for more than thirty-five years, all while shipping products with an average cost well above the world average.

One way the country has managed this remarkable feat is through its long-standing reputation in craftsmanship and specifically in leather footwear. Indeed, Italy reportedly has the highest density of bespoke shoemakers for any country in the world, often combining the best materials, techniques, fit, and finishing available. In a global industry of often commoditized products where cost often is the main driver, Italian footwear naturally cannot compete on cost alone with cheaper Asian rivals. Instead, Italy has managed to grow to become the dominant supplier—by far—of high-end footwear to markets in America and around the world.

### US FOOTWEAR IMPORTS FROM ITALY FALL AGAIN IN 2024 TO 2ND LOWEST IN DECADE



Source: USITC

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## Global Shoe Sourcing Snapshot

### Mexican Shoe Production Snapshot

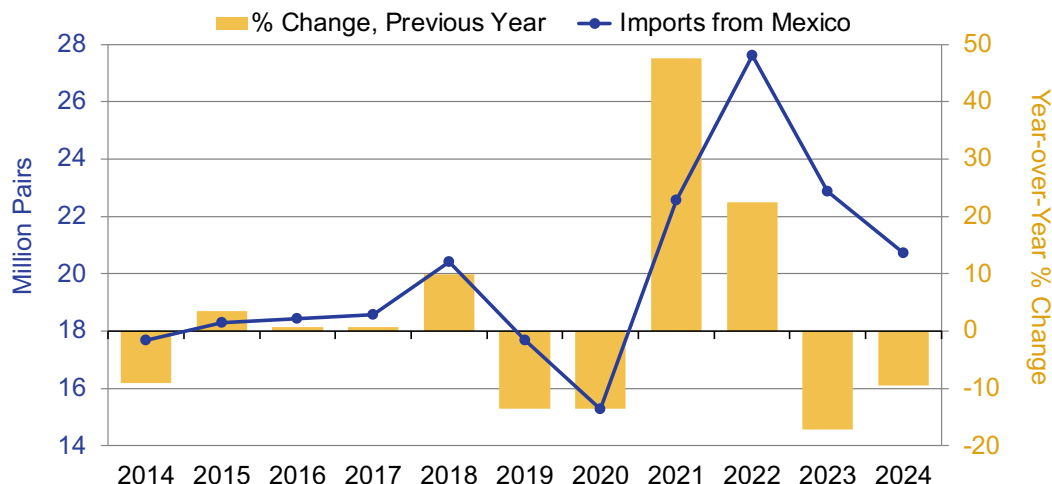
As one of the ten largest footwear producers in the world, the Mexican footwear industry is keenly focused on its domestic market, with exports only about 9% the size of the domestic market. The value of Mexican footwear exports stretched to a record \$898 million in 2023, with most of that product destined North of the border. Mexico retains a key competitive position to the American market over other suppliers, given its proximity to US customers and its mostly duty-free status for footwear afforded under the USMCA. Indeed, shipments to the US account for 92% of the value of Mexican footwear exports, perhaps a potential disadvantage, given the concentration.

Indeed, shipments to the US sank again in 2024 to a four-year low, weighing on footwear production across Mexico. At 20.7 million pairs, the -9.4% marks the fourth decline in the last six years. What's more, shipments from Mexico falling while imports from the rest of the world rose implies Mexico's volume share of US footwear imports shrank in 2024, off from the prior year's twenty-year highs. Shipments sank as the average landed cost from Mexico rose to a record \$33.32/pair, nearly three times the world average cost. Mexico's cost rose despite the country's currency weakening to the lowest in a few years. Over the long term, trends in the value of the peso against the dollar typically are positively correlated with trends in the average landed cost of Mexican footwear reaching the US border.

Average hourly earnings of factory workers in Mexico had been relatively flat from 2007 to 2020 but have climbed at double-digit rates each of the last three years, making the country more expensive than several Asian competitors. These wages averaged \$3.93/hour in 2023, reaching a near record \$5.10/hour by December 2024. These sharp gains reflect the current administration's goal to combat inflation, prioritize the poor, and reverse a decades-long decline in workers' purchasing power, but the hikes could threaten to dissuade sourcing in Mexico in favor of cheaper labor overseas.

Over 450 years old, Mexico's footwear industry is heavily concentrated in three main locations around the city of León, Guadalajara, and the Mexico City area. The domestic industry is capitalizing on international brands' nearshoring strategies but faces mounting challenges related to labor shortages and wage rates, in addition to threats of new tariffs from the Trump administration.

