

# The Italian Footwear Industry - 2019 Preliminary Results

Sectoral note prepared by the

CONFINDUSTRIA  MODA  
Research Centre

for **MICAM**  
M I L A N O

## THE ITALIAN FOOTWEAR INDUSTRY: 2019 Preliminary results

**In 2019 there was a positive trend in value terms for exports (driven by fashion brands) and the trade balance, but there was reduction in production and export volumes. Domestic consumption is still stagnant. 2020 is marked by uncertainty as a result of geopolitical tension and the consequences of the coronavirus.**

*In the last quarter of the year there was no improvement in the sector's economic performance and there was actually a slight but progressive worsening of volumes produced and exported, confirming the trend that had emerged at the start of the summer. As a result, 2019 as a whole closed with lacklustre results and a highly inconsistent situation between companies, with a non-negligible number still stuck in a recessionary phase. Average data points to increases in value and modest reductions in quantity: -0.9% for exports in the first 10 months, based on official ISTAT data, with a forecast of -3.1% for national production for the year, according to calculations made by the Confindustria Moda Research Centre on behalf of Assocalzaturifici.*

*The year that has just ended was characterised by various difficulties on the international stage which had a major impact on results for several key markets, with domestic performance still poor (Italian household consumption fell by a further -3.2% in volume and -2.3% in value), leading to a reduction in imports (-1% in volume).*

*The analysis of the main foreign destination markets reveals trends below expectations in Russia (-15.3% in quantity in the first 10 months) and the other countries of the former Soviet bloc, with serious repercussions for Italian districts that have traditionally relied on this area; there were also fairly significant reductions in Germany (-9.3% deriving from the slowdown in the economy), the Middle East (-9.2%) and Japan (-6.7%, despite an increase in value of +6.8%). On the other hand, there were positive performances in France (+6.4% in volume and +9.3% in value), increases of around 10% in value in the US and China, and almost 20% in South Korea, which enjoyed yet another double-figure increase.*

*Despite the numerous undeniable macroeconomic complications, the footwear sector as a whole – driven by exports and the performance of large international luxury brands (as demonstrated by yet another significant increase of +26.8% in value of flows towards Switzerland, the traditional logistics and distribution hub for these brands) – reached a new record in 2019 for foreign sales in value terms (projections for the year as a whole suggest exports will exceed the threshold of 10 billion euro, with an increase of around 7% on last year), confirming a total turnover of more than 14.3 billion. Moreover, there was a consolidation of the trade surplus, which now stands at almost 5 billion euro, thanks to an increase of more than 10%. However, the divide between performances of own-brand SMEs and luxury brands increased significantly.*

*The data for the balance of the number of active companies (-179 i.e. -4%, for industrial and craft operators as whole) and workers (-790 units) compared to the end of 2018 – which becomes even more negative if we consider manufacturers of components – confirms, along with the strong upsurge in the use of salary integration instruments in the leather area (+28%), that 2019 was a difficult year for many companies.*

*Short-term expectations are beset by uncertainty. Forecasts by the sector's operators point towards a slowdown in production levels for the first half of 2020, as confirmed by flat order collection figures in the last quarter of 2019 (-0.6% in quantity) and the absence of tangible macroeconomic suggesting a recovery in demand. If anything, the start of 2020 looks set to present additional obstacles: as well as international geopolitical tensions (the crisis in Libya and military escalation in the Middle East between the United States and Iran), the persistent risks of protectionism from the US against the European Union (as well as China) and that the potential effects of Brexit, which has now entered its final phase, we now have to contend with the inevitable consequences of the health emergency linked to the spread of the coronavirus throughout China and beyond its borders. Although it is not easy to quantify the potential economic damage at this moment – as this will obviously depend on the spread and duration of the epidemic – there will inevitably be consequences for Italian fashion companies, since the continental Chinese and Hong Kong markets combined were worth almost 6.2 billion euro in 2018 in terms of exports of textile and fashion accessory products (making it the third largest market overall), to which we must also add the ever-growing contribution of purchases by Chinese tourists in Italy.*

*At the same time, it is safe to assume there will be a reduction in imports from China, which we can only hope is offset by consumers buying more Italian products.*

Let us now analyse the individual variables in detail.

## PRODUCTION AND ORDERS

As was the case in 2018, the year closes with a reduction in production volumes (-3.1% based on the survey conducted with our Members), with an increase in value of +1.3% resulting from price trends. The preliminary estimates for **Made in Italy production** for 2019 is therefore 178.6 million pairs (more than 5.7 million less than in the previous year), for a total value of 7.96 billion euro.

The overall average – obtained through weighting individual responses based on company size – obviously conceals heterogeneity, but a significant majority of companies closed 2019 with lower output levels than 2018: almost 6 entrepreneurs out of 10 (57% of the sample) reported a reduction in volume, with 25% reporting stable volumes and 18% experiencing an increase (with 6% of the sample reporting increases/upturns in excess of 10%). Among companies reporting a negative trend, 2 out of every 3 had reductions of more than -5%.

On the basis of the quarterly surveys conducted by the Confindustria Moda Research Centre, during the year, the percentage of negative feedback increased slightly, from 50% in the first half of the year to 54% after the third quarter, up to 57% for the year as a whole, confirming a worsening situation for the market over the course of the year, which is also confirmed in the overall forecasts: the slowdown in domestic production in the second half of 2019 (-4%) was almost double that for the first six months (-2.3%).

Moreover, the analysis by turnover class reveals more negative trends for companies with turnover below 15 million euro, as annual production for the latter fell by an average of more than 5% in terms of volume.

The **order backlog** for companies in the sample in the final quarter of 2019, shows, on the whole, slight reductions, at both the domestic level (-1.6% in volume), and in foreign markets (-0.4%), with an overall reduction of -0.6%. Germany experienced the most significant reduction (-6.8%), in line with the export trend in previous months.

