



Country Report

Vietnam Footwear Industry - Opportunities and Challenges -

Bangkok, Sept 13th, 2018



Contents

- Overview of current status
- Opportunities and challenges
- Development trends
- Overall Plan to 2030



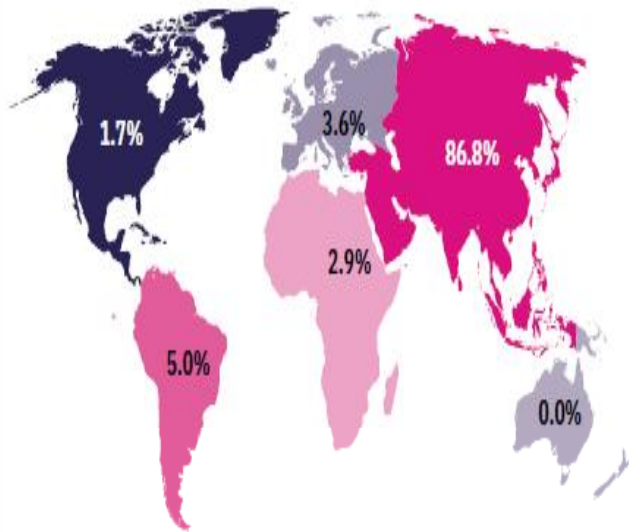
OVERVIEW OF CURRENT STATUS





World Footwear Production & Export

Source: World Footwear Yearbook 2018



COUNTRY	1	2	3	4	5	6	7	8	9	10
	China	India	Vietnam	Indonesia	Brazil	Bangladesh	Turkey	Pakistan	Mexico	Italy
PAIRS (MILLIONS)	13 523	2 409	1 100	1 083	909	428	400	398	259	191
WORLD SHARE	57.5%	10.2%	4.7%	4.6%	3.9%	1.8%	1.7%	1.7%	1.1%	0.8%

Table 1 - Top 10 Footwear Producers (Quantity) 2017

#	COUNTRY	PAIRS (MILLIONS)	WORLD SHARE
1	China	9 678	57.5%
2	Vietnam	1 018	7.1%
3	Germany	281	2.0%
4	Belgium	262	1.9%
5	Turkey	222	1.5%
6	Indonesia	217	1.5%
7	Italy	216	1.5%
8	United Kingdom	196	1.4%
9	India	183	1.3%
10	Netherlands	180	1.3%

Table 3 - Top 10 Exporters (Quantity) 2017



Top exporters of Rubber & Plastic, Leather, Textile Footwear

Source: World footwear Yearbook 2018

#	COUNTRY	\$ (millions)	World Share	Pairs (millions)	World Share	Average Price
1	China	21 574	59.0%	5 574	79.1%	\$3.87
2	Vietnam	3 379	9.2%	258	3.7%	\$13.08
3	Germany	1 605	4.4%	93	1.3%	\$17.28
4	Belgium	1 354	3.7%	74	1.1%	\$18.18
5	Italy	984	2.7%	42	0.6%	\$23.30
6	Netherlands	842	2.3%	60	0.9%	\$14.03
7	Spain	567	1.6%	55	0.8%	\$10.24
8	France	550	1.5%	32	0.5%	\$16.97
9	Indonesia	540	1.5%	38	0.5%	\$14.26
10	Brazil	503	1.4%	98	1.4%	\$5.15

Table 14 - Top 10 Exporters of Rubber & Plastic Footwear (HS 6402) 2017

#	COUNTRY	\$ (millions)	World Share	Pairs (millions)	World Share	Average Price
1	China	13 531	34.8%	2 900	66.3%	\$4.67
2	Vietnam	8 876	22.9%	484	11.1%	\$18.35
3	Belgium	3 353	8.6%	117	2.7%	\$28.73
4	Germany	2 059	5.3%	92	2.1%	\$22.27
5	Indonesia	1 665	4.3%	92	2.1%	\$18.10
6	Italy	1 329	3.4%	31	0.7%	\$43.45
7	Netherlands	942	2.4%	58	1.3%	\$16.19
8	France	908	2.3%	37	0.8%	\$24.59
9	Spain	647	1.7%	51	1.2%	\$12.56
10	Cambodia	586	1.5%	44	1.0%	\$13.34

Table 16 - Top 10 Exporters of Textile Footwear (HS 6404) 2017

#	COUNTRY	\$ (millions)	World Share	Pairs (millions)	World Share	Average Price
1	China	9 053	17.7%	647	32.5%	\$13.98
2	Italy	7 712	15.1%	118	5.9%	\$65.44
3	Vietnam	5 593	10.9%	232	11.6%	\$24.13
4	Germany	3 215	6.3%	82	4.1%	\$38.99
5	Indonesia	2 552	5.0%	85	4.3%	\$30.06
6	Portugal	1 931	3.8%	61	3.0%	\$31.78
7	France	1 849	3.6%	28	1.4%	\$65.64
8	Belgium	1 822	3.6%	55	2.7%	\$33.25
9	Netherlands	1 686	3.3%	47	2.4%	\$35.71
10	Spain	1 676	3.3%	44	2.2%	\$37.95

