

FDRA Shoe Sourcing Snapshots: China Alternatives

Indonesia

U.S. footwear imports from Indonesia are poised to inch to a record high in 2018 of more than 104.0 million pairs, making the country America's third-largest foreign supplier of footwear.

Interestingly, as its shipments to America have grown every year over the last decade, its average annual landed cost at US ports have outpaced the world average landed cost *every one* of these years, reflecting a higher concentration of relatively more expensive footwear sourced in Indonesia than from the rest of the world.

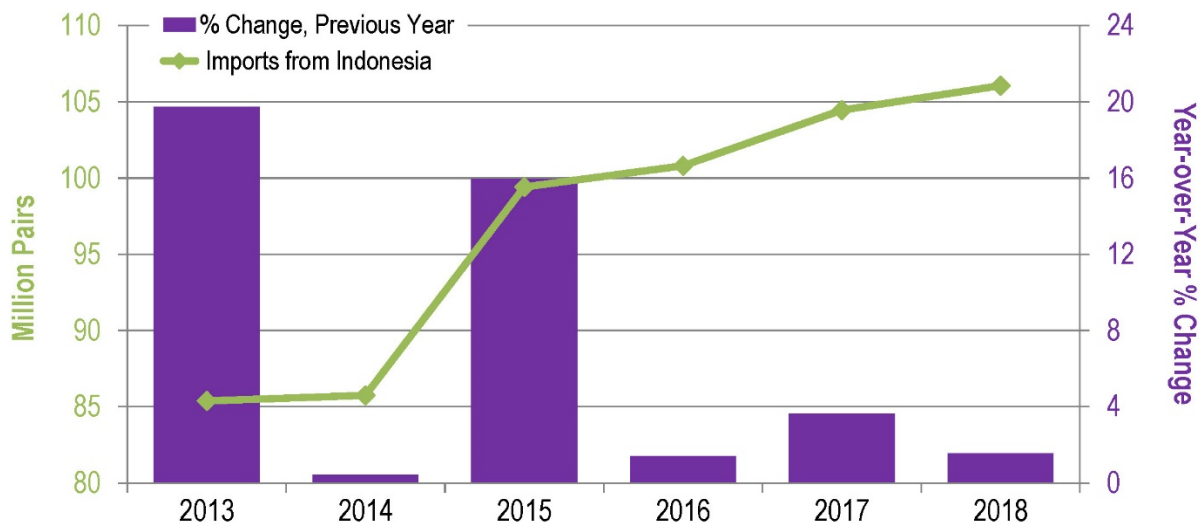
In value terms, US footwear imports from Indonesia are split between shoes with leather uppers (37.8%) and with uppers of textile materials (37.2%), while all other footwear shipments account for just 25.0%.

As a disadvantage, the average duty rate of shoes imported from Indonesia is on track to climb eight of the last nine years and currently averages 14.7%, well above the world average 11.3%.

The average monthly earnings of factory workers in Indonesia are 2.5 million rupiah (~\$174), comparable to other Asian competitors. But we caution nominal wages in the Indonesian garment, textile, and footwear sector have grown an average 12.6% per year each of the last few years, faster than most other Asian competitors.

Total employment in the country's luggage, handbags, and footwear industry in 2016 (latest data) was pegged at 781,800 workers and has been mostly flat in recent years, making Indonesia the fourth-largest Asian employer in the sector behind China, Vietnam, and India.

US FOOTWEAR IMPORTS FROM INDONESIA CLIMB TO A RECORD IN 2018



Source: USITC