OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as "developed", "industrialized" and "developing" are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

CAWI
LOMMA - SWEDEN

14968

THE LEATHER SHOE INDUSTRY

IN SWEDEN

1985

HISTORICAL DEVELOPMENT - POSITION - DEVELOPMENT TRENDS .

- - - - - -

FOR THE

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

(UNIDO)

BY

CARL THURN

(AUGUST 1985)

3956

CAWI
LOMMA - SWEDEN

ACKNOWLEDGMENTS

I wish to express my deep appreciation to all the companies, organizations, institutions and persons who contributed to this survey and my sincere thanks for their courtesy in giving valuable information and support. - Special thanks I owe Lars Thurn, my personal assistant, who has up-dated all statistics, made parts of the field work and given me very useful support and sparring when making the report.

Lomma, Sweden - August 1985

Carl Thurn

CAWI
LOMMA – SWEDEN

TABLE OF CONTENTS

-o-o-o-o-o-

TABLES AND ENCLOSURES

CAWI
[illegible] SWEDEN

LIST OF TABLES AND ENCLOSURES

[illegible]

ENCLOSURES

1. INTRODUCTION

1.1 Background - aim of the study - restrictions - directing and concentration of survey made - limitations

1.1.1 Background

In 1981 a survey was made for UNIDO re the leather shoe and tanning industries in Sweden - "The leather shoe and tanning industries in Sweden - historical development, position and development trends (1981)".

The major objectiv of the study in 1981 was "an investigation as to the tendencies that characterize these two sectors and a drawing of conclusions for their future developments".

Chief points of the analysis were to determine the position and development trends of the leather sectors as per above - in terms of pressures from competition, local market potentials, potential international trade and potential international cooperation etc. - and to focus the views of producers re the on-going structural change in the two sectors.

Thus, basically, the study aimed at trying to give an answer to the fundamental question: What can be said about future trend in the Swedish leather shoe and tanning industries in the light of the structural changes taking place?

Parallel to the Swedish survey other country-studies were undertaken by UNIDO (f.i. in Italy and in the F.R. of Germany) - as parts of on-going research activities by UNIDO on international trends in industrial restructuring.

As some of the Swedish shoe industry's fundamentals of 1981 - fundamentals [illegible] "The Shoe Group" - [illegible] result of a special state [illegible] foreseen as [illegible] for the future of the non-[illegible] of the shoe industry, completed by some small handicraft-product-units - have changed a lot since 1981 it was decided at the end of 1984 to update the previous study.

1.1.2 Aim of the study

The aim of the 1985 study is to make

- an analytic assessment of current trends and policy issues
- an up-dated version of the previous study undertaken in 1981

including to identify trends in and driving forces affecting the development of the Swedish shoe leather industry

and to analyse

- current structures of production and trade
- recent development trends in terms of corperate structures, processes/products and trade
- government policies
- technology trends

and to make an assessment of prospects and patterns of future developments.

Understood as a special "informal" overriding aim of the study is (felt by the consultant) that the purpose of the study primarily is not to inform developed countries of recent developments in the industry in question but rather to illustrate to developing countries the emerging trends in an advanced small open economy country in Europe - an illustration that the developing countries may use as hints and information when formulating their industrial policies and strategies in respect to this particular industry.

1.1.3 Restrictions - directing and concentration of survey made - limitations

The project had to be given restrictions related to a fixed UNIDO lump sum fee. This has not turned out to be very hard restrictions, however, as the project (because of its 7 months' timing) from travelling cost point of view could benefit from coordination with some other projects of the consultant in the south and middle part of Sweden. The north part of Sweden could only be covered by telephone interviews, however - not by personal field [illegible]

As to the directing and concentration of the study [illegible] as to be [illegible].

Main shoe producers of all kinds of shoes in the various [illegible] and geographic parts of Sweden are representeted in the basic material for this report. An essential part of the study is, however, directed towards those companies being restructured in one way or another since the 1981 study and to governmental departments and authorities (focus on The Board of Economic Defence) as the leather shoe industry more and more has turned out to be a special non-general-industrial case - a specific industrial project covering necessary needs in case of war and/or barring. - To properly catch redeployment potential aspects and aspects on import also major wholesalers are deeply involved in the study.

As to limitations the study is strictly limited to the leather shoe industry - with some comments and some statistics re its relevant part of the Swedish tanning industry. - Thus neither other leather products nor other footwear products than leather shoes are included in the study (all kinds of shoes are, however, statistically covered).

