

Sector Overview-Footwear & Leather Products Sector

1. Introduction

1.1 Core Business /Principle activities

Manufacture & Export Footwear Leather & leather products

1.2 Sector Vision

To be a leading exporter of footwear in the Asian Region to make a significant contributor to Foreign exchange earnings as well as saving the national economy.

1.3 Sector Mission

To achieve USD 2 Billion foreign exchange earnings by 2030

1.4 Subsectors

- 1) Footwear.
- 2) Other Leather Products - Bags, School Bags, Traveling Bags, Gloves, Volets, Belts.
- 3) Leather Tanning - Cow, Buffalo and Goat Finished Leather.

1.5 Institutions operating under the subsectors

Main Government Organizations

- 1) Ministry of Industries
- 2) Industrial Development Board
- 3) Export Development Board
- 4) Sri Lanka Institute of Textile and Apparel
- 5) National Craft Council

Major Players

- 1) Ceylon Leather Products PLC
- 2) D. Samson Industries (Pvt) Ltd
- 3) Bata Shoe Company Ceylon (Pvt)Ltd
- 4) Lakpa Footwear (Pvt) Ltd
- 5) Kavin Polymers (Pvt) Ltd
- 6) Oleema Industries (Pvt Ltd)
- 7) Sasa Footwear (Pvt) Ltd
- 8) Asiri Lanka Footwear (Pvt)Ltd
- 9) Modway Industries
- 10)Vindya Industries
- 11)Winner Shoes
- 12)Rado Shoes
- 13)Silex Shoes
- 14)Malitha Lanka Footwear (Pvt) Ltd
- 15)Teema Trading (Pvt) ltd
- 16)Supun Aerosoft (Pvt) Ltd
- 17)K. Thomas (Pvt) Ltd
- 18)Vista Footwear Industries (Pvt) Ltd

1.6. Number of employees (local/ foreign/Gender wise)

- Large Companies - 5
- Medium Scale Companies – 30
- Small Scale Manufacturers – 4,000
- Direct and indirect employment – 400,000

Table 1 : Footwear Manufacturers

Sector	Ministry Registered Manufacturers	Main Companies	Employment	Small Scale Manufacturers
Footwear	92	33 D.Samson Industries Bata Shoe Company Teema Trading (Pvt) Ltd Lakpa Footwear (Pvt) Ltd Supun Aerosoft (Pvt) Ltd K. Thomas (Pvt) Ltd Oleema Industries (pvt) ltd. Vista Footwear Industries (Pvt) Ltd	Direct 100,000 (Relating to manufacturing) Indirect 300,000 (Sale and Others)	3000
Other Leather and Allied Product		15 PG Martin Nippon Bags		1000
Leather Tanning		5 SA Perera and Co. Sulthan Leather Mubarak Leather		-

1.7. Total investment – Rs. 60 – 70 billion

1.8. Contribution to GDP by the Sector – 0.05%

2. Production and Consumption

Table 2: Annual Demand, Production and Consumption

Sector	Local Demand (Annual)	Local Supply (Annual)	Imports (Annual)
Footwear	60mn	36mn (60%)	24mn (40%)
School Shoes	4.5mn	4.5 (100%)	
Leather Tanning	12mn sqft	7mn sqft (30%)	5mn sqft (70%)
Local requirement can be covered using available raw hide			

2.1. Market share - Local Market 75%

2.2. Sector value addition - 35% - 45%.

2.3. Product types

Canvas & Rubber boots

The bulk of the productions consist of up market canvas & rubber fashion shoes both in cold processed and vulcanized construction.

The rubber boot range consists of children's boots in attractive colours and designs, yachting boots, fishing boots, bean boots and boots for a variety of functional purposes including military. Large volume of rubber flip flops (thongs) are produced both for local & export market.

Sport shoes

There is a production of injection moulded and cold processed sports shoes.

Leather footwear

The leather footwear consists largely of those with leather uppers and out soles of rubber, PU PVC or TPR. A range of full leather shoes and leather upper and sole is also available for export. In variety of casual shoes is stitched down and cemented construction are available.

Shoes of Man Made material

Ladies fashion shoes made from a multitude of synthetic finishes are available both the domestic and export markets

Beach Slippers

Beach slippers are made using variety of raw material Rubber, Eva, Textiles and environment friendly material.

Thongs

Leather Accessories - Gloves, Wallets, Bags, Purses and Hand bags

2.4. Required raw materials that can be found locally

Base Leather

At present there are There are 8 tanneries currently operating in the country producing 600,000to 700,000ft of leather per month. However, the supply of locally tanned and finished leather is inadequate to meet of the export industry's requirements both in terms of quality and quantity.

Fabrics components Molds and lasts etc.

Sri Lanka has the advantage of having an adequate supply of good quality natural rubber including sole crepe of which Sri Lanka is the only producer. Several factories have facilities for producing moulded rubber soles. There are also a couple of factories equipped to manufacture Thermo Plastic Rubber (TPR) and Polyurethane (PU) unit soles. Overweight factories are equipped to turn out PU out soles but at present most of them serve only their own shoe production.