Table 15 - Top 10 Exporters of Leather Footwear (HS 6403) 2017



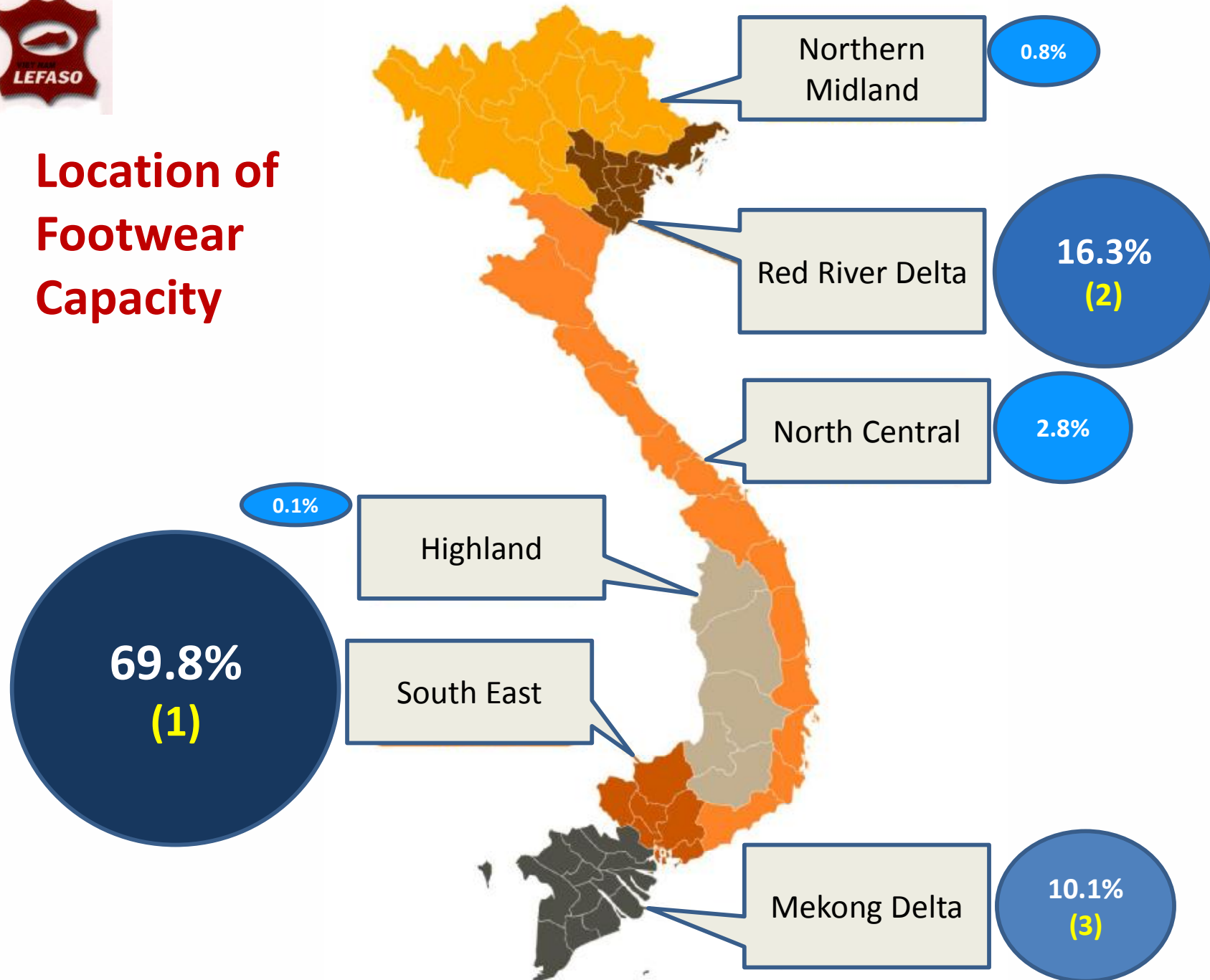
Vietnam Economy 2017

Index	2017	2017/2016
Economic growth (GDP)	\$ 223 billion	+ 6.81%
Foreign investment	\$ 35.8 billion	+ 10.8%
Range of business environment	68/190	+ 14 levels
Range of country competitiveness	55/137	+ 5 levels
Inflation (year by year)	+ 3.53% <i>Compared 2016</i>	+ 4.74 % <i>Compared 2015</i>
Country Export	\$ 214 billion	+ 21.1%
GDP per capita	\$ 2,385	+ 7.6%

Source: General Dept of Statistics



Location of Footwear Capacity





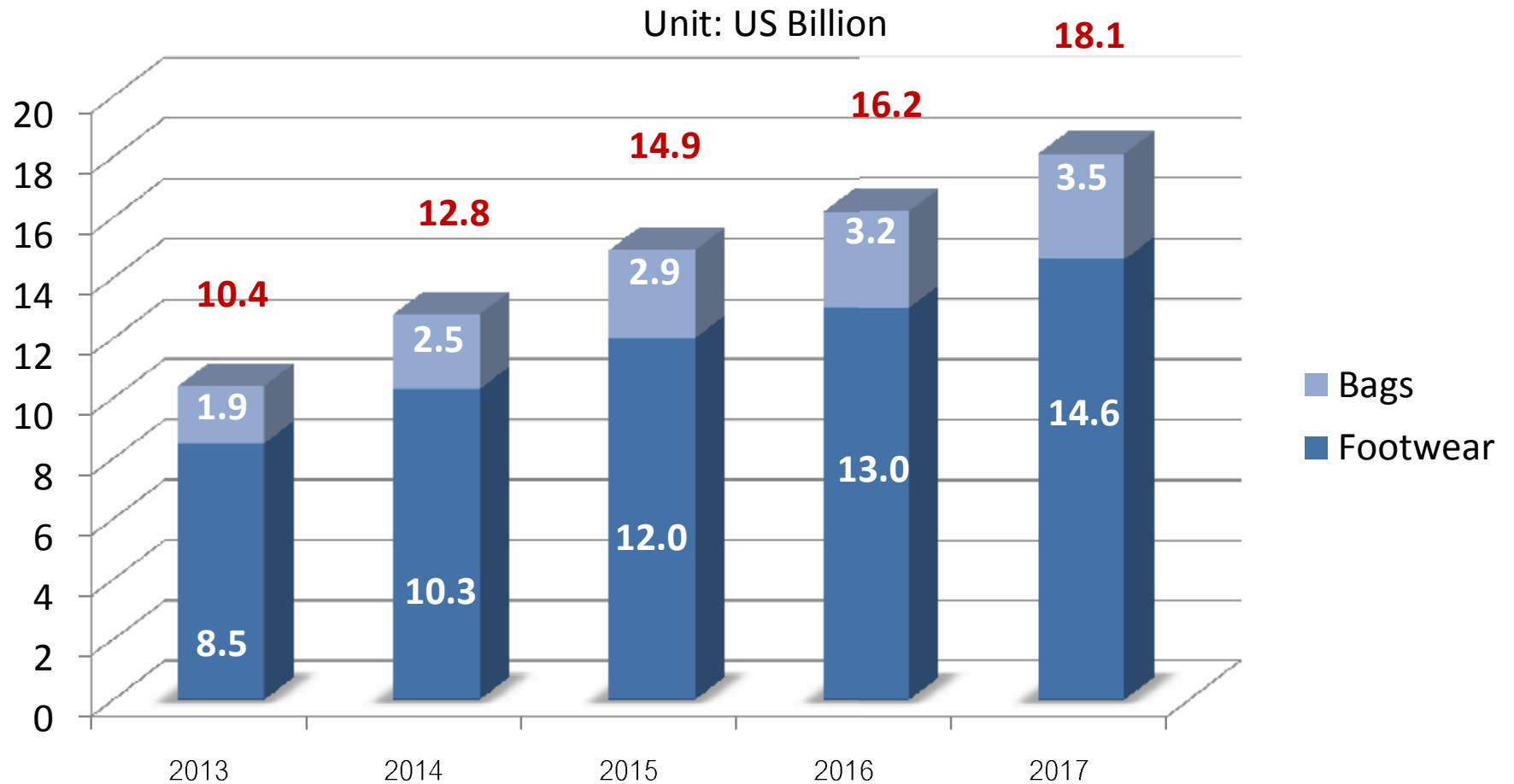
Number of enterprises in the Footwear and Bags Industry