The output of the study has got substance enough to draw conclusions to give a picture of the general position of the industry today and its general future trends - by squeezing pure facts, general information, reactions, statements etc. got/registrered into one or two scenarios and assessments of prospects and patterns of future developments - but there is, however, so very much dependent on the outcome in the next years of today´s on-going "attempts" that there is no basis today for stressing (as a result of this study) indications and recommendations of operational steps as complement to earlier recommendations given in the 1981 report.

1.2 Methodics - scope of desk and field work - timing

1.2.1 General approach

The study is conducted through personal interviews with (made at personal visits to)

- leather shoe producers (covering safety- and professional-shoes as well as consumer orientated shoes - definition see*) below)
- shoe-wholesalers
- institutions and associations related to the leather shoe industry (incl. the relevant part of The Employers' Confederation and The Textile Garment and The Leather Workers' Union within The Trade Union Confederation)
- Ministries involved (incl. The Board of Economic Defence)
- associations of shoe deliverers
- other contacts related to the industry above - supposed having possibilities to contribute to the inputs of this study.

Moreover several telephone interviews were made with contacts geographically located "off the road planned" and with contacts with whom personal interviews were impossible due to difficulties in making appointments from timing point of view.

Studies and contacts also were made at the Swedish Shoe Fair in Stockholm in spring 1985 and at a small Shoe-Exhibition in Malmö at about the same time. - At the Shoe Fair in Stockholm short interviews were made and the survey to be made was introduced to most of the producers. These contacts were helpful and [illegible] for the deep interviews later arranged.

Contact[illegible] interviewed during the process of this st[illegible] [illegible]

[illegible] and mostly) old contacts from 198[illegible] - [illegible]
rather easy to make follow ups and to [illegible]
changes having taken place since 1981

----

*) Safety and professional shoes = work shoes in the form [illegible] shoes and different kinds of work shoes specially made [illegible] for special categories of employees, f.i. nurses, air-hostesses, policeme[illegible]

Consumer-orientated shoes = all other shoes - for the ordinary, civilian consumers/market.

<u>partly</u> some interesting new-comers (small handicraft speciality-characterized units)

together making relevant parts of and relevant representations of interest for the total leather shoe industry in Sweden.

Compared to the 1981 study this time (1985) more time and effort were spent on

- wholesalers to catch their views as to and their interests in cooperation with the Swedish leather shoe industry, their import interests and their interests in and current activities (if any) re redeployment
- institutions, associations and ministries as the maintainance of the/of a Swedish leather shoe industry rather quickly primarily turned out to be results of pure political decisions.

At the interviews questions were focused as follows

- Swedish leather shoe industry of today contra the Swedish leather shoe industry of 1980-81 - and trends and policies possible to be found
- Development trends for the Swedish leather shoe industry in the form of prediction in advance for a time-period resonably seizable (say 3 years)
- A vision as to Swedish leather shoe industry in the long run (say after about 10 years).

Special interest at the interviews has also been given to question as follows

- Are there cases in the last 3-4 years saying [illegible] managers/new-owners coming into the branch from outside really do have seized niches of the branch and run them successfully - more successfully than "old traditionalists"
- What kinds of new material as substitute for leather can be found
- What are important [illegible] of import from developing countries.

The compilation of findings from interviews made can only be presented in rough and general terms in this report as companies involved otherwise very easily could be disclosed - and, of course, all interviews are made in strict confidence (and the companies have been stressing respect of the confidentiality).

As a final remark could (and should) be noted that this time (1985) the producers and representatives of the industry in question seem to have been more non-negative to contribute to the study and much more out-spoken and open-minded than in 1981 - even if basically the "anti"-UNIDO attitude described in the 1981 report still is found. No closed door this time, however - but a general image and profile improvement of UNIDO and its (for the market rather diffuse objectives) could be benefitable for any future survey in any sector or industry.

1.2.2 Desk work

As to desk work the following could be worth noting.

No specific questionaire has been prepared for distribution in advance to those being interviewed - just in order not to frighten them (based on experience from the 1981 study). At appointments being set up and at interviews reference could, however, in most cases be made to the 1981 survey (which has not been published in any form/summarized form - which irritates most of the contacts).