2.5. Required raw materials needed to be imported

The bulk of leather footwear made in Sri Lanka is made out of imported leathers from Italy, India, Turkey and Pakistan. The government has allowed duty free import of raw material to facilitate the industry.

Table 3: Material Use for Footwear, Bag and other Products

Item	HS Code
Screen printing ink	3215 11 00
Screen printing ink	3215 19 00
Adhesive	3506 91 20
Blowing Agent (Supercell) for EVA spong sheets	3824 99 90
PVC Learher Cloth	3921 12 10
PVC Learher Cloth (Both Side Coated)	3921 12 10
Textile Fabrics - PVC Coated	3921 12 10
Heat Transfer stickers	3921 19 90
1.0 - 3.0 mm Foam Material 35/40 Hardness	3921 19 90
1.0 - 3.0 mm High Density EVA Foam Material	3921 19 90
EVA Laminated Insoles	3921 19 90
Fabric Laminated PU Foam Lining	3921 19 91
Plastic Shoe Lasts	3926 90 00
Plastic Buckle	3926 90 99
Plastic Insole Sticks	3926 90 99
Shoe Hanger(Plastic)	3926 90 99
Plastic "D" Ring	3926 90 99
Tanned or Crust hides	4104 00 00

Tissue Paper	4823 40 00
Normal Canvas	5209 31 00
Combining canvas	5209 49 00
Water Proof Knitted Polyester	5407 69 00
Nylon String Lasting Cord	5607 90 90
NARROW WOVEN FABRIC	5806 32 00
VELCRO SHOE UPPER MATERIAL	5806 39 00
HOOK AND LOOPS	5806 40 00
Coated toe puff	5901 90 00
Man Made Lamimated Fabric with PU	5903 20 90
Polyester Laminated fabric with Polyurethane Form	5903 20 90
Collar Padding Material	5903 90 90
Polyester Fabric Laminated with Cotton	5903 90 90
Polyester Knitted Fabric	6005 90 00
Mesh Materials	6006 90 00
Leather Welt for Shoes	6406 10 90
Outer soles and Heels of Rubber or Plastics	6406 20 00
Leather Soles	6406 20 90
Steel Toe Cap	6406 90 99
Steel Mid Plates	6406 91 00
Bag accessories	8308 00 00
Eyelets	8308 10 00
Riverts	8308 20 00
Riverts Nickle, Gun Metal Rivert	8308 20 00
Shoe and Bag Ornaments	8308 90 00
Buchle Nickel	8308 90 00
Ovel Shape Ring with cross Bar Gun Metal	8308 90 00
Zip Fastners	9607 19 10
Zip Pullers	9607 20 00
Hot Air Erasable and Water Erasable Pen	9608 20 10

Main importing countries: India, China, Pakistan and Thailand

3. Turnover

3.1. Export earnings

Table 4: Export Earnings

Year	2015	2016	2017	2018	2019	2020	2021	2022
Footwear	86	118	108	89	52	16	15	24
Leather Products	24	22	23	30	20	14	17	26
Total	110	140	131	119	72	30	32	50

Table 5: Export Performance - Footwear & Leather Products Sector- 2012 - 2022

Year	Export Earnings (USD Mn)
2012	31.19
2013	50.89
2014	109.53
2015	109.97
2016	139.63
2017	131.38
2018	118.94
2019	72.31
2020	29.92
2021	31.98
2022	49.79

Table 6: Footwear & Leather Products Contribution to total merchandise exports

Year	Percentage
2012	0.34%
2013	0.51%
2014	0.99%
2015	1.09%
2016	1.37%
2017	1.17%
2018	1.02%
2019	0.61%
2020	0.3%
2021	0.26%
2022	0.39%

3.2 Export destinations

Table 7: Major Markets - Footwear & Leather Products Sector - 2022

Country	Value in USD Million
United Kingdom	15.41
Germany	13
Arab Emirates	3.57
United States	3.26
Hong Kong	3.16
Canada	2.33
Sweden	2.3
Australia	2.29
India	0.68
Ireland	0.54

4. Government Policy on Sector

- The free trade agreement with India facilitates the trade with India.
- The government has offered duty free concession to import of raw materials used for processing and manufacturing of Footwear Sector.

5. Sector Goals identified with KPIs

- Increase the share of Exports by 5% by 2025
- Select 10 companies annually with export potential and groom them to enter to Export market
- Increase the share of Local Market up to 100% by 2024
- Upgrade the quality of the products

6. SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none">• High value addition-35%-45%• Availability of trained rubber technologists, stitching operators and a highly trainable labour force.• Raw material base (Natural rubber)• Adherence to internationally accepted labour practices.• Logistics of shipping- for example the sailing time from Colombo to London is approx. 15 days as against 28 days from Vietnam.• Industry's flexibility in being able to handle both large and small volume orders.	<ul style="list-style-type: none">• The present dearth of good quality leather• Lack of skilled labour• Unwillingness of the entrepreneurs to enter the export field• Lack of finance

7. Risks associated with proper functioning of the sector

Need to upgrade the training institutes with the capacity to provide training of high-end technologies /Designs/engineering to suit the Export market.

8. Global Market Value - USD 166.53 billion (2022)

9. CAGR - 2.8%

