

# FDRA Shoe Sourcing Snapshots: China Alternatives

## Brazil

With an annual production capacity of some 900 million pairs, Brazil remains—by far—the largest footwear manufacturer and exporter in the Western Hemisphere. The country exported roughly 128 million pairs in 2017, making Brazil the 5th largest producer and 13th largest exporter in the world.

Key foreign customers are Paraguay (11% of exports), Argentina and the US (9% each), and Bolivia (7%). Rubber and plastic shoes account for about three-quarters of the volume of footwear exports. The country also has a competitive advantage in leather footwear, as Brazil has 260 tanneries and produces some 40 million hides per year, with exports to more than 40 countries.

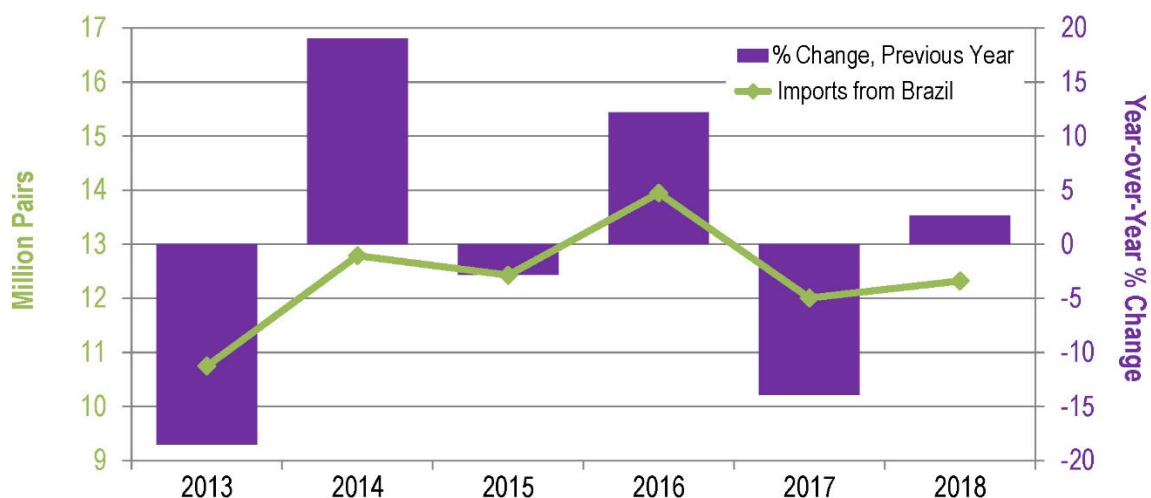
But the troubles that have afflicted the Brazilian economy in recent years have led to a reduction in production and exports from the local, primarily domestically-owned, footwear industry. Indeed, shipments to the US plunged from more than 100 million pairs as recently as 2003 to hardly 11 million pairs by 2011, but this volume has been relatively flat since then.

The country sources relatively little footwear abroad, implying domestic consumption—some 800 million pairs—primarily is supplied by domestic producers.

The industry is centered in the northeast and southeast of the country, particularly in the states of Rio Grande do Sul, Santa Catarina, São Paulo, Minas Gerais, and Ceará. Average monthly earnings of Brazilian employees totaled 2,178 reais (~\$554) in 2017, relatively higher than in several Asian competitors.

Countering these high costs, Brazilian footwear has a world-renowned reputation, especially relating to high quality, relatively cheap leather, and unique designs of its products.

### US FOOTWEAR IMPORTS FROM BRAZIL RELATIVELY FLAT IN RECENT YEARS



Source: USITC