Consistently with the unsatisfactory trend for orders in the last part of 2019, **forecasts for production in the first half of 2020** appear to rule out major twists: 42% of respondents expect there to be no change, 36% expect a reduction in volume compared to the first six months of 2019 and only 22% of respondents are optimistic. Weighting based on the size of respondent's companies produces an output forecast that is once again negative, albeit only modestly (-1.4%). In line with this feedback, percentage **use of production capacity** at the end of June (which is expected to be approximately 81% for the companies in the survey) is essentially unchanged compared to the level reported in December 2019.

Nevertheless, it should be noted that these opinions were collected in mid-January, when media coverage of the coronavirus outbreak was much more limited and no measures had yet been taken by governments; moreover, it was still impossible to anticipate that the epidemic may have an impact on the global economy (which is still not quantifiable).

## INTERNATIONAL TRADE

The data published by ISTAT – which still covers only the first 10 months of the year – shows a fairly significant increase in **exports** in value terms (+7.1%), but a corresponding reduction in volumes (-0.9%), with average prices up 8%.

Between January and October, including pure product commercialization, 174.8 million pairs of shoes were sold abroad (more than 1.6 million less than the same period in 2018), for a value of 8.66 billion euro. Based on projections for the year as a whole, exports look set to exceed 10 billion euro for the first time ever, establishing yet another record even when adjusting for inflation.

This result was possible thanks to the performance of global international luxury brands producing in Italy, as can be seen clearly from the league table of destinations in value terms, which for 2019 is led by Switzerland, the traditional logistics platform for fashion brands, who deliver to their worldwide customers from there.

In the last three years Switzerland has experienced a major increase (+60% in value between 2015 and 2018), with a further double-figure increase in 2019 (+26.8% for the first 10 months of the year, along with a +4.4% increase in quantity) which has made it the first destination country, after it overtook France (which also enjoyed positive trends: +9.3%, with +6.4% in volume).

Therefore, the trends for the sector clearly point to two different "speeds": large global luxury brands who performed excellently and small and medium sized companies (which are much larger in number and have their own brand or customers other than major fashion brands), whose performance was not so positive and very often even negative (if we are to look at the overall picture, because even here there are obviously examples of companies that performed very well). Discounting flows to Switzerland and France – the main destinations for contract manufacturing by fashion brands, which together account for 1/3 of foreign sales in value terms – increases in Italian footwear exports in the first 10 months of the year would only have been +2.6% (down from +7.1%) with volume reducing by around -3%.

The assessment by destination area shows relative stability for the European Union (-0.3% in quantity, with a +3.6% increase in value compared to the first 10 months of 2018), which accounts for 7 out of every 10 pairs of shoes exported. While France recovered after the poor performance of 2018, Germany – our second market in terms of volume – experienced a sharp -9.3% reduction in volume in 2019, with a corresponding decrease in value (-2.7%), thus bringing to an end three years of relative stability. There were also reductions in Belgium and the Netherlands, but positive signs for exports to the United Kingdom and Spain (+4.7% in value terms for both) and, further east, Poland and Romania fared well.

Despite more dynamic increases in value compared to EU markets (+10.9%), sales to non-EU markets experienced a more pronounced reduction in volume (-2.2%).

There were no shortage of countries and areas in distress: starting with Russia which, after the sudden reversal of the recovery towards pre-crisis levels in 2018, lost a further -15.3% in volume and -11% in value terms between January and October 2019. The situation in Ukraine and Kazakhstan is no better, with double-figure reductions in value for both (around -10% and -16% respectively). The impact of this was significant for the manufacturing districts in the Marche and Emilia Romagna, which have always been highly exposed to this area.

The Middle East also fared poorly (-9.2% in volume and -7.2% in value), where the UAE, the main market in the area, experienced values that were less severe but still negative (-5.6% in quantity and -2.7% in value).

In the Far East the picture is mixed: continental China fared well (+9.4% in value and a timid +1% in volume) as did Hong Kong (+2.6%, with a +4.4 increase in volume), which together grew by 5.8% in value and +2.5% in quantity and constituted the sixth largest destination market in value terms.

There is obviously great concern in the sector that the recent events linked to the spread of the coronavirus could have a major impact on 2020 sales to these markets, which are among the few to have grown constantly and significantly throughout the last decade.

There was a significant increase for South Korea, which reports a double-figure increase in value for the 10th year running (+19% approximately in the first 10 months of 2019, with a +5% increase in volume).

The trend is still shy of expectations in Japan, where there was a reduction in volume (-6.7%) despite an increase in value (+6.8%). The entry into force in February 2019 of the free trade agreement with the EU (EPA) – which will lead to a gradual liberalisation of trade during the course of the next decade – certainly represents an opportunity for companies to develop their business further in this area.

Finally, in North America there was a significant increase in value for the United States (+11%), despite a reduction of around 3% in volume; sales in Canada were much less positive (approximately +0.5% in value, but -8.3% in volume), despite the CETA.

The analysis of exports by type highlights heterogeneous performance across different segments. There were reductions in quantity for shoes with leather uppers – a key segment for Italian footwear production, covering half of export volumes and almost 70% of the total value – which fell by -3.4% in volume despite increasing +4.1% in value.

Within the leather segment, all the main items reveal reductions in volume, although there are often corresponding increases in value. There was an overall reduction of -3.6% for low walking shoes (with +6.6% in value): of these, men's models fell by -2.9% in volume, women's models fell by -3.4%, while children's models fell by a more pronounced -14%. There was also a reduction for sandals (-4.6% in quantity, despite a +4% increase in value) and footwear covering the ankle (boots and booties), which fell by -3.5% in volume despite stable results for men's models, with a corresponding +1.4% increase in value. For sports shoes, performance was negative in both volume and value terms (-1% and -4.5% respectively).

Among non-leather segments, there were reductions in volumes for shoes made from synthetic materials (-4.5%) and slippers (-9.7%, which were the only segment that also experienced a reduction in value terms). On the other hand, there were double-figure increases for shoes made from fabric (+11.7%) and shoes with rubber uppers (+16.4%).

With regard to **imports**, based on the performance of domestic consumption, between January and October 2019, there was a reduction of -1% in quantity, with a +3.8% increase in value. The average price (15.64 euro/pair, +4.8%) is more than three times less the average price for exported products.

