

Inbox: comparative evolution of China's market shares for shoe products

The past months have been marked by increasing trade tensions about China's footwear exports, with on-going discussions about possible dumping of Chinese goods in the European market. It is not in the scope of this research to investigate into this precise issues, but it seemed useful to put the current discussions in a broader and medium-term background, by looking at the past export development in Chinese footwear exports and the relative place of China as a suppliers to major markets.

The analysis is done by using Comtrade data at a 2- and 4-digit level of HS classification. The approach is in two steps: the first one is based on China's reported exports in order to identify the key markets of destination, notwithstanding the fact that China's figures are widely below what is reported as Chinese imports by most importing countries. The second step is an examination of the major markets' imports of footwear from all supplying countries in order to identify countries that are able to keep a satisfactory development in such exports despite the growing role of China, and conversely the countries that have significantly lost market shares to the benefit of China.

Taken from China's statistics as reported in Comtrade, total exports of footwear increased by 63% (in euros) between 1998 and 2004 to reach EUR 12.2 bn. The US, the EU and Japan are the largest markets, accounting for 59% of the total Chinese exports, and probably more if exports registered to other destinations but still arriving in those markets were included. Within these three key markets, the EU has registered the fastest increase over this period, +97% compared to +24% for the US and +48% for Japan.

[HS1996 code 64]		Footwear, gaiters and the like, parts thereof							
<i>mn €</i>	1998	1999	2000	2001	2002	2003	2004	<i>growth 1998-2004</i>	
World	7 490 695	8 135 224	10 660 163	11 272 342	11 742 757	11 456 014	12 227 629	63%	
USA	3 856 605	4 088 405	5 288 294	5 632 215	5 352 570	4 720 117	4 795 436	24%	
EU15	767 153	892 488	1 163 514	1 213 641	1 342 017	1 455 579	1 508 151	97%	
Japan	649 763	789 640	1 023 865	1 127 945	1 066 787	969 331	960 058	48%	
Hong Kong SAR	591 456	552 324	538 309	385 492	539 780	588 313	770 532	30%	
Russia	146 582	167 583	373 201	428 097	509 779	481 702	645 626	340%	
Kazakhstan	33 105	183 179	227 686	51 982	110 833	316 734	242 375	632%	
Rep. of Korea	81 677	111 167	177 175	207 227	221 229	226 245	230 863	183%	
UAE	50 103	51 475	80 430	90 736	147 992	180 764	215 189	329%	
Panama	123 417	120 970	125 398	137 886	159 454	135 834	202 276	64%	
Canada	113 611	126 511	181 024	201 112	208 928	187 796	202 116	78%	

Source: Comtrade

Within footwear (HS64), three products at the 4-digit level account for 89% of the total: 6402 (Footwear nes, with outer sole, upper rubber or plastic), 6403 (Footwear with uppers of leather) and 6404 (Footwear with uppers of textile materials). The details of China's exports to the main markets for these three categories are provided in the tables below. In each of them, the EU is the second largest importer after the US, and the one for which the highest growth rates are observed within the 3 largest markets, ranging from +75% for products 6402 to 100% for 6403 and 213% for 6404, while the corresponding figures for total Chinese exports, and for exports to the US, are, respectively, 71% and 2% for 6402, 54% and 31% for 6403, and 70% and 63% for 6404.:

6402		Footwear nes, with outer sole, upper rubber or plastic							
<i>mn €</i>	1998	1999	2000	2001	2002	2003	2004	<i>growth 1998-2004</i>	
World	2 608 491	2 810 853	3 691 641	3 918 834	4 155 548	4 115 548	4 467 512	71%	
USA	1 113 142	1 218 367	1 520 372	1 615 785	1 400 721	1 161 392	1 137 517	2%	
EU15	310 028	339 667	460 065	474 181	546 030	572 702	541 184	75%	
Hong Kong SAR	314 372	275 026	267 412	136 866	207 942	260 361	361 127	15%	
Japan	196 052	260 761	341 055	389 421	371 156	339 699	332 684	70%	
UAE	34 118	32 200	56 646	68 585	121 133	155 067	180 730	430%	
Russia	52 307	31 991	109 139	81 913	108 034	122 200	177 019	238%	
Panama	70 999	86 374	83 473	89 026	110 865	104 330	161 957	128%	
South Africa			40 877	62 630	70 692	95 955	116 534		
Ukraine	2 105	3 365	10 257	29 650	72 826	94 763	108 063	5035%	
Romania	33 615	12 367	28 465	47 948	72 824	61 488	85 028	153%	