Items	2011	2012	2013	2014	2015	2016	2017
Tanning	48	49	44	44	50	50	51
Footwear	645	740	759	778	846	939	950
Bags	411	482	526	571	627	707	710
Total	1,104	1,271	1,329	1,393	1,523	1,696	1,711

Source: General Dept of Statistics

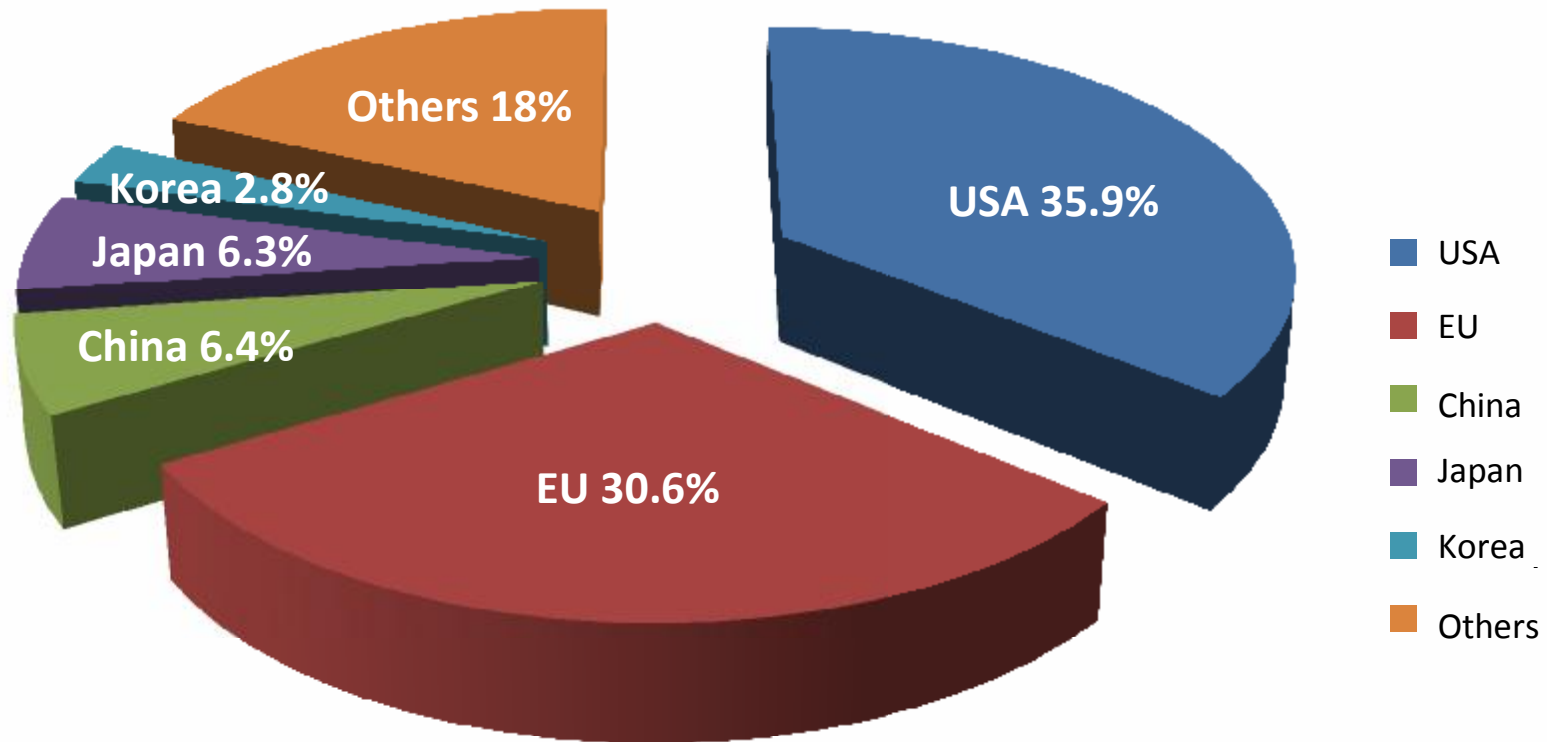


Export of Footwear and Bags from 2013 to 2017



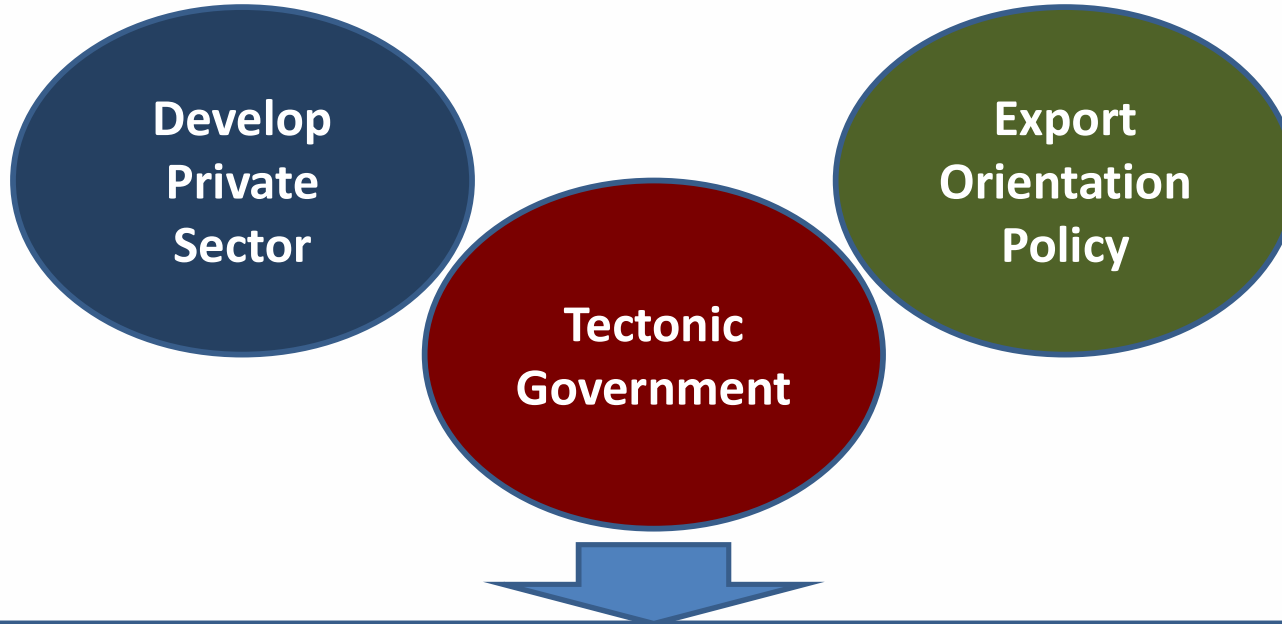


Export markets of whole industry





Government incentive policies



- Central Resolution No 5 of Communist Party on Private Sector.
