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Mexican Shoe Industry Fighting For Survival

by Carlos Navarro

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According to El Financiero International weekly business newspaper, the Mexican shoe industry concentrated in Guanajuato state is fighting for survival, faced with a heavy increase in cheap imports and the need to expand exports. Figures from the Private Sector Economic Studies Center (Centro de Estudios Economicos del Sector Privado, CEESP) show that almost 42.9% of the shoes sold in Mexico in 1991 were imports, compared with only about 2.3% in 1987, 11.2% in 1988 and 30.9% in 1989. According to the Guanajuato Shoe Industry Council (CICEG), imports rose to 146.7 million pairs in 1991 from 86.4 million in 1990. The imports mostly from China and other Asian countries are generally of low quality but affordable to the general Mexican population. "While labor costs represent 20% of the production in Mexico, it represents just 2% in China," said CICEG director Ricardo Scheffield. According to Refugio Munoz, president of the Tannery Industry Chamber, another disadvantage for domestic shoes is that they are poorly designed. Scheffield indicated that the Mexican shoe industry would be better off trying to find its own niche in the export market rather than competing with the inexpensive imports. Exports have increased slightly to 15 million pairs in 1991 from 11 million pairs in 1990 but the ratio is only equivalent to about 10% of total imports. In the meantime, the shoe industry crisis is forcing many footwear businesses to close. According to Scheffield, about 530 of the more than 5,300 shoe manufacturers in the country were forced to shut down in 1992. (Source: El Financiero International, 02/01/93)

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