Statistics have appeared to be confusing in some cases. Therefore statistics from different sources had to be studied and compared/ evaluated. - To be noted is

<u>that</u> one or two statistical figures in this report could be really questioned (f.i. the production of leather shoes in 1984 - 2,3 million pair according to statistical reports - in practice only about 2,0 million pair, however

<u>that</u> in future statistics will not be published to the same extent as up to now - what issues that will be available is unclear today, however.

As it turned out to be of interest to compare Sweden to Denmark and [illegible] contacts by correspon[illegible] with leather shoe repre[illegible] in these two countries - in order hopefully to get useful [illegible], ideas and hints from "[illegible]"-countries for the Swedish study.

Moreover all available essential literature has been studied. This literature includes earlier surveys/reports made in the 1980:s, shoe magazines, statistical material from various institutuions and associations etc. (a list of literature is attached to this report).

1.2.3 Field work

By the specially arranged travelling programs

- different types of leather shoe producers (safety- and professional shoe producers; consumer-orientated shoe producers covering shoes for men, shoes for women as well as shoes for children; some typical niche-orientated, small producers)
- the most essential shoe-wholesalers in Sweden
- all relevant associations and institutions

have been visited.

A list of the non-industry references contacted in one way or another is attached to this report.

In total the number of sources contacted in one way or another amounts about 30 - of these about 20 have been field-contacted and of these 20 about 10 for deep interviews.

Some contacts (f.i. the Board of Economic Defence) were seen twice - for checking and summing ups.

The field work has been more extensive and has de facto claimed more field work than

- initially supposed necessary at discussions of this commission
- conditions of the commission agreed upon say

As it could - as earlier mentioned - benefit from coordination with some other projects of the consultant it has, however, been given all field work judged as necessary to fulfil the [illegible] the study.

1.2.4 Time

This survey was made in the period [illegible] 9-middle July [illegible] - with [illegible] the report [illegible] of July and report [illegible] August 5 19[illegible].

[illegible] 7-month-period [illegible] project has not [illegible] frequently process.

The project would not/would [illegible] from a prolonged schedule - to cover contacts missing for one reason or another.

1.3 Structure of report

This report is devided into the following parts (excl. the short summary under 1.4):

- Overview of the leather shoe industry in Sweden
- Trends and policies
- Interpretation of findings and a broad outlook regarding future development

Some short comments as to the tanning industry is given in an enclosure (encl. 1).

The report has to be very summarized. The reason is that the industry studied is very small (with clear firm caracteristics - making identifications possible). Thus answers/interview-results summarized in tables or special comments (as substitutes for tables) could easily disclose special companies and/or group of companies - which would be against the rules as all interviews are made in strict confidence.

A summarized report as per above sufficiently fulfil the aim of the study, however. - If wanted and necessary the survey and its results could, of course, be complementary penetrated at a meeting set up by UNIDO.

1.4 Short summary

Development since 1980-81 – in short

The future of the leather shoe industry did not turn out to be that reconstructured safe and sound industry aimed at as a result of the realisation of the recommendations of the Shoe Delegation. The Shoe Group turned out to be a real failure - went bankruptcy - has been split up in separate units, owned by former local managers of resp. unit and in some cases by new-commers into the branch.

The leather shoe production has stopped going steeply downward - even if the Shoe Group had to be restructured - and has been about the same in the 1980:s up to now.

Shoe consumption

Shoe consumption has been about the same in the 1980:s. - Leather shoe consumption had an upturn in 1984 and amounted about 60 % of total shoe consumption.

Shoe production

The decrease in production continued in the period 1980-1984 - from 8,0 million pair 1980 down to 5,1 million pair 1984. The decrease in leather shoe production in same period amounted about 0,5 million pair - down to about 2,5 million in 1984.

Total production of safety shoes/professional shoes amounted 1/4 of total production.

From material point of view no essential leather-substituting-[illegible]ction has been found.

Today's profitability in the shoe industry sector

Of a total of the 24 largest shoe manufacturers 17 would make a loss if no economic aid, 7 would run with a loss in spite of the economic aid and 7 would make a profit even without the aid (a minor profit of their turnover).

Imports

In the period 1980-1984 the Swedish import of footwear amounted about 25 million pair a year - with a peak of 27 million pair in 1984. The leather shoe import in the period has increased from about 11 million pair in 1980 to about 15 million pair in the "peak-year" 1984.

Leather shoe import has been relatively increasing - and rubber and synthetic loosing.

Countries of origin for import of leather shoes

As to the leather shoe import EEC and EFTA are quite dominating. - In 1984 more than 90 % of total leather shoe import value had an origin in EEC and EFTA countries.