- The Law of Foreign Trade Management and Decree No 125/2017/NĐ-CP.
- Resolution No 35/NQ-CP of the Government on support and development of enterprises.
- Resolution No 98/NQ-CP 2017 of the Government on Development of Private Sector.
- Decree 111 on development of supporting industries.



OPPORTUNITIES AND CHALLENGES



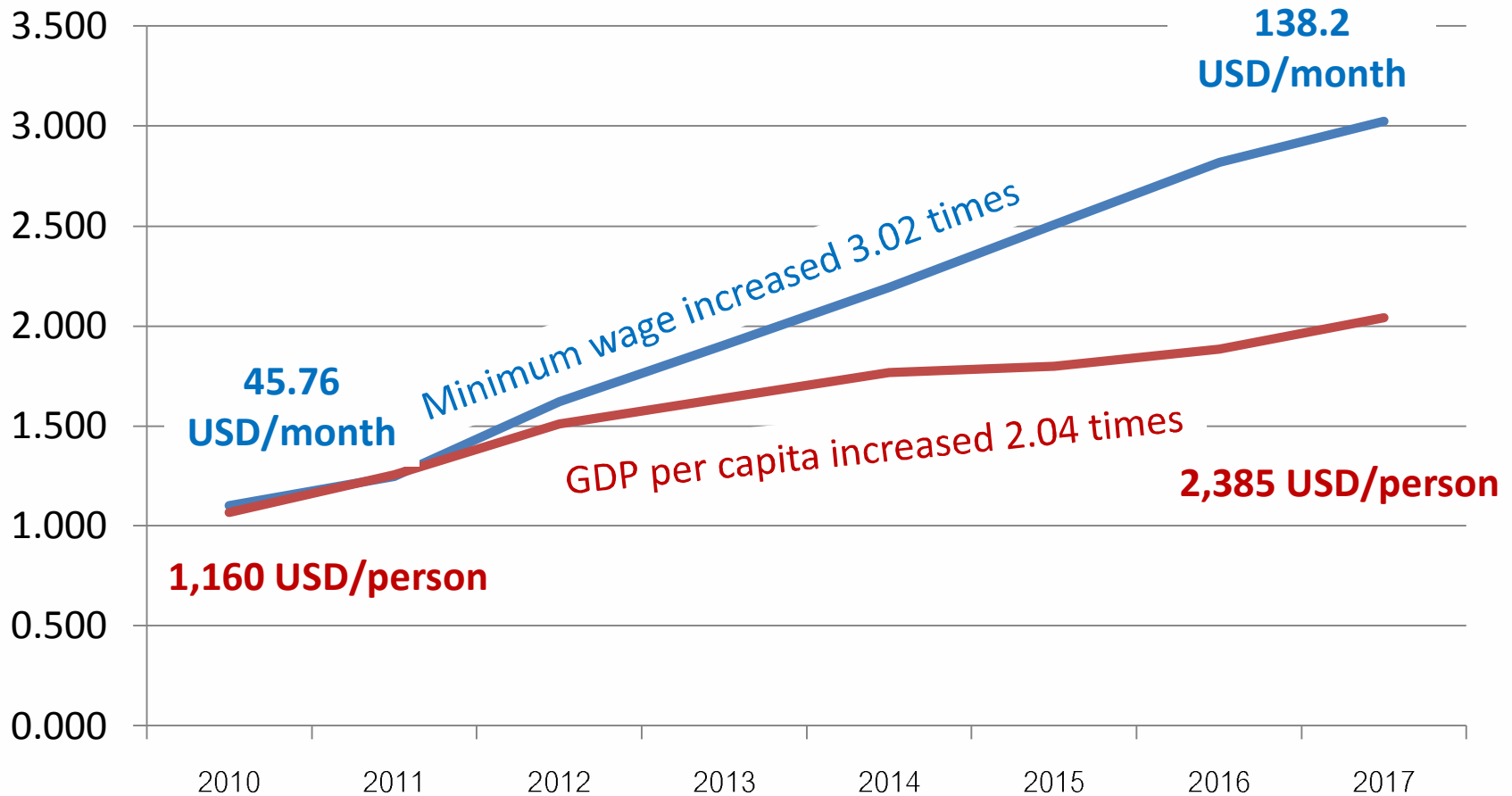
Challenges



- Labor cost increasing.
- Application of Automation.
- Protectionism.
- Competition from other countries.