#### US FOOTWEAR IMPORTS FROM MEXICO TUMBLE IN 2024 TO A FOUR-YEAR LOW



Source: USITC

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## Global Shoe Sourcing Snapshot

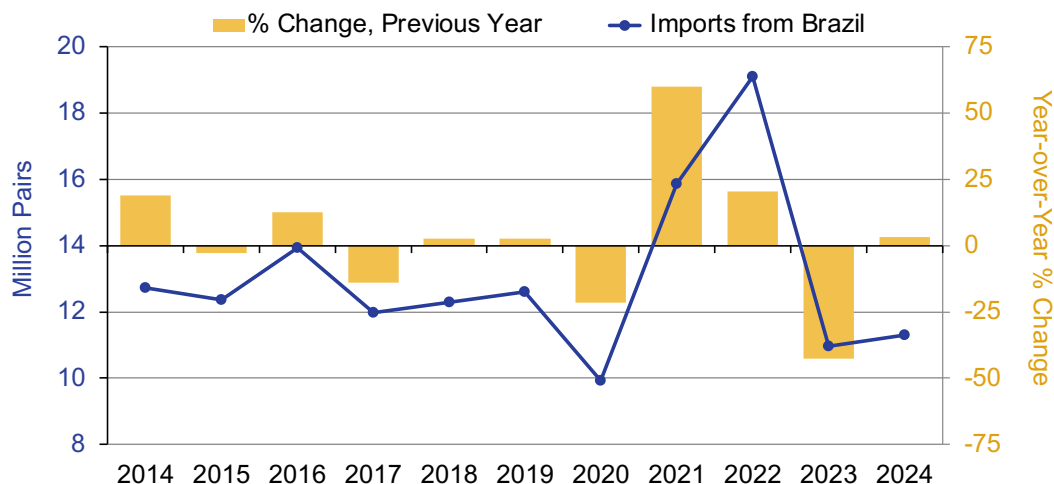
### Brazilian Shoe Production Snapshot

With annual production of some 866 million pairs, Brazil remains—by far—the largest footwear manufacturer and exporter in the Western Hemisphere and one of the five largest producers in the world. Key foreign customers are the US (10% of exports), Argentina (12%), Paraguay (9%), and Ecuador (6%). Rubber and plastic shoes account for about 74% of the volume of footwear exports. The country sources relatively little footwear from overseas, implying domestic consumption—some 776 million pairs --primarily is supplied by domestic producers. The country also has a competitive advantage in leather footwear, as Brazil has the one of world's largest commercial cattle herds, 244 tanneries, is one of the world's five largest leather producers, and has a leather industry that employs some 30,000 people and exports more than \$1.1 billion annually to more than eighty countries.

Footwear shipments to largest-market America rebounded 3.1% last year to 11.3 million pairs, comparable to the annual average witnessed over the last decade. Working against Brazilian footwear industry, the average cost of shipments to the US stand at a lofty \$20.82/pair, well above the world average cost. But working in favor of the industry, the cost shrank 3.4% from 2023, owing in part to persistent weakness in Brazil's currency. After climbing to a near-term high against its American cousin in 2011, Brazil's real gradually weakened, dropping eleven of the next fourteen years to a record low by late 2024. The recently weaker currency has contributed to lowering America's average import cost from Brazil, a positive for sourcing from its South American neighbor.

The industry is centered in the northeast, south, and southeast of the country, particularly in the states of Rio Grande do Sul, Santa Catarina, São Paulo, Minas Gerais, and Ceará. Average monthly earnings of Brazilian employees working in manufacturing totaled 3,170 reais (~\$543) early in 2024, relatively higher than in several Asian competitors. Countering these high costs, Brazilian footwear has a world-renowned reputation, especially relating to high quality, relatively cheap leather, and unique designs of its products that keeps demand for Brazilian footwear vibrant.

