

INDONESIAN FOOTWEAR INDUSTRY AND THE EUROPEAN MARKET

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Development of the Indonesian footwear industry (I)

- **Pre 1970 footwear production had not yet enter the industrial stage , except for long standing industry like BATA**
- **Starting 1980 the footwear industry developed rapidly due to the influx of foreign investment in the industry for export purpose , also supported by a growing supporting industry**
- **Availability of skilled worker prop up the industry**
- **Significant domestic market**

Development of the Indonesian footwear industry (II)

- The industry reached its peak in 1996 with export totalling US\$ 2,2 billion
- The 1997 Asian economic crisis hit the industry and only a few survive, and the supporting industry also made their exit
- Early in 2000 the industry start to revive
- In 2007 foreign investor start to relocate their factory to Indonesia

Footwear industry category

- Big Size :
employing more than 4000 workers
- Medium size :
employing up to 4000 workers
- Small size :
employing up to 100 workers

Types of the footwear industry

➤ **Type A**

Producing “branded shoes “ such as Nike, Adidas, New Balance, Puma

➤ **Type B**

Producing other branded shoes such as Geox, Clarks, Rockport, Rockstone, MBT, etc.

➤ **Type C**

Producing brands for the local market

CHALLENGES TO THE FOOTWEAR INDUSTRY

- World economic fluctuations
- Economic protection policy of export destination countries
- Supporting industry is still developing
- Infrastructure, highways, sea port problems
- Financial institution support

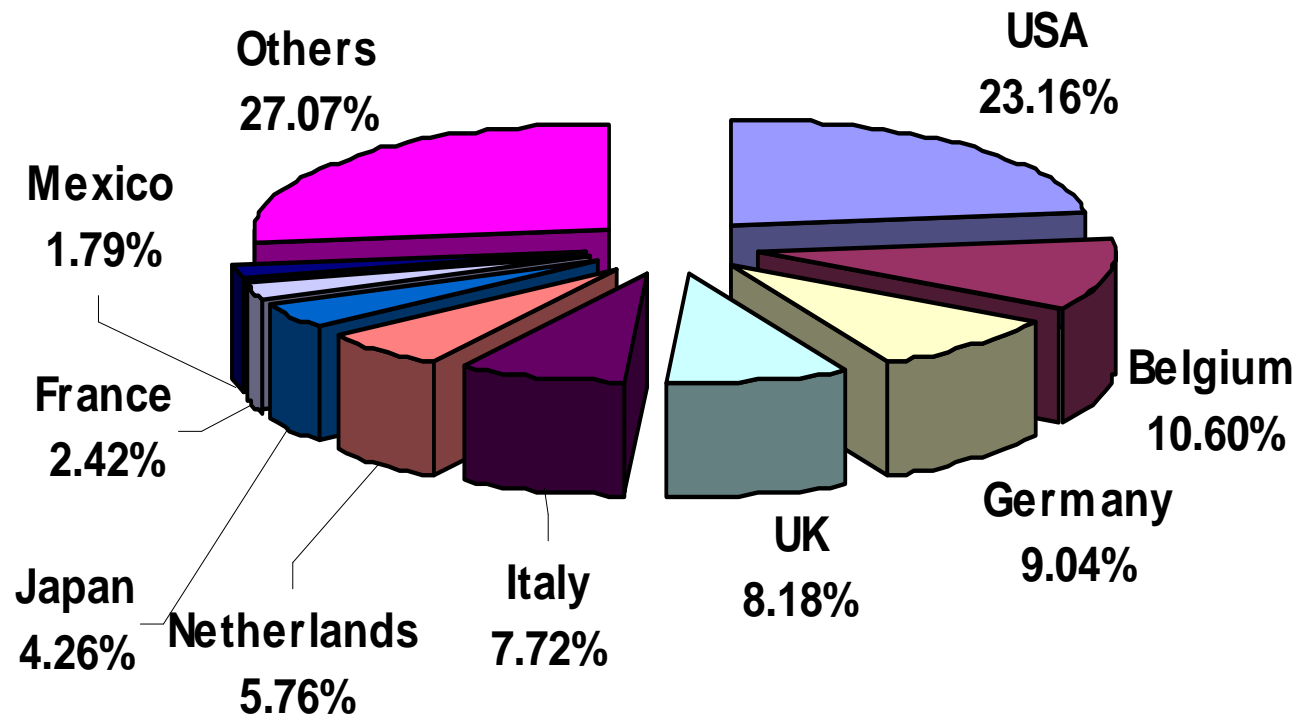
HIGHLIGHT OF INDONESIAN FOOTWEAR INDUSTRY

DESCRIPTION		200	2006	2007	2008	200
Number of Companies		140	311	353	369	391
Total Investment (Rp.		193	522	709	1.448	1.17
Total Production (Value:		4.41	4.032	4.680	4.776	4.87
Total Production (Volume		552	504	585	597	609
Domestic Consumption		3.08	2.824	2.808	2.896	3.18
Utilization (%)		68	70	78	80	83
Number of Labor (000)		392	387	413	450	495
Export	US\$ Million	1,428	1,599	1,637	1,885	1,736
	000 Ton	104	112	114	130	123
Import	US\$ Million	59.2	71.1	81.9	162.1	131.
	000 Ton	1,368	37	40	53	1,604.
Net Export	US\$ Million	.8	1,527.9	1,555.1	1,722.9	4
	000 Ton	73	75	74	77	92

