



ASSOCALZATURIFICI

Siro Badon, Chair of Assocalzaturifici: “Consolidation of the recovery that began in 2021 is overshadowed by the clouds on the horizon. The effects of the Russia/Ukraine conflict, the steep rise in energy costs and the failure of raw materials price increases to slow down are halting recovery”

THE ITALIAN FOOTWEAR INDUSTRY: EXPORTS GREW IN THE FIRST QUARTER OF 2022 (+21.4% IN VALUE), AS DID HOUSEHOLD SPENDING (+20.6%), THOUGH A SLOWDOWN IS ALREADY EXPECTED STARTING IN THE SECOND QUARTER

The snapshot of the industry provided by the Confindustria Moda Research Centre for Assocalzaturifici was presented at the association’s national meeting. In terms of regional trends: Veneto (+10.7% in value over January-March 2021) and Tuscany (+26.6%) continue to rank first in terms of exports (together, the two regions account for just under half of Italy’s total for the period analysed), followed by Lombardy (+33%) and Marche (+19%).

Milan, 6th July 2022

The Italian footwear industry has consolidated the recovery that began last year, with growth in exports (+21.4% in value) and household spending (+20.6%) in the first quarter of 2022. This is the snapshot of the industry provided by the Confindustria Moda Research Centre for Assocalzaturifici, presented at the association's national meeting along with the actual results for 2021, a year in which the industry’s total sales climbed back to 12.7 billion euro (+18.7%, though still below the pre-Covid 2019 figure of 14.3 billion) and national production rose to 148.8 million pairs (+13.8%).

In the first quarter of 2022, sales, industrial production, exports and domestic consumption registered double-digit growth as compared to the same period in 2021. This favoured an initial release of tension regarding employment: though the number of active enterprises continued to fall (-36 was the balance since the beginning of the year), the employment trend began to reverse at the end of March, with a timid rise over last December (+209 people, +0.3%), following the decidedly negative trend of recent years (-4,300 employees in the past two years alone). The return to a level of production that was less penalising than that of the pandemic months also resulted in a downturn of resort to social security instruments (-72% in the first 5 months with respect to 2021), though the number of hours of wage support authorised in the leather industry (7.1 million) is still more than double that of January-May 2019 (+121%).

There is still considerable uncertainty about the future scenario, requiring a certain degree of prudence, according to Assocalzaturifici Chair Siro Badon: *“The progressive recovery that is bringing companies in the industry back to pre-pandemic levels (almost two out of three companies closed the year 2021 with sales figures remaining below those of 2019) has, since the end of February, faced the outbreak of conflict between Russia and Ukraine, resulting in the collapse of exports to these countries from March onwards (sales on these two markets dropped by -52% in value in March-April). The effects have been felt particularly severely in footwear*

ASSOCALZATURIFICI ITALIANI

Via Alberto Riva Villasanta, 3

I-20145 Milano

Tax Code 80027170150

Telephone + 39 02 43829.1

Fax + 39 02 48005833

stampa@assocalzaturifici.it

www.assocalzaturifici.it



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districts that traditionally export to these areas (such as Marche and Romagna), which saw cancellation of shipments due for delivery and orders in their portfolio. In addition to the effects of the war, we have seen a steep rise in energy costs and no significant reduction in raw materials prices, which have been high for many months, in addition to fears of new variants of the virus”.

Taking a closer look at the figures for the first quarter of the year, it appears clear that purchases by Italian households were up +15.4% in quantity and +20.6% in value in the first 3 months of 2022 over the figures for the same period in 2021, but there is still a gap of around 10% as compared to the situation before the pandemic. The strongest recovery in terms of percentages has been in the sectors that suffered the most from the effects of lockdowns and restrictions in 2020: classic men’s and women’s shoes (sales of both increased around 30%, in terms of both number of pairs and value, over the first 3 months of 2021). Shopping by tourists visiting Italy is still far from 2019 levels, despite a partial recovery of arrivals in 2021 and an encouraging start to 2022 as the situation of the pandemic improved.

Exports were up +11.7% in quantity and +21.4% in value over the first 3 months of 2021 (with average prices up +8.7%). Including pure trading operations, 58.7 million pairs were exported (-4.9% compared to the first quarter of 2019), worth 3 billion euro. EU markets are recovering (+9% in volume and +18% in value, with a peak of +22% in value in France, due to supplies of footwear to designer brands, a figure of +16% for Germany, +20% for Spain and +37% for the Netherlands). The increases in non-EU27 countries were even higher (+18% in quantity and +25% in value). These include: +70% in value in the USA (already well exceeding pre-Covid 2019 levels); a return to growth in South Korea (+16%, in terms of both value and number of pairs), after the slowdown of 2021 that interrupted a long period of growth in the previous decade; and good results in China (+28% in value). Negative trends were seen, of course, in Russia and Ukraine, particularly after the conflict broke out at the end of February. Exports to Russia shrank by -51% in value in March, while exports to Ukraine were down -95%. Cumulative figures after the first 3 months of the year – unfortunately destined to worsen as the war continues – indicate a drop of around -20%, in terms of both value and number of pairs, for Russia and -48% in value (-56.5% in quantity) for Ukraine, as compared to January-March 2021. According to Eurostat, footwear exports to Russia dropped -37% in value in the month of April, while exports to Ukraine fell by -81%.

At the regional level, Veneto (+10.7% in value over January-March 2021) and Tuscany (+26.6%) performed best in terms of exports (representing just over half of Italy’s total exports in the period analysed), followed by Lombardy (+33%). Increases of around 20% were recorded in Puglia (+22.3%), Emilia Romagna (+20.1%, despite a figure of -1% for Forlì-Cesena) and Marche (+19% despite a drop of -35% in the value of exports to Russia and -51% in exports to Ukraine). Marche (the region ranking fourth in number of exports) and Campania (ninth, with +15%) were the only regions among principal Italy’s footwear-producing areas to fail to match the figure for exports in the first quarter of 2019 in terms of value (falling below it by -14% and -21.5%, respectively).

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The ranking by province is still led by Florence (+30.3%, a share of around 20% of the national total), ahead of Milan (+37.3%) and Treviso (+16.3%). Growth was moderate in Verona (+4.7%, ranking seventh); while Vicenza, the sixth ranking region, saw a drop of -19%. Good results in Fermo (the fourth province in terms of exports, at +16.6%) are destined to slow down in the months to come due to the fact that many companies in the district export to the Russian market.

The balance of trade in the industry was positive in the first quarter by 1.28 billion euro (+12.8% over the same period last year).

While the demographics for number of enterprises and employment saw a continuation of the process of selection among companies (-36 over December 2021), despite the positive balance of the number of employees (+209, or +0.3%), probably a bounce-back after several quarters of marked decline. If footwear component manufacturers are taken into account, these balances are -119 enterprises and +140 employees.

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