### US FOOTWEAR IMPORTS FROM BRAZIL LITTLE CHANGED IN 2024



Source: USITC



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## Global Shoe Sourcing Snapshot



### German Shoe Production Snapshot

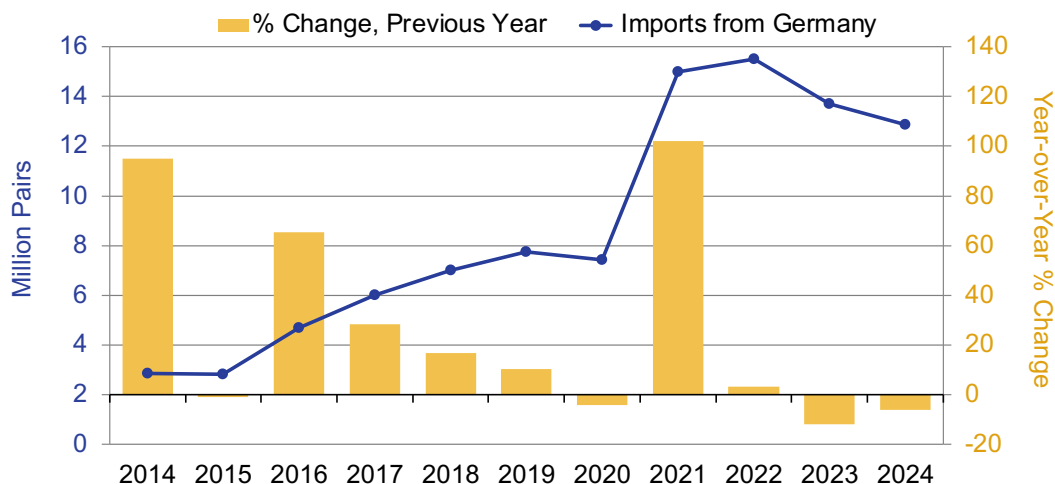
Perhaps the biggest sleeper among the list of the world's top suppliers of footwear is Germany. While the country's economic stature as the world's third-largest economy is well known, Germany also is among the world's four largest exporters of footwear, in both units and value terms. In fact, German footwear exports have climbed eleven of the previous fourteen years to a record in 2023, all while shipping footwear abroad with an average cost (\$30.97 per pair) well above the world average. Shrugging off the 2020 plunge from the pandemic, Germany's footwear shipments grew each of the next three years, reaching a record of more than \$10.8 billion by 2023.

The dynamics are similar in supplying the US market. While the biggest buyers of German footwear are spread across Europe, Germany has grown to become a top-ten supplier to the US market as well with shipments reaching 12.9 million pairs in 2023, all while supplying product with an average landed cost more than twice as high as from the rest of the world. While US footwear imports from Germany retreated in 2023 to a four-year low, Germany's shares of total US footwear imports—in both volume and value terms—stand as the third highest on record, more than double the shares just six years earlier.

Germany has a relatively small footwear industry, with domestic production at roughly sixty million pairs. But as the world's second-largest importer and fourth-largest exporter, the country has become a major hub for global footwear trade. And adidas AG is by far the largest player in Germany, with its 62,035 employees and annual turnover of \$23.7 billion dwarfing others in the domestic industry.

Germans' appetite for footwear is about five times the country's domestic production, implying the country remains—by far—a net importer of footwear. At some 317 million pairs, annual German consumption of footwear is the thirteenth largest in the world. Nearly half of total imports is met by China, but—similar to the US market—shipments to Germany from second-place Vietnam have been growing much faster in recent years, cannibalizing China's dominant but eroding share.

### US FOOTWEAR IMPORTS FROM GERMANY EASE IN 2024 TO A FOUR-YEAR LOW



Source: USITC

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## Global Shoe Sourcing Snapshot



### Burmese Shoe Production Snapshot

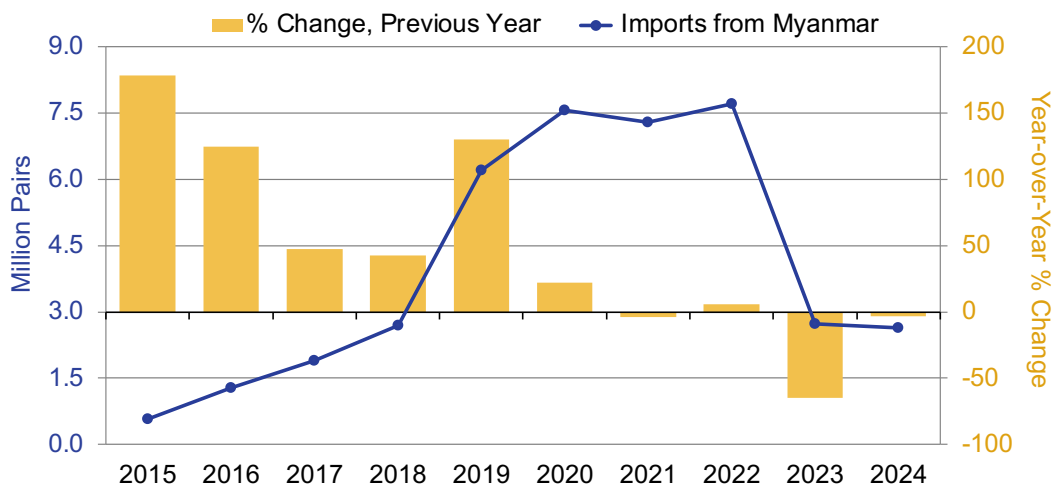
Whether known as Burma or Myanmar, one issue that is undisputed is the country's rapid ascent as a footwear powerhouse. The country shipped 61 million pairs of footwear abroad in 2023 worth \$373 million, implying an average cost of \$6.16/pair, less than the world average. But after rising each year for at least a decade and surpassing other traditional exporters around the globe, exports from Myanmar fell sharply in 2023, in sympathy with slowing global footwear trade.