China, the market which produces 4 out of every 10 pairs of shoes imported by Italy, experienced a reduction of -1.1% in volume (with a +8.3% increase in value). There were also reductions for France (-19% in volume) and Romania (-9.6%, a traditional partner in processing operations). Volumes from Vietnam were stable. There were increases in triangulations from Belgium (+9.1%) and the Netherlands (+14.8%) and flows from Spain.

The analysis by upper material reveals reductions in volumes for shoes made from leather (-2.8%), fabric (-7.4%) and slippers (-4.6%). On the other hand, there were increases for the synthetic segment (+6.5%, with a +21.2% increase for sports shoes) and the residual item, rubber footwear.

The **trade balance** for the sector – which was 4.06 billion euro (+11.1%) for the first 10 months of the year, putting it in eighth place in terms of the trade surpluses of the 99 merceological chapters in the customs classification – should be about 5 billion for the year as a whole.

## ITALIAN HOUSEHOLD SPENDING

Domestic consumption experienced yet another negative performance for 2019. While the reduction for the year as a whole had been short of 1% for the previous two years, in the year that has just ended, according to the *Fashion Consumer Panel* of Sita Ricerca for Assocalzaturifici, **Italian household spending** reduced more sharply, and is down -3.2% in quantity and -2.3% in value compared to 2018. There was a limited increase in average prices (+0.9%), demonstrating that price sensitivity remains very high (with more than half of overall sales taking place during annual and fire sales).

The last quarter of the year was no exception, with reductions only slightly more modest than in the three previous quarters (-2.8% in volume and -1.6% in value terms).

Despite the sector's high export propensity (approximately 85% of our country's production is sold in foreign markets), the continual erosion of domestic consumption is a significant criticality, since Italy remains the third largest market in volume terms for our companies, after France and Germany, and retains a strategic importance.

The analysis by product segment only reveals positive signs for sports shoes/sneakers, which experienced an overall +0.7% increase in volume and a +1.5% increase in value compared to 2018 (with sneakers stable and increases of around 2% for sports shoes). There were significant reductions for "classic" men's shoes (in the order of -8%, in both volume and value terms) and women's shoes (-5.2% in volume, despite a stable performance for ankle boots and high boots). The reduction for the children's segment was more modest (approximately -1.2%) even though it was consistently negative across almost all shoe types. The figures for slippers are also negative (-4.3% in volume).

With regard to the performance of the various sales channels, whilst we do not have the final data for the year as a whole, the preliminary results appear to confirm the picture that emerged

for the first half of the year, with non-negligible reductions for traditional retail and itinerant traders, stability for retail chains and increases for online sales. Indeed, in the first six months of 2019, e-commerce accounted for 13% of total expenditure, up from a mere 3.6% in 2013.

### **EMPLOYMENT AND COMPANY OPENINGS/CLOSURES**

In 2019 the selection process continued among companies and confirmed that many companies are still struggling in this delicate market: according to figures from the Italian Chambers of Commerce, the number of footwear manufacturers fell by 179 units compared to 2018, across both the industrial and craftsmanship sectors, with a corresponding reduction in the number of workers (-790 units). Therefore, yet more negative balances, which are only slightly more modest than in 2018. At the end of December 2019 the sector had 4,326 **companies** and 74,890 direct **employees**, -4.0% and -1.0% less than levels for December 2018.

By extending the analysis to the entire Ateco CB152 item, which includes components, according to the calculations by Infocamere-Movimprese, negative balances increased to -266 companies and -1,086 employees. The regional breakdown of this data reveals, in terms of active companies, reductions in all the main footwear manufacturing regions, with the sole exception of Campania (where there was no change) and Lombardy (where there are 8 more companies than in 2018). The Marche, which was heavily affected by the crisis in Russia and the CIS (2019 exports from the region to Russia are more than 60% lower in value terms than pre-crisis levels in 2013), experienced the largest reduction in absolute terms (-122 companies), while Emilia Romagna, which is also very exposed to these markets, experienced the biggest reduction in percentage terms (-6.5%, 24 companies). Tuscany has 65 less companies, Veneto has 35 less, while Puglia has 22 less.

In terms of the number of workers, the biggest reductions were again to be seen in the Marche (-1,251) and Emilia Romagna (-278), while there were reductions in the order of 100 units for Lombardy and Tuscany. There were recoveries of varying intensity in the other three main regions (Veneto, Campania and Puglia).

The negative trend outlined by the Chamber of Commerce databases was confirmed in the survey conducted among our Members: during the course of 2019 companies in the sample experienced an overall average reduction of approximately 0.5% in their workforce. Just under half of the respondents (47%) reported a reduction in the number of workers (of these, 3 out of 5 experienced reductions of 3 units or less). 21% of respondents reported stable workforce numbers compared to the end of 2018, while the remaining 32% reported increases in their workforce (that were mainly modest).

On the subject of their forecasts for employment levels in the first half of 2020, 75% of entrepreneurs reported that they expected the situation to be the same as at the end of 2019. However, the remainder of respondents is pessimistic, with 21% expecting a reduction in the workforce) and only 5% of respondents expecting an increase. Based on this feedback and given that the absence of signs to suggest a reversal of the current cycle, it is safe to assume that by June 2020 there will be a further reduction in the overall workforce for the sector.

Evidence of the above described tensions in terms of employment also emerges from INPS data for **wage support hours** (CIG). The number of authorised hours during the course of 2019 in the leather supply chain was up to almost 8.3 million (+28% compared to the 6.5 million hours authorised in 2018), after two years of significant reductions. This increase is greater, albeit not much greater, than the figure for all Italian sectors (which is +20.2%).

Both the ordinary component (+31%) and the extraordinary component (+20%) have risen, even though the latter has been affected by the depletion of the C.I.G. in derogation (-98.8%) following its abrogation.

The regional analysis reveals widespread increases, with the exception of Tuscany (-19%) and Puglia (-38%) in terms of the most important footwear manufacturing regions. Marche (+48%) was the leading region in terms of the number of hours authorised (2.7 million, 1/3 of the national total). There were increases of around 80% for Veneto and 47% for Campania.

