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The Mexican shoe industry is anticipating a slight increase in exports this year because of the decline in the value of the peso relative to the US dollar. Gerardo Aldarete, vice president of the Guanajuato chapter of the Camara Nacional de la Industria del Calzado (CANACAL), said shoe manufacturers could export as many as 30 million pairs of shoes this year, compared with only 27 million pairs in 1997. Exports account for roughly 15% of Mexico's annual shoe production of 200 million pairs.

The depreciation of the peso relative to the US dollar is particularly beneficial because 80% of Mexico's shoe exports are shipped to the US market. The Mexican currency stood at 10.35 pesos per US$1.00 on Sept. 9, compared with 8.07 pesos per US$1.00 in January of this year. This year's footwear exports are expected to earn the Mexican shoe industry US$60 million.

The export market has helped keep the Mexican shoe industry afloat, said Aldarete, since domestic demand for shoes has declined in recent years because of the economic crisis. Despite the projected increase in exports this year, Aldarete said the industry is facing strong competition from China, Japan, and Taiwan to supply the US market. This year's projected growth is only 10% above 1997, compared with annual growth rates of 50% to 100% in recent years.

Aldarete urged President Ernesto Zedillo's administration to help the Mexican shoe industry diversify its export market to Europe and South America. In particular, he said, shoe producers should take advantage of tariff-free access to countries like Chile, which have a bilateral free-trade agreement with Mexico. To help boost exports, Aldarete said, the government must develop financing programs to encourage the creation of new manufacturers and the expansion of existing companies.

Government to tighten shoe-import restrictions

While the Zedillo administration has been slow to provide export and development assistance for the Mexican footwear industry, in recent months the government has taken steps to protect shoe manufacturers from a flood of imports from Asian countries. In late August, the government announced an initiative to increase monitoring and to tighten labeling requirements. The Secretaria de Comercio y Fomento Industrial (SECOFI) said the new system fights unfair trade practices such as underinvoicing, which results in unfair low prices for imported shoes.

The economic crisis in Asia has created opportunities for exporters from that region to sell their products, including shoes, at lower costs in Latin America. Those inexpensive imports have hurt Mexican shoe manufacturers. Mexico charges compensatory tariffs of 100% on shoe imports from China, effectively shutting those products out of the Mexican market. However, shoes from other Asian countries are entering Mexico at a much lower import-tax rate. Under the new initiative, the government's consumer protection agency (Procuraduria Federal de Proteccion al Consumidor,

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PROFECO) will require Asian leather and synthetic shoes to carry a permanent label. Existing regulations only require foreign exporters to affix a sticker to shoes exported to Mexico.

Additionally, the Secretaria de Hacienda y Credito Publico (SHCP) has instructed its regional customs offices to work with representatives of CANACAL to more closely monitor imports for compliance with the new labeling regulations. The CANACAL participation in customs monitoring is part of a program established by the SHCP and SECOFI in July of this year to monitor imports of steel, clothing, footwear, and textiles from Asian and Eastern European countries and South Africa (see SourceMex, 07/29/98). SECOFI said government and CANACAL representatives will meet periodically to review progress. (Sources: The Journal of Commerce, 08/20/98; El Financiero International, 08/24/98; Novedades, 08/28/98)

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