Export of leather shoes

In the period 1980-1984 leather shoe export has been doubled - up to one million pair in 1984. - Low shoes and sandals for women made an essential part of quantity exported in 1984.

Trends - corporate structures, processes products and trade

Most units have turned out to be smaller and more specialized - specially those having been restructured in a bankruptcy process.

Management in some cases seems to have improved just as a consequence of the restructuring processes.

No real mergers have been found.

Within the shoe industry the climate for cooperative talks of mutual interests seems to be much better than in 1980-81.

Marketing seems to be much more aggressive now than some years ago.

There is a trend towards parts (various input materials) being more and more brought in from different sources - to be assemblied at the factory.

A real threatening process seems to be that the shoe industry-infra-structure is getting too hurt by a too small domestic shoe industry.

Safety shoes have made benefit of the environment debate in Sweden and the professional shoe area (nurses, air-hostesses, restaurant people etc.) offers a lot of future potentials.

[illegible]

The import structure mainly seems to remain - with some further emphasis on Portugal.

Sub-contracting arrangements (imagine from the wholesalers/importers) exist and seem to grow gradually - most of them focused to Portugal och Italy.

Technology trends

In the leather shoe industry in Sweden - being a small-scale-industry - there is no real possibility for adopting revolutionary capital-intensive new technologies. Appropriate technology news, however, are of interest and will probably slowly be adopted - step by step (state aid probably provided) by those companies surviving.

Government policies

Shoe industry policy differs from other Swedish industrial policies by being a sector to have "preparedness for covering needs of a neutral country in case of war and/or barring - thus government has to stick to some safe-guarding policies, realized in general terms, however (thus there are - and will not be - any trade restrictions, special locational policies etc.).

Realizing its safe-guarding policies government is by its structural adjustment policies actively affecting the restructuring, keeping-alive and "appropriate" innovation process of the leather shoe industry by giving some economic support and acting through its [illegible] the Board of Economic Defence.

Not at any price, however.

[illegible] support is given tougher conditioned [illegible]

[illegible]

[illegible] realistic scenario within seizeable [illegible] future says

- some further economic future state support will be given
- production will decrease - down to about 1,5-1,8 million pair a year

- the safety-professional shoe sector might have adopted some new niches and some new appropriate technology and also increased somewhat in production
- the import structure will principally remain. - The big supply countries will be the same as earlier, f.i. Italy and Portugal. - Finland, F. R. of Germany and Austria will have lost some ground. Portugal will be the big winner. - The developing countries will in total have about the same share of total Swedish import as today, however.

2. OVERVIEW OF THE LEATHER SHOE INDUSTRY IN SWEDEN

2.1 Introduction

This chapter 2 is devided into 3 parts as follows

- Historical background - in short (2.2)
- Development since 1980-81 - in short (2.3)
- Current structure of production and trade (2.4).

2.2 and 2.3 are made short as

- it is understood that by the reader this report is used as a follow up and complimentary report to the 1981 report earlier mentioned
- at the study of 2.4 (Current structure of production and trade) - together with statistical material attached - the developments as to facts (production and trade etc.) since 1980-81 will be much more instructively pictured than a lot of wording in 2.3.

Thus 2.3 is restricted to a rough verbal picturing of main structural changes and to some statements as to key observations.

2.2 Historical background - in short

A rough historical background of the leather shoe industry in Sweden runs as follows.

In the 1940:s and 1950:s the "shoemakers" of the 1930:s had a real boom - based on a war-time and after-war-time period being very favourable to them.

Since the middle of the 19960:s there has, however, been a steep downward trend in production - a stagnent level in consumption of footwear in the 1960:s and 1970:s combined with increased imports has resulted in a dramatic reduction in Swedish footwear production.

In 1960-1980 (clogs excepted from the analysis) the decrease in production of footwear amounted between 55-60 % - the decrease of leather shoe production being still more significant by a 75 % decline.

The structural changes in the footwear industry - causing heavily reduced production and reduced employment - several times have been observed by the government authorities and resulted in means to counteract the negative effects in order to provide for basic, necessary shoe production in Sweden in case of war or barring.

In 1977 a special Shoe Delegation was set up (its suggestions, operational function and results described in the 1981 report).