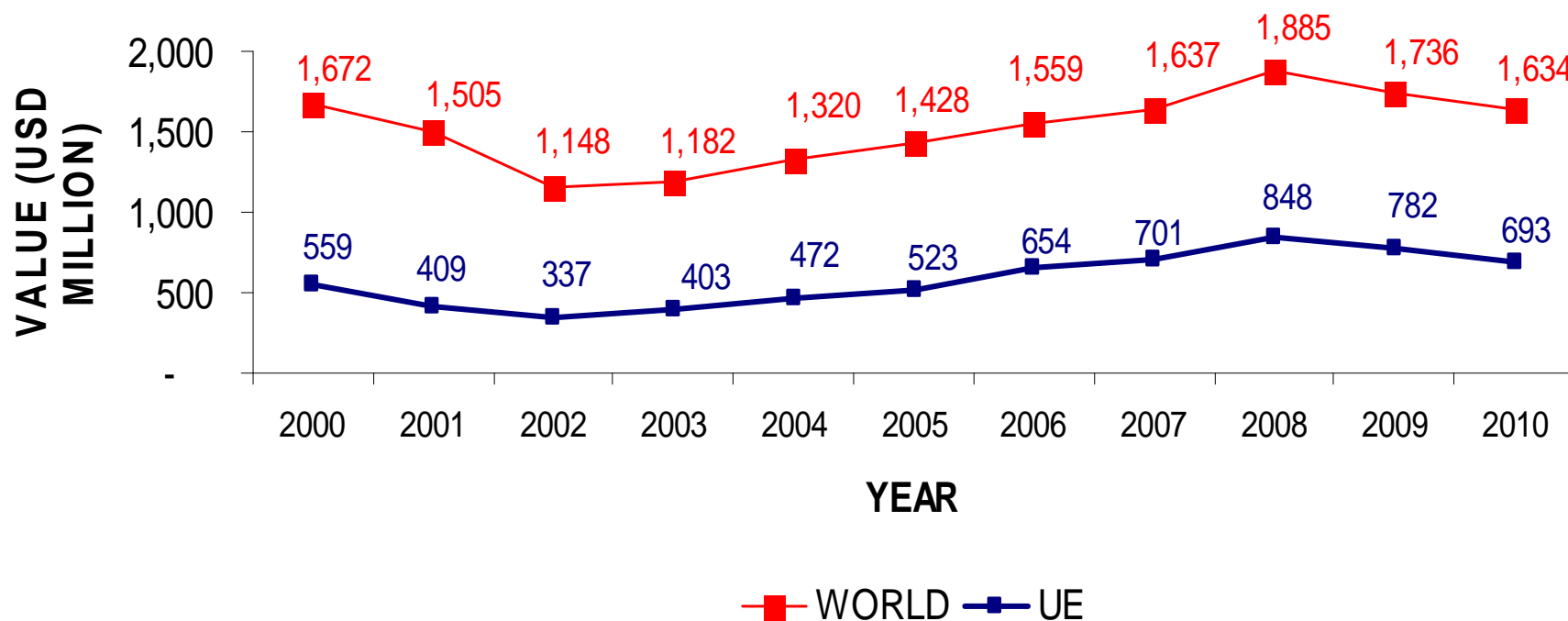
INDONESIAN FOOTWEAR **INDUSTRY POTENTIAL IN THE** **EXPORT MARKET**

- **Indonesia has a long history and has a wide network in the footwear trade**
- **The workers are experienced in production and product development**
- **Continuous effort to improve the infrastructure**

INDONESIAN FOOTWEAR EXPORT DESTINATION COUNTRY, 2009



INDONESIAN EXPORT TO THE WORLD AND TO THE EUROPEAN UNION JAN 2000 - AUG 2010



Source: BPS

Problems in EU – Indonesia footwear trade

- In the past few years glitches happened in the footwear trade due to dumping and circumvention allegations
- Regulations in the EU is not properly communicated and understood
- Measures to narrow the time gap in communications

STEPS TO AVOID NEGATIVE ACTIONS IN TRADE RELATION

- **Closer cooperation between trading partners**
- **Up to date information on rules and regulations in the EU – Indonesia trade**
- **Periodic dialogue between interested parties**

POINT OF CONCERNS IN ANTI CIRCUMVENTION CASES

- **Scope and effect of the circumvention provisions**

Should be clarified whether the investigation period of circumvention investigation post-date the adoption of the anti circumvention provisions.

- **Exemption of exporting producers from measures**

Individual exporting producers register as interested parties should be investigated for circumvention practices and non-circumventing companies should be granted exemptions.

- **Standing Petitioner**

Information on the percentage of local manufacturers to perform 'standing' test before initiating the investigation should be clear. The petitioner as interested party should be based on sufficient evidence and due verification of the authenticity of such evidence as part of preliminary investigation.

- **Due-Process Obligations**

Interested party shall be provided broad opportunity to defend their interests.

CONCLUSION

- **The Indonesian footwear industry is available to the EU counterpart to provide all information that maybe required to clear up any misunderstanding**
- **The Indonesian footwear industry opposes the use of anti-circumvention measures under the anti-dumping law in that the extension of measures to Indonesia from China imposes a penalty to the Indonesian footwear industry when the alleged malpractices maybe undertaken by a few individuals or companies.**
- **The Customs are able to pursue those directly responsible for the false declaration of origin.**



Thank You

