Shoe Industry Chamber Reports Severe Slump In Domestic Production

by LADB Staff
Category/Department: Mexico
Published: 1994-10-26

During October, officials of the Shoe Industry Chamber (Camara de la Industria del Calzado) in two states called on the Mexican government to take further steps to assist the industry, which has been affected both by the country’s economic slowdown over the past two years and by a steady increase in imports, especially from Asian countries. Chamber officials told reporters that total production so far this year is down about 40% from the 173 million pairs produced last year. Moreover, according to Miguel Angel Munoz, director of the Chamber's Guanajuato state chapter, last year's production was already down sharply from the 245 million pairs manufactured in 1988, the year that President Carlos Salinas de Gortari took office.

Munoz said Guanajuato- -which is home to more than one-third of Mexico’s existing 4,000 shoe factories produced 71 million pairs of shoes in 1993, compared with 103 million shoes in 1988. According to Munoz, shoe manufacturers nationwide are currently utilizing only 55% to 60% of capacity because of the economic recession in Mexico, which has reduced purchasing power of consumers over the past two years.

In addition, Munoz cited trends reported by the federal Trade Secretariat (Secretaria de Comercio y Fomento Industrial, Secofi) which showed that shoe imports have risen by 100% since 1990, while exports have fallen by 30% since then. The Secofi figures placed annual shoe imports at an average 110 million pairs in recent years, originating mostly from China, Hong Kong, and the US. According to Munoz, another major problem faced by the shoe industry is the rising costs of leather and other raw materials, which have increased by 20% to 40% this year. Meantime, Arturo Marquez, director of the Shoe Industry Chamber in Jalisco state told the Guadalajara-based Siglo 21 newspaper that the shoe industry problems are also rooted in the economic policies followed by President Carlos Salinas de Gortari's administration, which have placed a higher priority on supporting large companies rather than small- and medium- sized businesses.

According to Marquez, small- and medium-sized businesses, which have accounted for most of Mexico's shoe production, have received little direct assistance from the government in restructuring loans and promoting domestic and export sales. Marquez acknowledged that in recent years the Salinas administration has taken steps to help stem the flow of imports, through a program to prevent imports of apparel at less-than-market value from such countries as China. But he said the crackdown on illegal imports has so far only provided a small benefit for the domestic shoe industry, which continues to face heavy competition from legal imports.

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