

FOOTWEAR EXPORTS FROM KWAZULU-NATAL

The footwear sector is the third-most labour intensive sector in South Africa, only exceeded by the clothing and furniture sectors, as measured by the number of jobs created per unit of capital invested. Footwear manufacturing is concentrated in KwaZulu-Natal, particularly in the Pietermaritzburg area, the Western Cape and the Eastern Cape. In addition to operating in the major urban areas, important production centres have been established in rural communities, such as Newcastle, Ladysmith, Loskop and Botshabello, where opportunities for employment growth are limited. By volume approximately 64% of footwear manufactured in South Africa takes place in KwaZulu-Natal, and therefore it is the predominant footwear producing area in South Africa, followed by the Western Cape and the Eastern Cape with an approximate share of 13% and 11% respectively.

Footwear may be divided into the following categories:

- Slippers, Wholly Moulded Rubber & Wholly Moulded Plastic;
- Fabric Uppers: Rubber or Plastic Outer Soles, Laced;
- Leather Uppers: Rubber or Plastic Outer Soles;
- Other Uppers: Rubber or Plastic Outer Soles;
- Leather Uppers: Leather Outer Soles; and
- Wood, Cork, Other Outer Soles and Miscellaneous Footwear.

EXPORTS GLOBALLY

The footwear and leather goods sectors have experienced declines in both local production volumes and employment. Globally, the manufacture of footwear for export has quadrupled, relocating from developed countries to developing countries, such as China, where spectacular growth has been observed. As a result, footwear manufacturing in most developed countries has contracted. South Africa's footwear industry has been, and still remains, adversely affected by cheaper Asian imports, in particular those from China. In 2011, 82% of South Africa's total footwear sales of 250 million pairs were imports and 92% of imported shoes originated from China.

In 1980, 56.9 million pairs of shoes were produced by 480 companies in South Africa but by 2003, production had fallen to 38.9 million pairs and only 310 companies remained operational. In 2010, the footwear sector rebounded, producing more than 51 million pairs of shoes. Although local production figures declined to 47.2 million pairs in 2011, projections indicate that local manufacturers should break through the 100 million pair barrier by 2015. Local initiatives are showing evidence of sustainable progress, but respondents believe that much effort is still required to rekindle large-scale local manufacturing in the South African footwear industry

GOVERNMENT SUPPORT

The textiles, clothing, leather and footwear (TCL&F) sector was identified as one that is critical to the industrial development of the South African economy in the Department of Trade and Industry's (the dti's) Industrial Policy Action Plan (IPAP) 2012/13 - 2014/15. A National Footwear Cluster was developed in response to government funding that was made available in the form of the Competitiveness Improvement Programme (CIP). According to a respondent, "The Customised Sector Programme unit develops and implements high-impact sector strategies focused on manufacturing and other value-added sectors, to create decent jobs and increase value-addition and competitiveness in domestic and export markets." The CIP forms part of the overall Clothing and Textiles Competitiveness Programme (CTCP). An important part of the programme is the Production Incentive Programme (PIP), which aims to bring about the required change by "providing funding assistance to invest in competitiveness improvement interventions.

TARIFF PROTECTION

There are multi- and bi- lateral trade agreements which have an effect on the footwear industry and are administered by NEDLAC.

- ☐ SACU-EFTA Free Trade Agreement became effective on the 1st of May 2008. The agreement manages and facilitates duty-free trade between the South African Customs Union (SACU) and the European Free Trade Association (EFTA), comprising Iceland, Liechtenstein, Norway and Switzerland.
- ☐ The SACU-MERCOSUR Preferential Trade Agreement was signed on the 3rd April 2009 between SACU and the common market of South America (MERCOSUR), made up of Argentina, Brazil, Paraguay and Uruguay.
- ☐ The SA-EU Trade, Development and Co-operation Agreement (SA-EU TDCA) has been under review. SAFLIA prevented the addition, by the EU, of additional preferences for certain categories of footwear.
- ☐ The SADC-EU Economic Partnership Agreement (EPA) – South Africa and Namibia are not parties to this agreement, due to objections to new conditions inserted at a late stage.
- ☐ Trade, Investment, Development Co-operation Agreement (TIDCA). This agreement was signed between SACU and the US in 2008.
- ☐ The SACU/ India Preferential Trade Agreement (PTA) is under negotiation.
- ☐ The DOHA round of negotiations collapsed in July 2008. One aspect affecting the footwear industry would see tariffs reduced by 50% over the next 10 years with the result that import tariffs on footwear would fall from the current 30% to 15%. The objective of DOHA is to lower global trade barriers.

EQUITABLE EXPORT OBLIGATIONS

To be filled in by EDPU.

PRODUCT

The following table represents HS6 product of footwear and footwear accessories produced in KwaZulu Natal. The analysis of the exported product was done using the top 5 countries that import this product from South African over a period of five years, 2008-2013.

C22: Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops & parts thereof; prepared feathers & articles made therewith; artificial flowers; articles of human hair (64-67)

HS2: Footwear, gaiters and the like; parts of such articles

HS4: Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather

Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather - other footwear

Product and code	Trading partners	Barriers to entry -		*Trade Agreements	Key role players
		*Tariffs Applied (A) (TAV)	Total ad valorem	*Non-Tariffs	
H640399	Zimbabwe	60%	97.8%		PT SADC countries Beier Safety Footwear (Pty) Ltd, Caprini Footwear, Corrida footwear (Pty) Ltd., Dick Whittington shoes (Pty) Ltd
Footwear, sole rubber, plastic uppers or leather nes	UK	1.5%-8%	8%-15%		PT EU countries Eddels Shoes (Pty) Ltd, Futura Footwear (Pty) Ltd, Michelle Footwear, (Pty) Ltd, Ultimo shoes cc.
	Zambia	0%	0%		PT SADC countries Palm Footwear, Labora Shoes cc.
	Australia	5%	5%		
	France	0%-8%	0%-8%		PT EU countries

*Detailed information available on macmap.org.za