The main results of the Shoe Delegation were formation of

- a holding company - The Shoe Group/Skogruppen - including 5 producers and 1 wholesaler
- a Shoe Institute (to strengthen the competitivness of the Swedish footwear industry and to insure its survivel in the long run).

In the period 1979-81 about [illegible] state million Sw.cr. were transfered to the leather shoe industry.

[illegible] given to the industry was used for hardware investments, buildings and machinary - hardly nothing at all for software investments and improvements [illegible] marketing .

Basic thinking and assumption behind the restructuring and aid: Compitetive strengthening and a shoe industry that could survive without future aid - at a production level of the government´s aim of 2,0-2,5 million pair of leather shoes a year.

2.3 Development since 1980-81 - in short

The future of the leather shoe industry did not turn out to be that reconstructured safe and sound industry aimed at as a result of the realisation of the recommendations of the Shoe Delegation.

Main observations say

- There was hardly no state aid given in 1981/82 - but some aid had to be given again after that. amounts being much smaller, however about 45 million Sw. Cr. in the 3-year-period 1982/83-1984/85).

- The Shoe Group turned out to be a real failier - mainly because of mis-investments, mis-management and hard domestic competition within the safety shoe sector (an adopted new Shoe Group sector). It (The Shoe Group
  - got about 67 state million Sw.Cr. in a 4-5-year-period - and invested them in capital-intensive new buildings and machinary out of which it couldn't get any scale-effects

  - failed in realisation of its aimes and goals and did not coordinate production, collections, purchasing etc. of its various units/daughters

  - got a wholesale-sector too overmanned, causing losses in a sector that was foreseen being a supporter of the group's domestic production

  - did not get further economic support from the owners in 1983 when the Board of Economic Defence claimed that also the shareholders [illegible] companies should bring in more money (the shareholders stuck, however, to their basic, original agreement with the government (the Board of Economic Defence - saying that they did not have to bring in more money than originally agreed upon - t.i. their stake at the formation of the Shoe Group).

  - finally got into bankruptcy (daughters as well as mother company - mutual economic guarantees given and was split up in its origins in the form of
    - 2 producing companies owned by former local manager of resp. unit

- 1 production company owned by a new-comer into the branch (a leader from the every-day-goods sector)

- 1 company (in the north part of Sweden) owned by a Finish shoe company (a producer) together with a local investment company

- 1 wholesaler owned by former employees in the wholesale-company within the Shoe Group

- was on the edge of having legal actions taken against its management - charge, however, withdrawn as

  - mis-budgetting, mis-predictions etc.
  - 2 devaluations making the Shoe Group investments much more expensive than calculated and an agreement with the Board of Economic Defence (= an undertaking) to really produce 605 000 pair of leather shoes and keep a production capacity of 910.000 pair, whatsoever (the Shoe Group lost market and got big stocks having to be sold with heavy losses)

  could not be made a basis for legal actions.

- The safety- and work-shoe sector (Arbesko having 75 % of the domestic market) has not been hurt since 1981 but seems today even stronger than earlier even if the restructuring of the Swedish industry (shipyards, [illegible], mining etc.) has meant a corresponding demand-reduction - having, however, been compensated for by new niches inclusive professional shoes - for nurses, doctors, air-hostesses, policemen and similar categories of professions.

- The [illegible] production has stopped going steeply downward - even if the Shoe Group had to be restructured - and has [illegible] in the 1980s up [illegible].

- The consumer-orientated part of the leather shoe industry is now, however, once again "at a tough crossroad" - with a threatening gloominess around the corner.

2.4 Current structure of production and trade (structural characteristics)

Structural characteristics of the footwear industry in Sweden of today (1984) are - in rough statements - as follows.

In the 1980:s up to now

- total consumption as well as leather shoe consumption is about the same - maybe a slight upturn in consumption of leather shoes in 1984, however
- production (total production as well as leather shoe production) is still declining - even if there are signs that brakes have been put on the decrease
- import is about the same - with an upturn in 1984, however (mainly referable to leather shoes)
- export (from domestic production as well as from import) is about the same - small but totally about half up to two thirds of domestic production (leather shoe export amounts about half of leather shoe production).

Thus, roughly, a stabelized situation in the 1980:s - with signs of consumption and import increases in 1984.

More detailed figures as to the above in Table 1 and Table 5.

As complement to the above the following is worth noting.

2.4.1 Consumption

In 1984 total consumption (production + import - export) amounted about 2[illegible],8 million pair. As can be found in Table 1 [illegible] consumption has been about the same in the 1980:s.