## 2019 AT A GLANCE – ANNUAL PRELIMINARY DATA FORECASTS

### THE ITALIAN FOOTWEAR INDUSTRY

			Preliminary results	% change
		2018	2019	
<b>PRODUCTION*</b>	Millions of euros	7,861.24	7,959.71	+1.3%
	Millions of pairs	184.3	178.6	-3.1%
<b>EXPORTS</b> <i>(including re-exports)</i>	Millions of euros	9,585.40	10,237.15 °	+6.8%
	Millions of pairs	203.2	199.9 °	-1.6%
<b>IMPORTS</b> <i>(including re-imports)</i>	Millions of euros	5,161.36	5,358.03 °	+3.8%
	Millions of pairs	336.1	332.9 °	-1.0%
<b>BALANCE OF TRADE</b>	Millions of euros	4,424.05	4,879.13 °	+10.3%
<b>No. of COMPANIES (shoe factories)</b>		4,505	4,326	-4.0%
<b>No. of direct EMPLOYEES</b>		75,680	74,890	-1.0%
<b>Wage support (C.I.G.) Leather Area</b>				
- Ordinary	Millions of hours	4.5	5.9	+31.1%
- Extraordinary	Millions of hours	2.0	2.4	+19.9%
- Total	Millions of hours	6.5	8.3	+27.7%

Source: Forecasts by Confindustria Moda Research Centre for Assocalzaturifici

\* 2019 production = Estimated preliminary results based on the results of a member survey;

° Exports and Imports: 12 month estimates and projections based on available ISTAT data.

## THE MAIN ECONOMIC INDICATORS IN THE FOOTWEAR INDUSTRY

*2019 performance and 1<sup>st</sup> half 2020 forecasts*

<b>Δ Qty produced</b>	<b>2019 preliminary results</b>	<b>-3.1%</b>
	<i>1<sup>st</sup> half 2020</i>	<i>Slight decrease</i>
<b>Δ Value of production</b>	<b>2019 preliminary results</b>	<b>+1.3%</b>
<b>Use of production capacity</b>	<b>December 2019</b>	<b>81%</b>
	June 2020	81%
<b>Household consumption (qty)</b>	<b>Jan-Dec 2019</b>	<b>-3.2%</b>
<b>Household consumption (expenditure)</b>	<b>Jan-Dec 2019</b>	<b>-2.3%</b>
<b>Exports (q.ty)</b>	<b>Jan-October 2019</b>	<b>-0.9%</b>
<b>Exports (value)</b>	<b>Jan-October 2019</b>	<b>+7.1%</b>
<b>Imports (q.ty)</b>	<b>Jan-October 2019</b>	<b>-1.0%</b>
<b>Imports (value)</b>	<b>Jan-October 2019</b>	<b>+3.8%</b>
<b>Trade balance (value)</b>	<b>Jan-October 2019</b>	<b>+11.1%</b>
<b>Domestic collection terms</b>		<b>Slight increase</b>
<b>Foreign collection terms</b>		<b>Stable</b>
<b>COMPANIES/EMPLOYEES</b> (December 2019) <i>Shoe factories</i>	<b>No. of companies</b>	<b>No. of employees</b>
	<b>4,326</b> (-179 over Dec.2018; -4.0%)	<b>74,890</b> (-790 over Dec.2018; -1.0%)
<i>Employment</i>		<i>1<sup>st</sup> half 2020</i>
<b>Use of C.I.G. Leather Area</b>		<b>+27.7%</b>
<i>of which:</i>		
<b>ordinary C.I.G.</b>		<b>+31.1%</b>
<b>total extraordinary C.I.G.</b>		<b>+19.9%</b>
<b>extraordinary in strict sense</b>		<b>+40.2%</b>
<b>extraordinary in waiver</b>		<b>-98.8%</b>

*Calculations and forecasts by Confindustria Moda Research Centre for Assocalzaturifici*



## ITALIAN FOOTWEAR EXPORTS

performance in the first 10 months of 2019 compared to the first 10 months of 2018

### Analysis by upper material

Upper material	January - October 2019			% CHANGE 19/18		
	Value (Millions of Euros)	Quantity (Thousands of pairs)	A.P. Euros	Value	Quantity	A.P.
LEATHER	6,023.28	91,327	65.95	+4.1	-3.4	+7.8
SYNTHETIC	866.44	41,463	20.90	+8.7	-4.5	+13.9
SLIPPERS	43.01	4,934	8.72	-16.1	-9.7	-7.1
RUBBER	111.95	4,099	27.31	+28.6	+16.4	+10.5
FABRIC/MISC.	1,616.47	32,993	49.00	+18.5	+11.7	+6.1
<b>TOTAL EXPORTS</b>	<b>8,661.16</b>	<b>174,816</b>	<b>49.55</b>	<b>+7.1</b>	<b>-0.9</b>	<b>+8.1</b>