Similarly, footwear exports to the U.S. surged from effectively none in 2021 to a record of more than 7.7 million pairs by 2022, making the country a top-twelve US supplier. But shipments to the US fell each of the next two years to a seven-year low of just 2.6 million pairs as the U.S. government expanded restrictions on individuals and entities tied to Burma's military regime.

With a population of 54.5 million, a median age of 29.8 years, and a nationwide daily minimum wage of 6,800 kyats (US\$3.24) for an eight-hour workday, Burma has a relatively young and large labor force and some of the lowest average wage rates in Asia.

But we caution Burma remains slow to address political issues and impediments to economic development such as unclear land rights, a restrictive trade licensing system, an opaque revenue collection system, and an antiquated banking system, all issues that can hinder investment in new footwear manufacturing. And in response to the military's oppressive actions since Burma's last election, early in 2024 the Biden administration released a Supplemental Burma Business Advisory that highlighted continued risks in doing business with the country, discouraging companies from trading with the military junta until substantive reforms take place. On balance, prospects for Burmese footwear exporters will hinge on the country adopting political reforms that satisfy global trading partners, efforts that have made little headway over the last year.

### US FOOTWEAR IMPORTS FROM BURMA EASE IN 2024 TO A SEVEN-YEAR LOW



Source: USITC

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## Global Shoe Sourcing Snapshot

### Bangladeshi Shoe Production Snapshot

Before falling sharply in 2023, foreign demand for Bangladeshi footwear had exploded over recent years, jumping nearly five-fold over the previous decade to record highs in volume and value terms. But in 2023 these shipments fell from 107 million pairs worth \$1.6 billion to just 85 million pairs worth \$1.27 billion, retrenching in step with declining global trade in footwear.

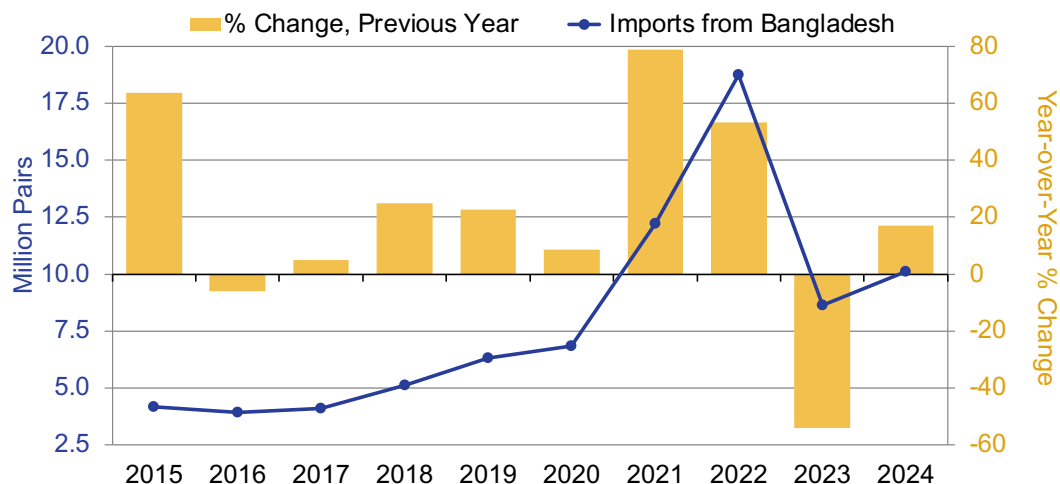
But a sharp 16.9% rebound in shipments to U.S. shores in 2024 pegged U.S. footwear imports from Bangladesh up seventeen of the last twenty years, making the country America's tenth-largest foreign supplier. After jumping to a record in 2023, the average landed cost from Bangladesh slid to \$25.36/pair, still about twice as expensive as the average world cost landed at the US port for the thirteenth straight year.