6403		Footwear with uppers of leather							
<i>mn €</i>	1998	1999	2000	2001	2002	2003	2004	<i>growth 1998-2004</i>	
World	3 258 511	3 598 894	4 641 651	4 782 591	5 032 803	4 668 519	5 025 755	54%	
USA	2 223 930	2 275 805	2 988 875	3 119 816	3 141 268	2 853 286	2 906 440	31%	
EU15	241 635	331 775	411 051	373 780	396 004	422 388	484 282	100%	
Russia	58 773	121 994	236 658	296 460	355 713	303 970	412 058	601%	
Hong Kong SAR	176 062	190 751	179 105	151 709	233 346	234 074	287 749	63%	
Japan	150 172	176 305	229 685	222 163	213 387	204 135	211 407	41%	
Canada	65 874	69 676	103 257	105 328	105 267	92 449	106 433	62%	
Australia	39 140	50 575	57 797	54 668	63 532	62 939	74 952	92%	
Rep. of Korea	15 769	24 975	40 072	49 526	59 103	66 787	70 488	347%	
Macao SAR	14 621	16 989	20 172	34 242	34 295	43 027	58 515	300%	
South Africa			22 756	25 766	20 145	29 509	42 899		

6404		Footwear with uppers of textile materials							
<i>mn €</i>	1998	1999	2000	2001	2002	2003	2004	<i>growth 1998-2004</i>	
World	886 305	950 740	1 292 753	1 564 416	1 502 154	1 425 576	1 507 547	70%	
USA	350 284	430 902	559 800	671 994	623 855	522 342	571 338	63%	
EU15	109 121	106 665	168 037	247 309	287 041	335 885	341 533	213%	
Japan	147 810	180 272	235 339	272 150	228 688	197 138	186 215	26%	
Hong Kong SAR	46 859	38 692	44 123	42 704	45 989	45 814	66 092	41%	
Canada	13 317	16 221	22 623	30 797	31 469	26 221	24 078	81%	
Rep. of Korea	1 586	5 314	7 053	12 563	17 169	20 729	20 709	1206%	
Malaysia	5 244	10 327	13 176	13 257	16 498	16 139	20 047	282%	
South Africa			7 583	9 887	11 006	17 198	19 746		
Australia	8 208	12 953	19 523	20 381	23 150	19 750	19 368	136%	
Panama	35 864	17 828	18 253	20 982	17 663	13 765	17 098	-52%	

Source: Comtrade

The second aspect of the analysis is based on the examination of the 3 largest markets' main suppliers during the same period. The table below provides the structure of footwear imports by the US, the EU and Japan since 1998. The observation of the changes in footwear trade during this period allows for the following comments:

■ China is the largest supplier to the three key markets, with a massive difference with the second supplier in the US market, more moderate gaps for the other two markets (EU and Japan). In all three markets, the increase in imports from China between 1998 and 2004 has been more than double the overall trend in imports.

■ The growth rate indeed has been much faster for EU imports of footwear from China than for Japanese or American imports from China, but the total increase in EU imports of footwear has also been more rapid than in the two other markets (respectively +34%.5, +8.7% and +20.1% for the EU, the US and Japan)

■ In all three markets, there is a limited number of other suppliers that achieve comparable or even higher increases than China: Vietnam and Romania for the US, Vietnam, Romania, Slovakia for the EU, Vietnam, Cambodia, Thailand, Myanmar, Bangladesh, Romania and India for Japan.

■ Suppliers that are crowded out are quite different according to the observed market: for the US, it is primarily other Asian countries (Thailand, Korea, Indonesia), Mexico and Canada (despite the NAFTA), and the EU15 that registered a contraction in the value of footwear imports; in the case of Japan, Korea and the US are the major losers of market share, but the EU15 increase has been quite modest, albeit positive (+4.1%). On the EU market, it is also other Asian countries (Thailand, Indonesia, Hong Kong) and a couple of European countries (Hungary, Croatia, Poland) that have seen negative growth during this period.