### Analysis by country

MAIN COUNTRIES OF DESTINATION						
Ranking by value	January - October 2019			% CHANGE 19/18		
	Value (Millions of Euros)	Quantity (Thousands of pairs)	A.P. Euros	Value	Quantity	A.P.
1) Switzerland	1,486.64	14,074	105.63	+26.8	+4.4	+21.4
2) France	1,360.85	30,858	44.10	+9.3	+6.4	+2.8
3) Germany	863.18	27,237	31.69	-2.7	-9.3	+7.3
4) USA	844.71	12,340	68.45	+11.1	-3.0	+14.5
5) United Kingdom	553.32	11,137	49.68	+4.7	+3.0	+1.6
6) Spain	308.12	9,955	30.95	+4.7	+7.6	-2.7
7) Hong Kong	279.88	1,859	150.55	+2.6	+4.4	-1.7
8) Russia	261.47	4,174	62.64	-10.9	-15.3	+5.2
9) China	257.92	1,951	132.19	+9.4	+0.8	+8.6
10) Netherlands	199.73	4,346	45.96	-2.0	-18.5	+20.3
11) South Korea	198.75	1,571	126.53	+18.9	+5.0	+13.3
12) Belgium	176.29	4,287	41.13	-9.5	-6.8	-3.0
13) Japan	172.33	1,956	88.08	+6.8	-6.7	+14.5
14) Austria	156.62	4,221	37.11	+3.3	+0.3	+3.0
15) Poland	127.90	4,032	31.72	+31.4	+22.5	+7.3
16) Canada	100.11	1,781	56.20	+0.5	-8.3	+9.6
17) UAE	92.27	1,049	87.93	-2.7	-5.6	+3.1
18) Greece	74.53	2,875	25.92	-2.1	-0.5	-1.6
19) Czech Rep.	68.08	2,852	23.87	-5.4	-11.7	+7.1
20) Romania	60.75	2,790	21.77	+24.7	+22.4	+1.9
21) Mexico	59.55	572	104.04	+33.1	-0.4	+33.7
...						
27) Ukraine	37.87	562	67.40	-10.1	-3.8	-6.5
...						
41) Kazakhstan	18.82	259	72.69	-16.3	-21.2	+6.2
...						
<b>TOTAL EXPORTS</b>	<b>8,661.16</b>	<b>174,816</b>	<b>49.55</b>	<b>+7.1</b>	<b>-0.9</b>	<b>+8.1</b>

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

### Analysis by geographical area of destination

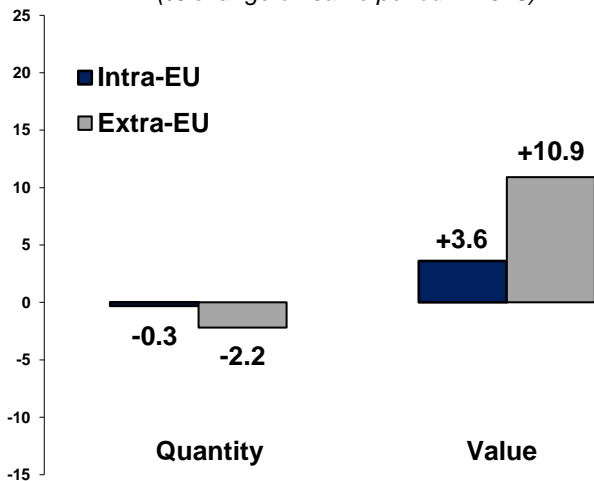
<b>ITALY – EXPORTS</b>	January - October 2019			% CHANGE 19/18		
	Value (Millions of Euros)	Quantity (Thousands of pairs)	A.P. Euros	Value	Quantity	A.P.
European Union (EU28)	4,304.39	118,897	36.20	+3.6	-0.3	+3.9
Other European countries	1,564.69	15,514	100.86	+23.6	+0.5	+23.1
Eastern Europe and CIS*	385.28	8,051	47.86	-9.4	-7.3	-2.3
North Africa	28.19	1,547	18.22	+14.6	+21.0	-5.3
Other African Countries	41.79	2,071	20.18	+8.1	+10.9	-2.5
North America	944.84	14,121	66.91	+9.9	-3.7	+14.1
Central and South America	97.02	1,654	58.64	+21.6	+3.9	+17.0
Middle East	211.50	3,484	60.70	-7.2	-9.2	+2.2
Other Asian Countries	1,025.38	8,485	120.85	+8.3	+0.4	+7.9
Oceania	54.15	967	56.02	-5.1	-28.9	+33.4
Miscellaneous	3.92	24	165.50	+20.9	+12.1	+7.9
<b>TOTAL EXPORTS</b>	<b>8,661.16</b>	<b>174,816</b>	<b>49.55</b>	<b>+7.1</b>	<b>-0.9</b>	<b>+8.1</b>

(\* of which "CIS area" markets: 346.23 5,938 58.31 -11.1 -10.7 -0.5)

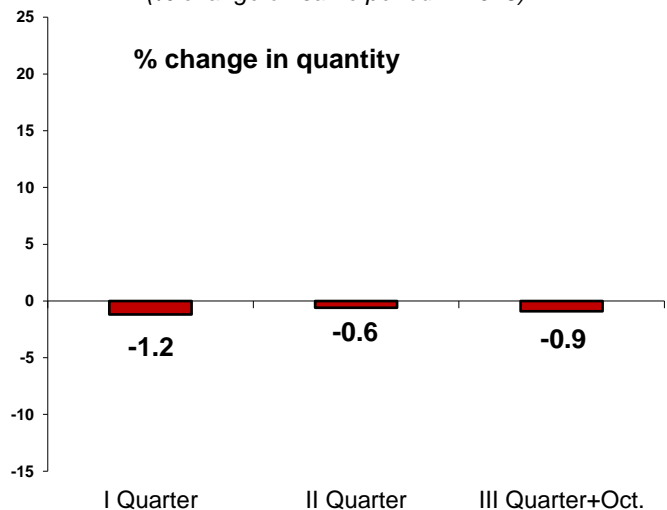
Note:

- **European Union (EU28)** = France, Belgium, Luxembourg, the Netherlands, Germany, United Kingdom, Ireland, Denmark, Greece, Portugal, Spain, Austria, Finland, Sweden, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia, Hungary, Bulgaria, Romania, Croatia;
- **Other Europe** = Ceuta, Melilla, Iceland, Norway, Liechtenstein, Switzerland, Faeroe Islands, Andorra, Gibraltar, Turkey;
- **Eastern Europe and CIS** = Albania, Bosnia-Herzegovina, Former Yug. R. Macedonia, Serbia, Montenegro, Kosovo and CIS area markets (Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan); "CIS" also includes Georgia and Ukraine, though they withdrew from the confederation in 2009 and in 2014, respectively;
- **North Africa** = Morocco, Algeria, Tunisia, Libya, Egypt, Sudan;
- **Miscellaneous** = Undetermined or unspecified countries and territories; tax free points and warehouses; on-board stores.