The country has several key competitive advantages in footwear production and sourcing, ranging from low labor costs, an abundant pool of laborers, and low duty rates in America. First, the average monthly earnings of factory workers in Bangladesh are 18,200 taka (~\$150), one of the lowest rates in Asia. Similarly, at 12,500 taka/month, the national minimum wage also is one of the lowest in Asia but has more than doubled from 2018. The domestic leather industry employs some 180,000 workers across 3,500 firms, with 70% of the workforce women. Foreign direct investment in the sector is estimated at some \$210 million. A final distinct advantage the country has is lower average duty rates on footwear shipped to the U.S. At just 8.4%, the average duty rate on shoes imported from Bangladesh is well below the average duty rate from the world of 12.3%, boosting competitiveness.

Persistent weakness in the local currency also is a comparative advantage for exporters. Dating back to Bangladesh's independence in 1971, the taka's value relative to the U.S. dollar declined every year from 1971 through the end of 1987 and has generally declined since then, through periods of both free floats and fixed exchange rates to manage volatility. In 2024, the taka fell more than 8%, Asia's worst-performing currency. Most recently, the Bangladeshi central bank adopted a crawling peg against the dollar, currently about 121 per dollar, near a record low.

Looking ahead, while we are bullish on prospects for the Bangladeshi footwear industry, the biggest challenges facing the country's leather and footwear sector continue to revolve around compliance, environmental, and sustainability concerns, as well as capacity modernization and expansion.

### US FOOTWEAR IMPORTS FROM BANGLADESH REBOUND IN 2024 AFTER RECORD TUMBLE



Source: USITC

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## Global Shoe Sourcing Snapshot

### Dominican Republic Shoe Production Snapshot

With a young and highly literate workforce and a preferential trade agreement with America, the Dominican Republic is—by far—the largest Central American/Caribbean supplier of footwear to the US market, and the third-largest Western Hemisphere supplier behind Mexico and Brazil.

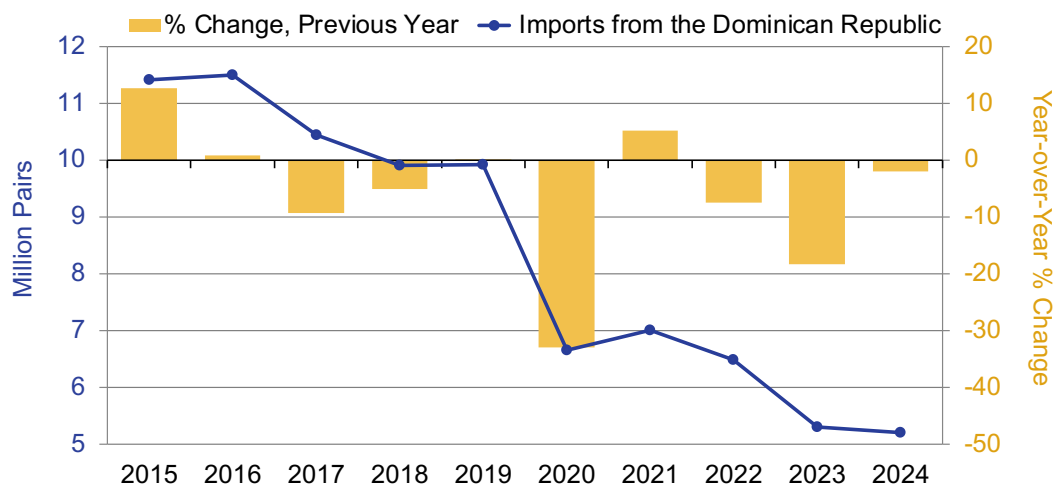
The country benefits from the Dominican Republic–Central America Free Trade Agreement (CAFTA-DR) and predecessor agreements, effectively eliminating tariffs on footwear shipped to the US. Proximity to the US is another strength, as the DR is just one time zone ahead of Eastern Daylight Time and freight takes just three days to reach many US ports instead of weeks from Asian suppliers. While the population of the Dominican Republic is mostly Spanish-speaking, English and French are mandatory foreign languages in both private and public schools, and the literacy rate is more than 93%.