Compare the increasing of minimum wage and GDP per capita from 2010 to 2017





The FTA's with Vietnam



**Signed and Executed
(10)**

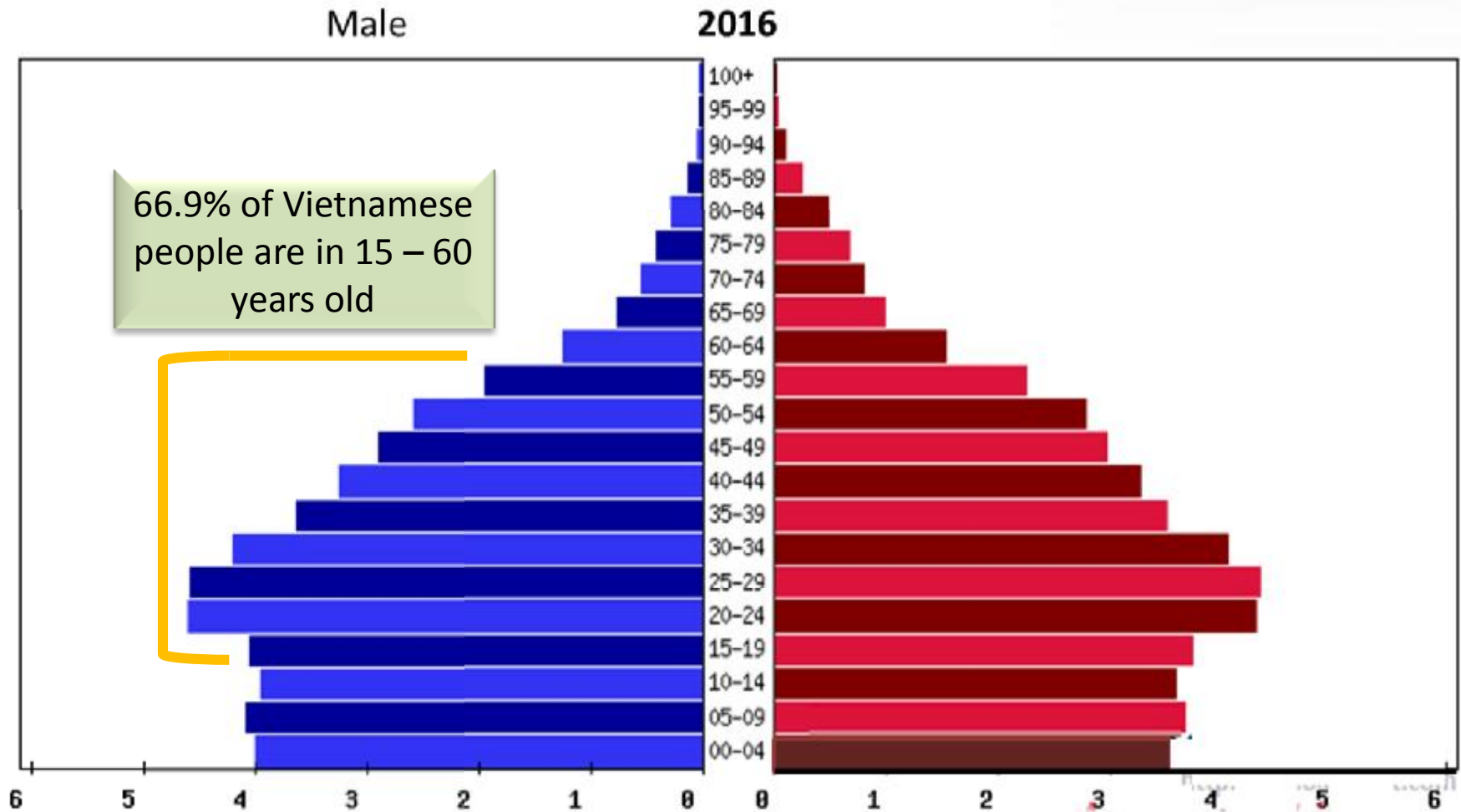
- 1-Asean (AFTA)
- 2-Asean plus China
- 3-Asean plus Korea
- 4-Asean plus Japan
- 5-Asean plus Australia & New Zealand
- 6-Asean plus India
- 7-Japan
- 8-Chile
- 9-CEE (Economic Communities Eurasian - Russia, Kazakhstan, Belarus, Armani, Kirghizstan) 29/5/2015
- 10-Korea – ratified on Dec 20, 2015

**Under Negotiation & Ratification
(6)**

- 11- EU – signed on Dec 2, 2015
- 12- CPTPP signed on March 8, 2018
- 13- RCEP (16 countries)
- 14- Asean plus Hong kong
- 15- Israel
- 16- EFTA (Switzerland, Norway, Ireland, Licktenstein)