**Intra and Extra EU Exports: 10 months 2019**  
(% change on same period in 2018)



**Exports year 2019 per quarter**  
(% change on same period in 2018)



Source: Calculations by Confindustria Moda Research Centre using ISTAT data

## ITALIAN FOOTWEAR IMPORTS

performance in the first 10 months of 2019 compared to the first 10 months of 2018

### Analysis by upper material

Upper material	January - October 2019			% CHANGE 19/18		
	Value (Millions of Euros)	Quantity (Thousands of pairs)	A.P. Euros	Value	Quantity	A.P.
LEATHER	2,302.18	86,541	26.60	+4.7	-2.8	+7.8
SYNTHETIC	993.47	99,256	10.01	+16.9	+6.5	+9.8
SLIPPERS	61.57	30,807	2.00	-8.4	-4.6	-4.0
RUBBER	35.86	3,154	11.37	+59.1	+45.1	+9.6
FABRIC/MISC.	1,210.99	74,603	16.23	-6.6	-7.4	+0.8
<b>TOTAL IMPORTS</b>	<b>4,604.06</b>	<b>294,362</b>	<b>15.64</b>	<b>+3.8</b>	<b>-1.0</b>	<b>+4.8</b>

### Analysis by country

MAIN COUNTRIES OF ORIGIN						
Ranking by value	January - October 2019			% CHANGE 19/18		
	Value (Millions of Euros)	Quantity (Thousands of pairs)	A.P. Euros	Value	Quantity	A.P.
1) China	725.15	114,423	6.34	+8.3	-1.1	+9.5
2) France	512.06	14,279	35.86	-11.9	-18.9	+8.7
3) Belgium	437.82	16,763	26.12	+13.1	+9.1	+3.6
4) Romania	350.83	13,703	25.60	+0.3	-9.6	+11.0
5) Netherlands	332.77	10,971	30.33	+20.2	+14.8	+4.8
6) Germany	332.67	14,367	23.16	+3.3	+4.6	-1.3
7) Vietnam	243.05	14,034	17.32	+4.3	-0.1	+4.4
8) Spain	226.01	14,250	15.86	+18.1	+40.2	-15.7
9) Albania	172.87	13,705	12.61	-1.4	-0.2	-1.2
10) Tunisia	132.82	7,608	17.46	+5.8	+3.1	+2.6
11) Bosnia-Herz.	124.09	10,525	11.79	+0.7	-7.7	+9.1
12) Switzerland	115.68	919	125.93	+24.7	+31.6	-5.2
13) Indonesia	101.72	6,221	16.35	-11.9	-21.4	+12.0
14) India	95.04	5,870	16.19	-9.4	-12.6	+3.8
15) Serbia	69.60	3,222	21.60	-5.7	-2.8	-3.0
16) United Kingdom	64.44	1,405	45.85	-2.3	-7.4	+5.5
17) Cambodia	61.87	3,822	16.19	+5.4	-3.0	+8.7
18) Hungary	48.88	1,337	36.56	-1.3	+29.0	-23.5
19) Poland	43.84	2,338	18.75	+31.4	+9.5	+20.0
20) Bulgaria	42.11	3,045	13.83	-9.3	-10.8	+1.6
21) Myanmar	39.87	2,904	13.73	+52.0	+26.0	+20.6
22) Czech Rep.	29.77	1,348	22.09	-5.6	+12.8	-16.3
23) Slovenia	28.77	2,721	10.58	-10.3	-11.9	+1.8
...						
<b>TOTAL IMPORTS</b>	<b>4,604.06</b>	<b>294,362</b>	<b>15.64</b>	<b>+3.8</b>	<b>-1.0</b>	<b>+4.8</b>

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

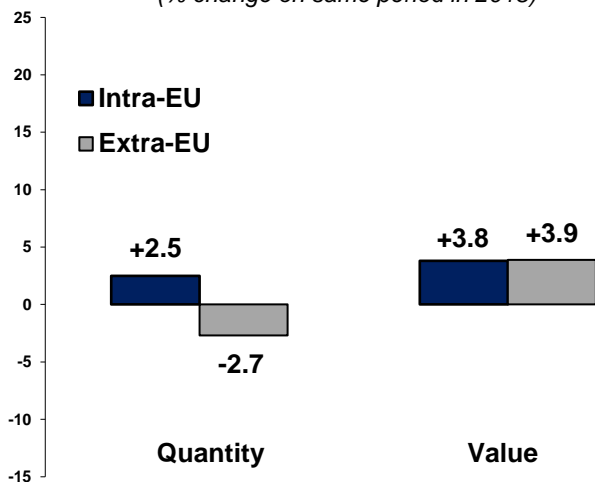
## Analysis by geographical area of origin

<b>ITALY – IMPORTS</b>	January - October 2019			% CHANGE 19/18		
	Value (Millions of Euros)	Quantity (Thousands of pairs)	A.P. Euros	Value	Quantity	A.P.
European Union (EU28)	2,542.49	100,489	25.30	+3.8	+2.5	+1.3
Other European countries	139.72	3,841	36.38	+25.2	+10.0	+13.9
Eastern Europe and CIS	401.96	29,546	13.60	-4.8	-5.3	+0.5
North Africa	147.40	8,249	17.87	+5.5	+3.6	+1.8
Other African Countries	0.44	29	15.15	-44.1	-46.9	+5.3
North America	12.04	140	85.81	+15.3	+25.8	-8.4
Central and South America	10.91	1,067	10.23	+2.6	-8.0	+11.5
Middle East	10.07	55	183.62	+47.5	+58.1	-6.7
Other Asian Countries	1,336.64	150,920	8.86	+4.4	-2.7	+7.3
Oceania	0.28	12	23.17	-36.3	+220.1	-80.1
Miscellaneous	2.11	13	162.06	+38.7	-45.1	+152.5
<b>TOTAL IMPORTS</b>	<b>4,604.06</b>	<b>294,362</b>	<b>15.64</b>	<b>+3.8</b>	<b>-1.0</b>	<b>+4.8</b>