After showing strong growth in the first half of the last decade and peaking over twenty-one million pairs worth over \$400 million in 2015, footwear exports from the Dominican Republic have fallen since then to hardly seven million pairs worth \$173 million, near the lowest in well over a decade. The US accounts for more than three quarters of DR footwear shipments, a potential drawback for an origin so reliant on one market. Before the pandemic US footwear imports from the DR had been relatively steady, averaging about ten million pairs annually with leather footwear accounting for about half these shipments. But exports to the US fell six of the last eight years, plumbing a fifteen-year low of just 5.2 million pairs in 2024.

While duty-free treatment of imports is a clear advantage for the country, the average landed cost of footwear reaching the US from the DR (\$21.95/pair) remains much more expensive than from the rest of the world (\$12.57/pair). Part of this difference is because of the dominance of leather footwear from the DR, accounting for 42% of the quantity shipped abroad in 2023. Even so, the average landed cost of leather footwear from the DR (a record \$39.68/pair) remains well above the world average cost (\$24.75/pair), suggesting other issues are at play.

Some of these other issues are relatively higher minimum wages than in other key footwear exporters. Minimum monthly wages paid in the Dominican Republic vary according to the size and location of the company, ranging from 14,161 Dominican pesos for smaller firms to 24,990 Dominican pesos, with monthly salaries averaging about 19,450 DOP (\$311) per month.

#### US FOOTWEAR IMPORTS FROM THE DOMINICAN REPUBLIC SAG TO A 15-YEAR LOW



Source: USITC



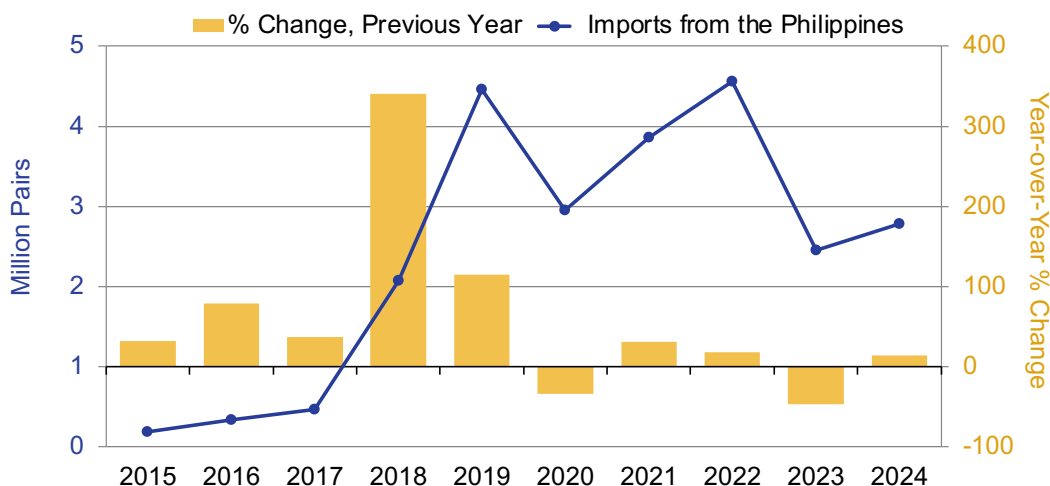
## Filipino Shoe Production Snapshot

The Philippines continues to consume more footwear than it produces, implying the country remains a net importer of shoes. The country is home to a relatively large and vibrant footwear market. This outsized domestic demand implies footwear imports are growing, an appetite largely met by shipments from China.

Filipino footwear exports have been relatively steady over the last five years close to near-term highs, with the U.S. accounting for about one third of the value of those shipments. After fading to a five-year low of just 2.5 million pairs worth \$46 million, U.S. footwear imports from the Philippines rebounded 13.7% in 2024, owing to a combination of higher total footwear imports and sagging unit costs. Retreating from the prior year's six-year high to \$17.81/pair, the average landed cost from the Philippines sank in 2024 faster than the average cost from the rest of the world, boosting the competitiveness of Filipino footwear.

In addition to craftsmanship, higher wage costs and duty costs are other reasons footwear from the Philippines is more expensive than the rest of the world. First, the country's minimum wage ranges across city and industry, generally around \$187/month. A typical factory worker earns close to 87,200 PHP (\$1,518) per month. Second, at \$2.05, average duties per pair on US footwear imports from the Philippines in 2024 were well above the average \$1.55/pair from the world. Despite these obstacles, prospects remain upbeat for a continued recovery in Filipino footwear exports as the domestic industry moves away from commodity footwear to higher-end craftsmanship.

## US FOOTWEAR IMPORTS FROM THE PHILIPPINES REBOUND IN 2024 FROM A FIVE-YEAR LOW



Source: USITC