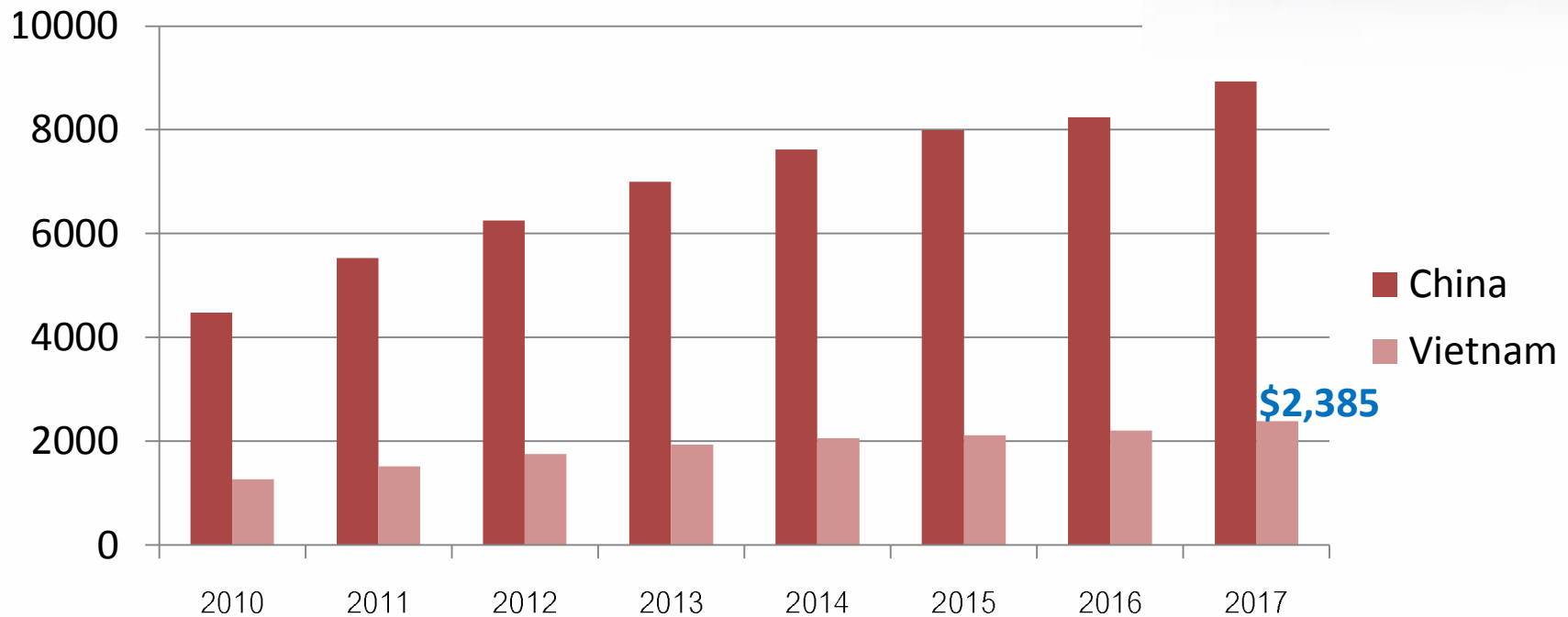


Population Pyramid of Vietnam 2016





Compared GDP per capita between China and Vietnam from 2010-2017



- In 2017, China still keep footwear production while GDP per capita reach nearly \$ 9,000.
- Vietnam can reach GDP per capita \$ 9,000 after 2038.
- ⇒ **Vietnam can keep footwear production at least 20 years more.**

