

# FDRA Shoe Sourcing Snapshots: China Alternatives

## Bangladesh

U.S. footwear imports from Bangladesh are poised to rise 12 of the last 14 years, with shipments on track to surge at a double-digit clip in 2018 to more than 3.5 million pairs, making the country America's twelfth-largest foreign supplier, its highest rank on record.

Interestingly, as its shipments to America have surged, landed costs at US ports have far outpaced the world average in recent years. In fact, at \$27.53/pair in 2017, the average landed cost into the US was at least *twice as expensive* as the average world cost landed at the US port for the fourth straight year.

This curious issue is because Bangladeshi footwear exports are concentrated in higher-end leather footwear. More specifically, while Bangladesh accounts for less than 0.5% of the value of total US footwear imports, the country supplies 1.1% of the value of *leather* footwear.

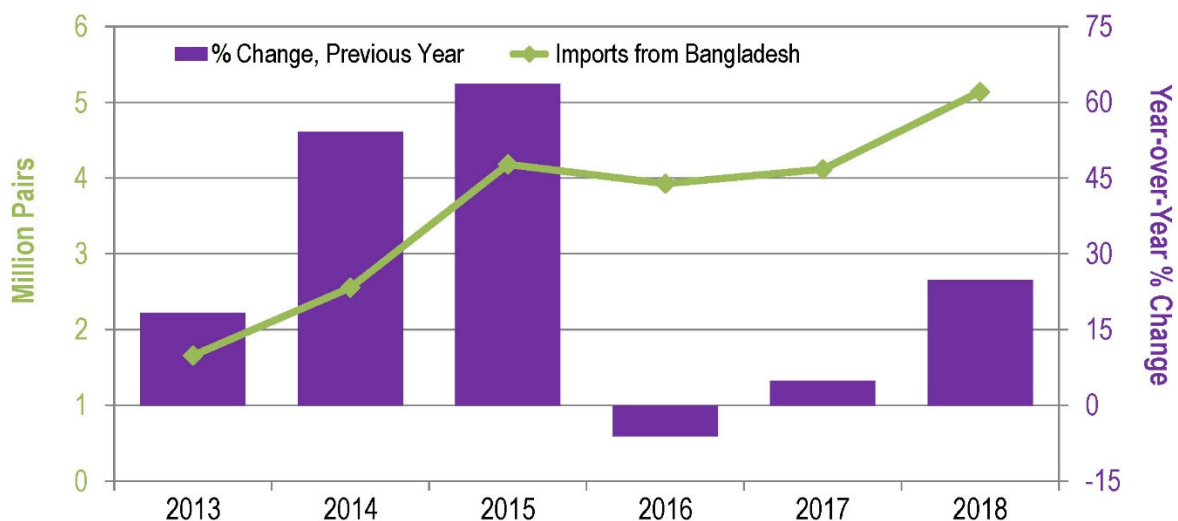
The average duty rate of shoes imported from Bangladesh is just 8.3%, well below the average duty rate from the world of 11.3%, boosting competitiveness.

The average monthly earnings of factory workers in Bangladesh are 12,061 taka (~\$143), one of the lowest rates in Asia. But this minimum wage is up 11% from last year and 180% in six years, crimping local competitiveness in labor-intensive industries like footwear.

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 billion.

The biggest challenges facing the country's leather and footwear sector revolve around environmental and sustainability concerns, as well as capacity modernization and expansion.

### US FOOTWEAR IMPORTS FROM BANGLADESH CLIMB AGAIN TO A RECORD IN 2018



Source: USITC