Footwear, gaiters and the like, parts thereof

USA				
	1998		2004	growth 04/98
World	12 879 213 308		13 997 621 461	8.7
China	7 448 891 831	China	9 663 086 362	29.7
EU15	1 896 467 238	EU15	1 432 588 887	-24.5
Brazil	942 514 942	Brazil	910 454 357	-3.4
Indonesia	696 701 301	Indonesia	422 585 666	-39.3
Thailand	321 947 427	Viet Nam	407 709 982	276.9
Mexico	315 325 245	Thailand	246 755 600	-23.4
Dominican Rep.	258 576 048	Mexico	197 293 366	-37.4
Rep. of Korea	168 701 230	Dominican Rep.	113 461 670	-56.1
Other Asia, nes	138 488 475	India	107 260 822	15.0
Viet Nam	108 177 755	China, Hong Kon	75 420 063	32.6
India	93 302 857	Other Asia, nes	69 355 876	-49.9
Canada	91 956 420	Romania	63 019 819	129.6
Philippines	75 986 212	Canada	62 575 117	-32.0
China, Hong Kon	56 868 580	Rep. of Korea	43 473 359	-74.2
Romania	27 449 990	Slovakia	30 136 719	
Hungary	23 448 483	Poland	21 690 291	
TFYR of Macedo	18 066 114	Hungary	15 405 838	-34.3
Sri Lanka	16 617 112	Israel	12 659 871	-10.5
Honduras	15 734 302	Bulgaria	10 664 996	
Israel	14 149 796	New Zealand	9 354 918	

EU15				
	1998		2004	growth 04/98
World	16 265 513 245		21 876 836 614	34.5
China	1 371 572 021	China	3 185 354 577	132.2
Viet Nam	1 076 435 473	Viet Nam	2 471 703 298	129.6
Indonesia	731 482 473	Romania	1 393 090 240	141.4
Romania	577 032 090	India	669 889 944	69.4
Thailand	421 324 983	Indonesia	625 505 194	-14.5
India	395 451 654	Tunisia	340 151 162	47.4
Hungary	283 109 097	Thailand	331 968 702	-21.2
Other Asia, nes	245 620 075	Slovakia	320 447 761	121.3
Tunisia	230 730 882	Brazil	297 765 025	52.5
China, Hong Kon	203 340 160	China, Macao SA	297 439 929	
Brazil	195 236 130	Morocco	190 985 843	29.9
Croatia	156 678 136	Bulgaria	189 799 920	76.0
Morocco	147 078 141	Hungary	146 475 065	-48.3
Slovakia	144 801 915	Other Asia, nes	134 041 813	-45.4
Czech Rep.	141 323 967	Albania	127 903 159	
Poland	140 617 785	Poland	124 857 707	-11.2
USA	116 994 134	Malaysia	123 226 488	
Rep. of Korea	114 731 210	Croatia	122 180 540	-22.0
Bulgaria	107 853 889	Bosnia Herzegov	103 441 633	
Philippines	94 950 510	China, Hong Kon	86 027 154	-57.7

JAPAN				
	1998		2004	growth 04/98
World	2 183 823 870		2 622 212 053	20.1
China	1 265 736 212	China	1 790 900 338	41.5
EU15	365 296 471	EU15	380 271 704	4.1
Rep. of Korea	169 702 684	Viet Nam	89 989 032	159.6
USA	111 213 493	Indonesia	78 131 679	5.0
Indonesia	74 418 659	Cambodia	71 426 834	1556.3
Other Asia, nes	55 843 572	Thailand	43 781 934	69.7
Viet Nam	34 665 565	Rep. of Korea	29 415 958	-82.7
Thailand	25 801 108	Myanmar	22 366 085	336.1
Brazil	12 715 009	USA	20 290 499	-81.8
Philippines	11 859 633	Bangladesh	19 067 934	101.6
Bangladesh	9 458 541	Other Asia, nes	18 568 853	-66.7
Switzerland	5 974 700	Brazil	13 536 979	6.5
Myanmar	5 128 786	China, Hong Kon	7 876 948	
Romania	4 409 235	Romania	7 210 337	63.5
Cambodia	4 312 414	Philippines	4 437 333	-62.6
Slovakia	4 051 112	India	3 295 808	30.4
Mexico	3 225 463	Morocco	2 867 304	
India	2 526 998	Slovakia	2 565 511	-36.7
Malaysia	2 460 386	Hungary	2 176 310	-4.5
Hungary	2 279 024	Czech Rep.	1 744 811	

Source: Comtrade