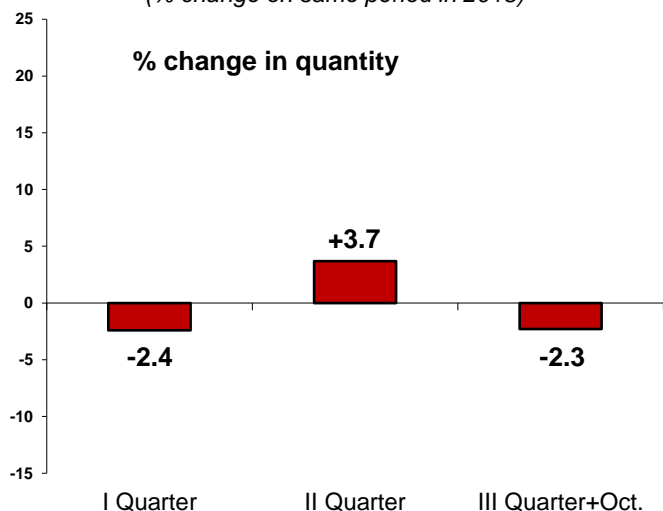
Note:

- **European Union (EU28)** = France, Belgium, Luxembourg, the Netherlands, Germany, United Kingdom, Ireland, Denmark, Greece, Portugal, Spain, Austria, Finland, Sweden, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia, Hungary, Bulgaria, Romania, Croatia;
- **Other Europe** = Ceuta, Melilla, Iceland, Norway, Liechtenstein, Switzerland, Faeroe Islands, Andorra, Gibraltar, Turkey;
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- **North Africa** = Morocco, Algeria, Tunisia, Libya, Egypt, Sudan;
- **Miscellaneous** = Undetermined or unspecified countries and territories; tax free points and warehouses; on-board stores.

**Intra and Extra EU Imports: 10 months 2019**  
(% change on same period in 2018)



**Imports year 2019 per quarter**  
(% change on same period in 2018)



Source: Calculations by Confindustria Moda Research Centre using ISTAT data

## FOOTWEAR INDUSTRY BALANCE OF TRADE

	FIRST 10 MONTHS 2018			FIRST 10 MONTHS 2019			% Change 19/18	
	VALUE (Millions of Euros)	PAIRS (Millions)	A.P. Euros	VALUE (Millions of Euros)	PAIRS (Millions)	A.P. Euros	VAL	QTY
<b>EXPORTS</b>	8,085.38	176.5	45.82	8,661.16	174.8	49.55	+7.1	-0.9
<b>IMPORTS</b>	4,434.35	297.2	14.92	4,604.06	294.4	15.64	+3.8	-1.0
<b>BALANCE OF TRADE</b>	3,651.02	-120.7		<b>4,057.10</b>	<b>-119.5</b>		<b>+11.1</b>	<b>+1.0</b>

## FOOTWEAR TRADE

### Performance in the first 10 months of the years 2008-2019

EXPORTS January/October	Value (Millions of Euros)	Quantity (Millions of PAIRS)	Average price (Euros)
<b>2008</b>	6,160.73	198.6	31.02
<b>2009</b>	5,045.08	167.1	30.19
<b>2010</b>	5,701.14	191.5	29.77
<b>2011</b>	6,465.20	201.3	32.12
<b>2012</b>	6,631.88	186.8	35.50
<b>2013</b>	6,975.01	191.4	36.45
<b>2014</b>	7,228.27	189.8	38.08
<b>2015</b>	7,335.53	179.8	40.79
<b>2016</b>	7,526.87	178.0	42.29
<b>2017</b>	7,778.60	180.6	43.07
<b>2018</b>	8,085.38	176.5	45.82
<b>2019</b>	8,661.16	174.8	49.55

Comparison with the "pre-crisis" situation eleven years ago (the first 10 months of 2019 versus the same period in 2008):  
+40.6% in value; -12.0% in quantity; +59.7% in average price.

Variation compared to 3 years ago (the first 10 months of 2019 versus the same period in 2016):  
+15.1% in value; -1.8% in quantity; +17.2% in average price.

IMPORTS January/October	Value (Millions of Euros)	Quantity (Millions of PAIRS)	Average price (Euros)
<b>2008</b>	2,872.13	313.7	9.16
<b>2009</b>	2,804.10	274.1	10.23
<b>2010</b>	3,213.05	311.6	10.31
<b>2011</b>	3,532.03	314.6	11.23
<b>2012</b>	3,358.58	267.9	12.54
<b>2013</b>	3,335.88	269.4	12.38
<b>2014</b>	3,581.19	292.1	12.26
<b>2015</b>	3,907.52	289.4	13.50
<b>2016</b>	4,056.81	297.5	13.64
<b>2017</b>	4,021.47	293.5	13.70
<b>2018</b>	4,434.35	297.2	14.92
<b>2019</b>	4,604.06	294.4	15.64

Comparison with the "pre-crisis" situation eleven years ago (the first 10 months of 2019 versus the same period in 2008):  
+60.3% in value; -6.2% in quantity; +70.9% in average price.

Variation compared to 3 years ago (the first 10 months of 2019 versus the same period in 2016):  
+13.5% in value; -1.1% in quantity; +14.7% in average price.

Source: Calculations by Confindustria Moda Research Centre using ISTAT data

Note: in the trade analysis provisional ISTAT data were used for 2019 and for previous years, to allow a comparison on a homogeneous basis.

Although it is a special administrative region of China, Hong Kong is still considered statistically separate from continental China (which is defined as "China" in the tables and notes in this report).