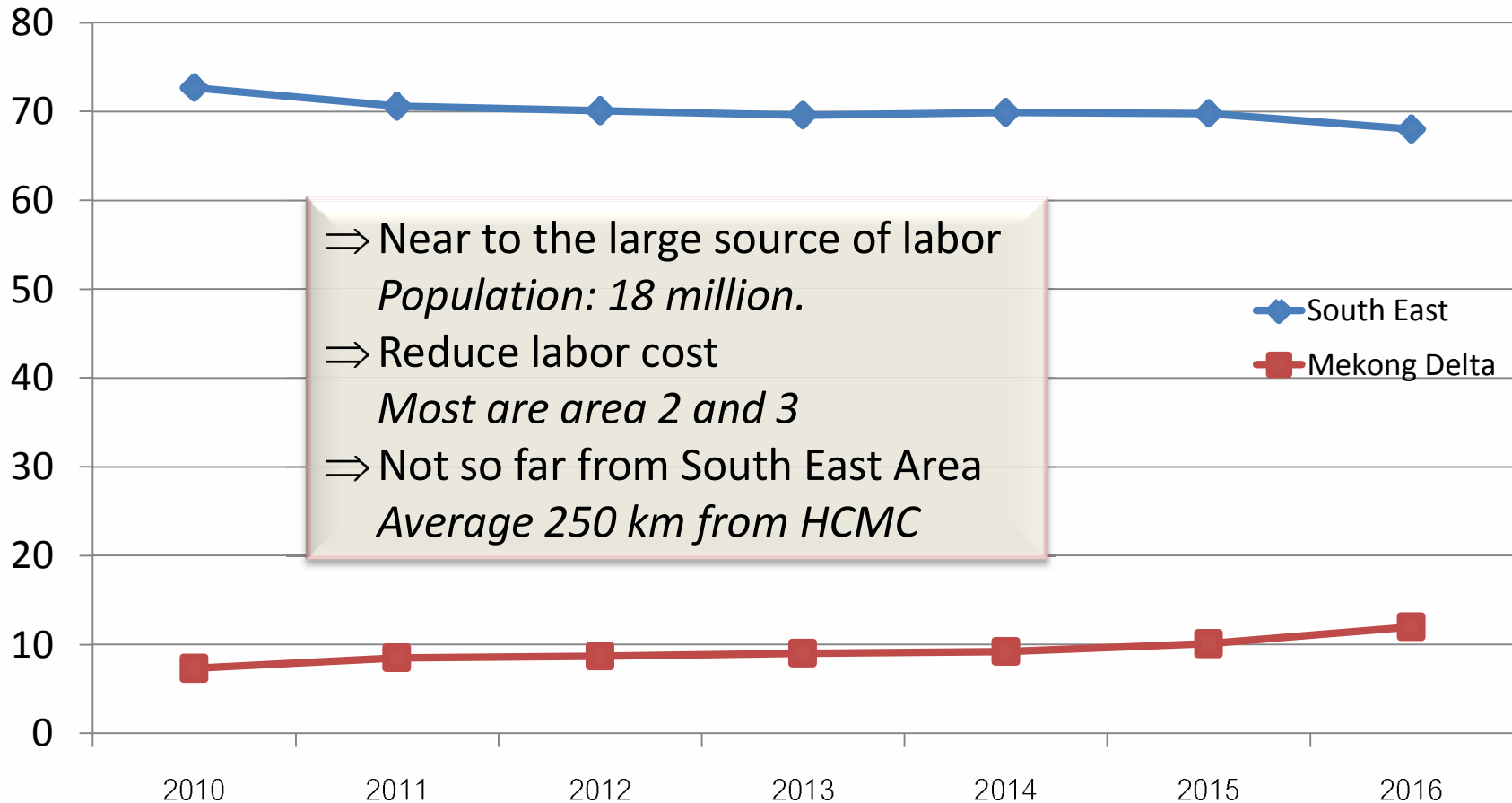


DEVELOPMENT TRENDS



1st => Moving to South West Vietnam

Unit: %



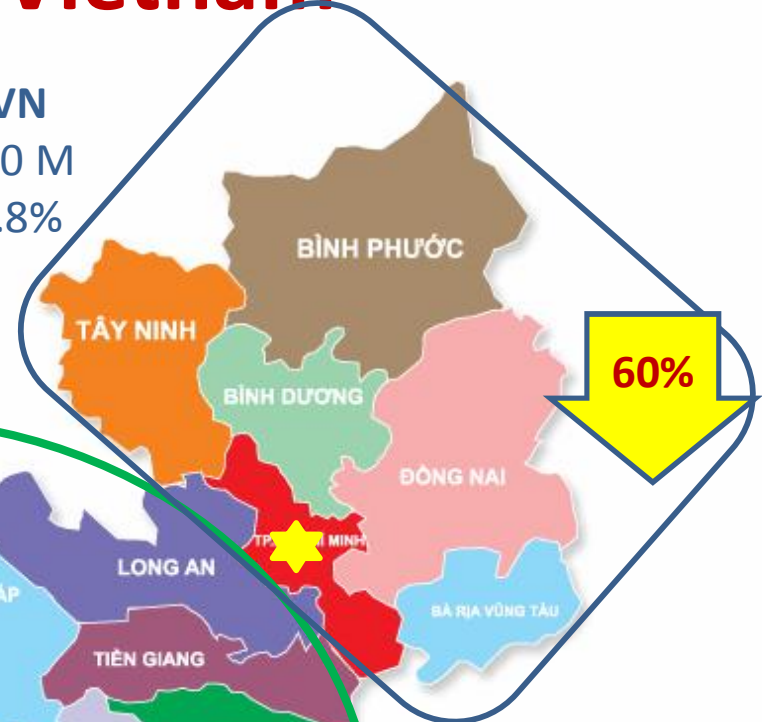


Map of the South Vietnam

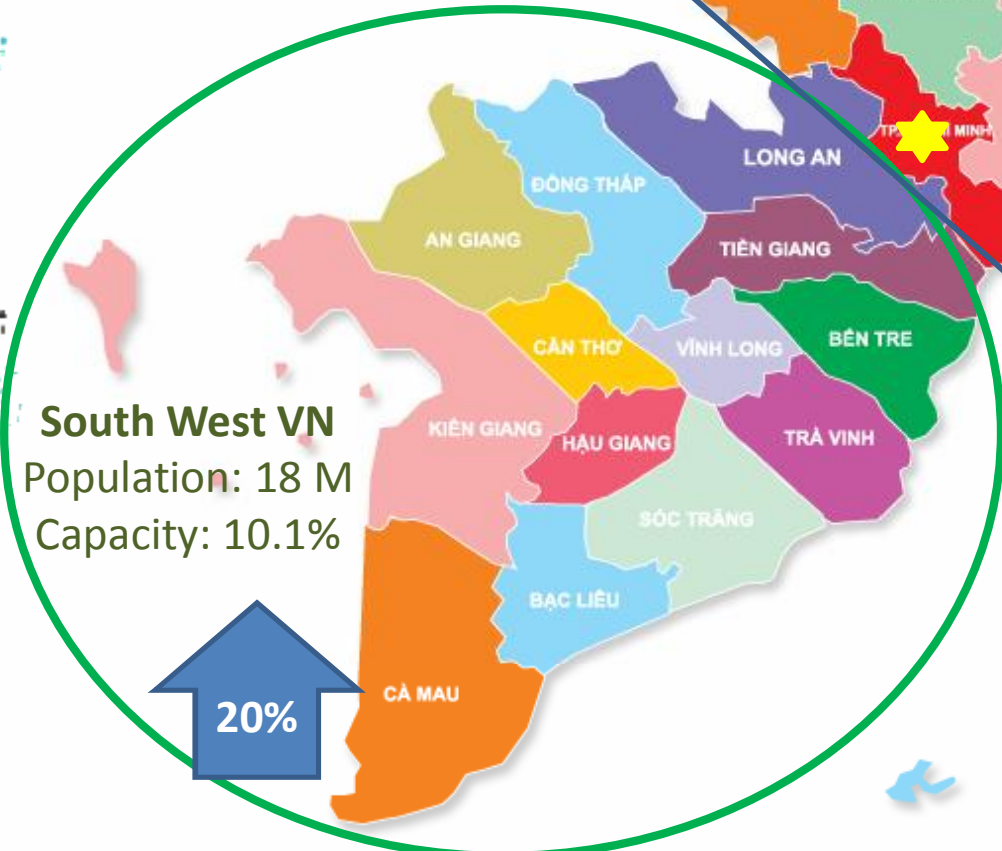


South VN

South East VN
Population: 20 M
Capacity: 69.8%

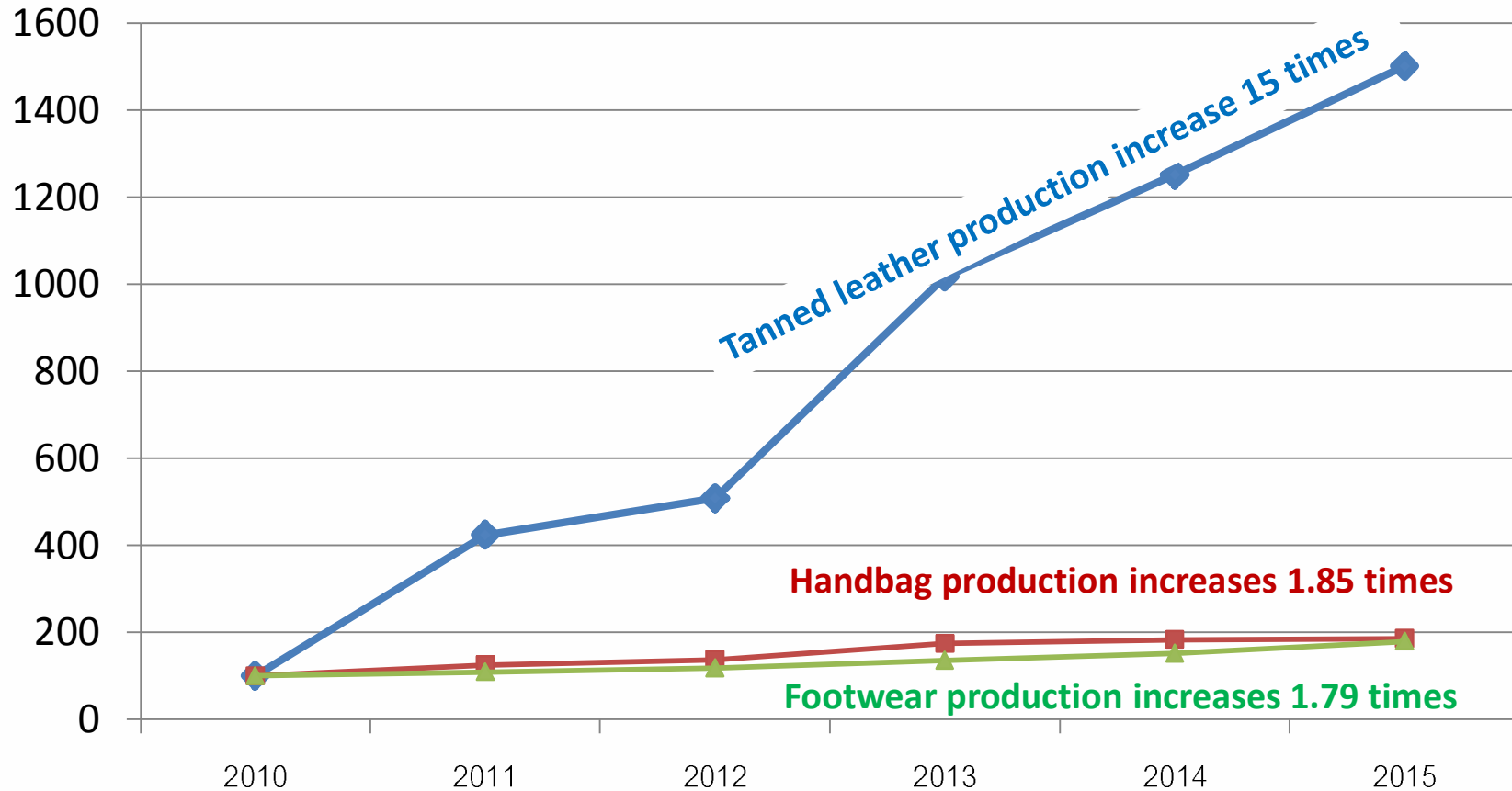


South West VN
Population: 18 M
Capacity: 10.1%





2nd => Growth of support industry

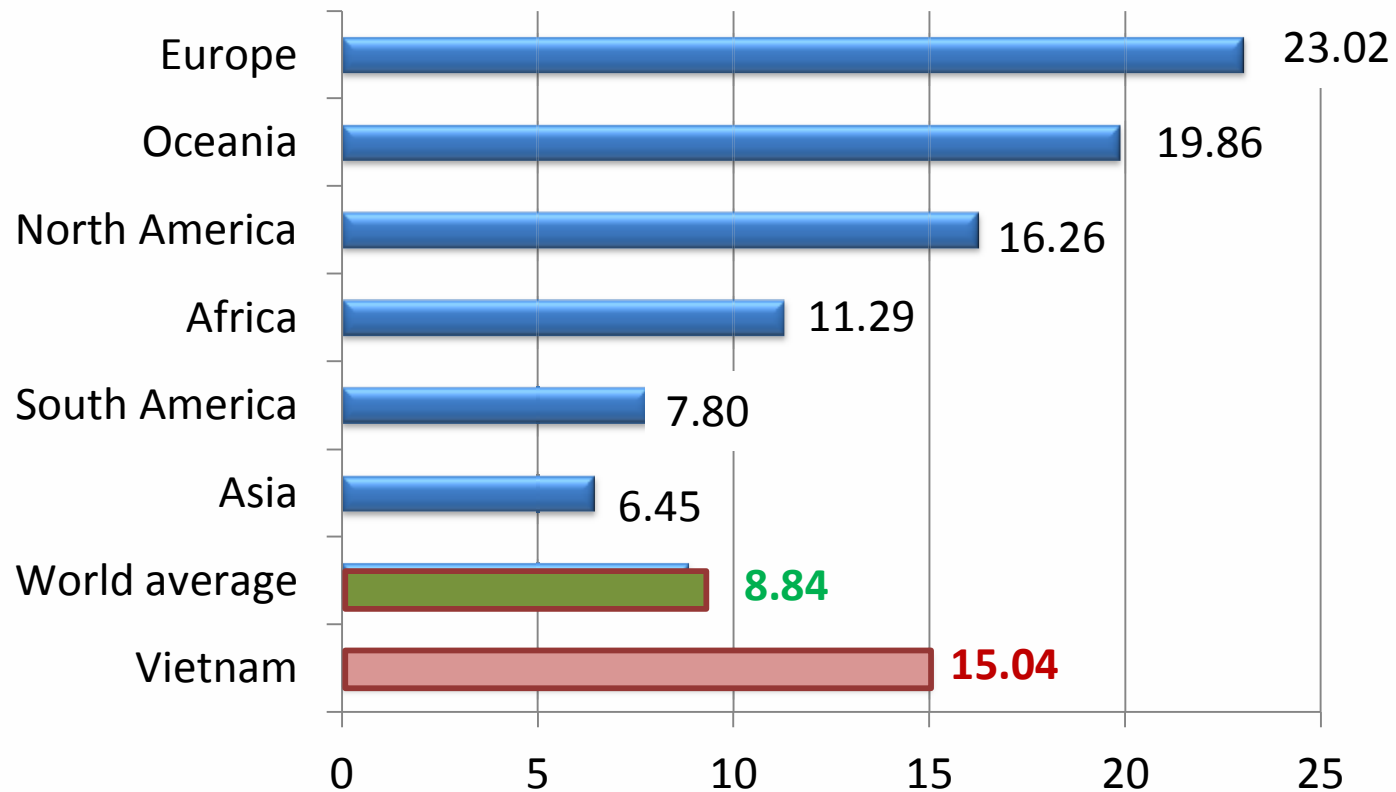


- The growth of support sector is faster than manufacturing sectors.
- Vietnam can provide average 50% of materials for footwear industry.



3rd => Manufacture high value items

Unit: USD/pair



Source: World Footwear Yearbook 2017

Average export price from Vietnam is 1.7 times higher the world average price.



Target up to 2030

Index	Unit	2010	2015	2020	2030
All kinds of footwear	Mil pair	761	1,172	2,272	3,250
Leather	Mil sqf	125	300	650	1,600
Labor	1,000 per	680	1,000	1,500	2,400
Total Export	Bil USD	4.60	12.07	24.30	54.20
Rate of local materials	%	40 - 55	45 - 65	55 - 60	60 - 65



**Vietnam can keep
competitiveness in
footwear and
handbags industry
at least 20 years more.**



4 fields to invest in Vietnam





Thank you for your attention

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