**ITALIAN MARKET**
**January-December 2019 (preliminary results)** compared to January-December 2018

**CONSUMPTION OF ITALIAN HOUSEHOLDS**

<b>CURRENT EXPENDITURE</b> (retail prices)	Jan-Dec 2018 <i>Millions of EUROS</i>	Jan-Dec 2019 <i>Millions of EUROS</i>	% change 19/18
MEN (sneakers excluded)	990.14	911.39	-8.0 %
WOMEN (sneakers excluded)	2,009.33	1,929.22	-4.0 %
CHILDREN/YOUNGSTERS	351.94	347.30	-1.3 %
SPORT AND SNEAKERS	2,221.31	2,255.39	+1.5 %
Slippers/Clogs/Flip-flops	498.70	488.97	-2.0 %
- of which for men	133.73	135.28	+1.2 %
- of which for women	312.00	301.75	-3.3 %
- of which for children/youngsters	52.97	51.94	-1.9 %
<b>Total EXPENDITURE</b> <b>(millions of Euros)</b>	<b>6,071.43</b>	<b>5,932.27</b>	<b>-2.3 %</b>

<b>QUANTITY</b>	Jan-Dec 2018 <i>PAIRS (000)</i>	Jan-Dec 2019 <i>PAIRS (000)</i>	% change 19/18
MEN (sneakers excluded)	15,223	13,990	-8.1 %
WOMEN (sneakers excluded)	39,535	37,463	-5.2 %
CHILDREN/YOUNGSTERS	12,562	12,414	-1.2 %
SPORT AND SNEAKERS	46,880	47,196	+0.7 %
Slippers/Clogs/Flip-flops	40,001	38,266	-4.3 %
- of which for men	10,346	10,111	-2.3 %
- of which for women	23,933	22,493	-6.0 %
- of which for children/youngsters	5,722	5,662	-1.1 %
<b>Total PAIRS (000)</b>	<b>154,201</b>	<b>149,330</b>	<b>-3.2 %</b>

<b>Average prices per pair</b> (retail)	Jan-Dec 2018 <i>EUROS</i>	Jan-Dec 2019 <i>EUROS</i>	% change 19/18
MEN (sneakers excluded)	65.04	65.14	+0.2 %
WOMEN (sneakers excluded)	50.82	51.50	+1.3 %
CHILDREN/YOUNGSTERS	28.02	27.98	-0.1 %
SPORT AND SNEAKERS	47.38	47.79	+0.9 %
Slippers/Clogs/Flip-flops	12.47	12.78	+2.5 %
- of which for men	12.93	13.38	+3.5 %
- of which for women	13.04	13.42	+2.9 %
- of which for children/youngsters	9.26	9.17	-0.9 %
<b>Total A.P. (Euros)</b>	<b>39.37</b>	<b>39.73</b>	<b>+0.9 %</b>

Source: SITA RICERCA – Fashion Consumer Panel service for Assocalzaturifici

## WAGE SUPPORT (C.I.G.) LEATHER AREA 2019

**AUTHORISED HOURS OF WAGE SUPPORT** in favour of factory and office workers  
Sector of activity: "Hides, leather and footwear"

	12 months 2018 <i>Hours</i>	12 months 2019 <i>Hours</i>	% change 19/18
C.I.G. Ordinary	4,517,439	5,922,953	+31.1
C.I.G. Extraordinary	1,979,543	2,373,973	+19.9
<i>of which: extraord. in strict sense</i>	1,690,714	2,370,613	+40.2
<i>          extraord. in waiver</i>	288,829	3,360	-98.8
<b>TOTAL C.I.G.</b>	<b>6,496,982</b>	<b>8,296,926</b>	<b>+27.7</b>
<i>of which:</i>			
<i>First quarter</i>	1,360,247	1,980,600	+45.6
<i>Second quarter</i>	1,773,979	2,003,372	+12.9
<i>Third quarter</i>	1,301,491	1,705,577	+31.0
<i>Fourth quarter</i>	2,061,265	2,607,377	+26.5

	Hours authorised by region (ordinary + extraordinary)		
	12 months 2018 <i>Hours</i>	12 months 2019 <i>Hours</i>	% change 19/18
Piedmont	4,392	66,046	+1403.8 %
Lombardy	783,110	943,267	+20.5 %
Veneto	798,266	1,436,002	+79.9 %
Friuli V.G.	117,031	68,122	-41.8 %
Emilia Romagna	337,046	395,498	+17.3 %
Tuscany	740,379	599,817	-19.0 %
Umbria	41,996	48,385	+15.2 %
Marche	1,850,127	2,741,034	+48.2 %
Abruzzo	22,612	65,311	+188.8 %
Campania	955,437	1,405,431	+47.1 %
Puglia	840,350	520,993	-38.0 %
Other regions	6,236	7,020	+12.6 %
<b>TOT. Italy</b>	<b>6,496,982</b>	<b>8,296,926</b>	<b>+27.7 %</b>

### TREND IN PREVIOUS YEARS, period January-December

12 months	C.I.G.			% change vs. previous year		
	Ordinary	Extraordinary tot.	Total C.I.G.	Ordinary	Extraord.tot.	Total C.I.G.
2008	3,873,816	4,170,506	8,044,322			
2009	11,379,740	11,740,764	23,120,504	+193.8	+181.5	+187.4
2010	6,831,129	22,847,827	29,678,956	-40.0	+94.6	+28.4
2011	3,900,984	15,432,932	19,333,916	-42.9	-32.5	-34.9
2012	5,972,627	14,121,480	20,094,107	+53.1	-8.5	+3.9
2013	7,225,078	13,259,851	20,484,929	+21.0	-6.1	+1.9
2014	5,071,435	12,301,299	17,372,734	-29.8	-7.2	-15.2
2015	4,483,632	7,456,946	11,940,578	-11.6	-39.4	-31.3
2016	4,980,500	8,296,982	13,277,482	+11.1	+11.3	+11.2
2017	5,056,090	3,683,403	8,739,493	+1.5	-55.6	-34.2
2018	4,517,439	1,979,543	6,496,982	-10.7	-46.3	-25.7
<b>2019</b>	<b>5,922,953</b>	<b>2,373,973</b>	<b>8,296,926</b>	<b>+31.1</b>	<b>+19.9</b>	<b>+27.7</b>

*compared with pre-crisis levels of 11 years ago (=year 2019 over year 2008):* +52.9      -43.1      +3.1

Note: TOT. ITALY for ALL SECTORS (ordinary+extraordinary C.I.G.) amounts for 2019 to 259.7 million hours, an increase of +20.2% over 2018.

Source: INPS, Calculations by Confindustria Moda Research Centre \_01/2020