Leather shoe consumption amounted in 1984 16,[illegible] million pair - indicating a small upturn (2,[illegible] million pair compared to [illegible] - [illegible] caused [illegible] an increase in import [illegible] - leather shoe [illegible] ted [illegible] about 6[illegible] % of total [illegible] consumption [illegible] in [illegible] far [illegible] years [illegible] the 1970:s about 50 %.

As complement to the above statistics further say that of total consumption in 1984 (Table 2)

- textile shoes covered about 25-30 %
- rubber shoes covered about 5 %
- synthetic shoes covered about 8 %.

The 1984 value of total consumption in running prices amounted about 2.000 million Sw.Cr. - whereof leather shoes about 3/4 (Table 4). The total value of shoe consumption in 1980 amounted about 1.500 million Sw.Cr. - whereof leather shoes a little bit less than 3/4. The total value of shoe consumption in running prices increased from 1980 to 1984 by about 37 % - leather shoes by about 44 % (Table 4). General inflation increase in Sweden in the five year period 1980-1984 was about 60 % (indexed inflation 61,4 % - the yearly inflation increase figures from 1980: 13,4 %, 9,4 %, 10,0 %, 9,4 % and 8,1 %).

The moderate increase of leather shoes consumption in running prices in 1980-84 is based on the increased import share of total leather shoe consumption, the moderate increase in import prices (Table 9 and Table 10 - 20 % total increase, 33 % as to import from EEC etc.) and moderate costcharge and profit adds by retailers (Table 17).

2.4.2 Production

The decrease in production continued in the period 1980-1984. The 1984 production of all shoes amounted about 5,1 million pair - whereof 2,3 million pair leather shoes (a 8 % decrease since 1983 and a 15 % decrease since 1982). To be noted is that the leather shoe production figure of 2,3 million pair in 1984 includes about 0,3 million pair of slippers - to be separated when judging the statistically reported leather shoe production compared to the politically production aimed at (2,0-2,5 million pair).

In running prices the leather shoe production amounted about 62 % of the total value of all shoe production in 1984 (403 million Sw.Cr. - Table 4). - In 1983 the leather shoe production amounted 47 % of all shoe production in running prices.

The decrease in leather shoe production from 1983 is mainly caused by cut-downs in womens footwear and boots for men.

As can be found in Table 3 the 1980 production of all shoes amounted 7,9 million pair - with a leather shoe production of 2,8 million pair. The production decreased during the period 1980- 1984 for all types of shoes. Clogs, however, decreased more than all the others - from 4,0-1,9 million pair.

In Table 3 also can be found that of total production 1984 (figures within brackets below referable to 1980) production of

- leather shoes (including safety shoes and slippers) covered about 50 % (40 %)
- textile shoes covered about 10 % (5 %)
- rubber shoes (incl. boots) covered about 10 % (8 %)
- synthetic shoes covered 0 % (1 %)
- clogs covered about 40 % (55 %).

In 1984 the share of domestic production of total supply of each kind of shoes amounted (figures within brackets referable to 1980) as to

- low shoes and sandals about 8 % (15 %)
- boots about 10 % (23 %)
- slippers about 57 % (48 %)
- safety shoes about 93 % (89 %).

Worth noting is that of the total quantity produced in 1984 half of it consisted of shoes for men, one third of shoes for women and one fifth of shoes for children.

More detailed figures about the above in Tables 4, 6 and 7

To be further noted is that of total p. 'ion safety shoes/professional shoes amounted 1/4 - giving t. ety shoe sector a market share of 80-85 % of total domestic safety shoe market an above mentioned 93 % of total supply.

Thus - from structural point of view - characteristics for the Swedish shoe industry is that it is devided into two major sectors - a consumer orientated sector (shoes sold by shoe retailers, departments stores, mail order etc.) and a safety shoe/professional shoe sector (shoes mainly sold directly to industry and consumer-sectors in question, without middlehands). - The second sector/the safety shoe sector is a very essential part of the shoe industry in Sweden - with its 550-600 thousand pair of pure leather shoes and 200.000 pair of slippers produced a year.

Compared to 1980 production in 1984 has got some elements of new models for younger people and more fashioned and elegant lady shoes. Some producers seem to have "slowly" realized that compared to imported shoes their collection has not been modern enough (in some cases designers from other countries have been highered to come up with more competetive models). There is a difference between market (what people want to buy) and need (what people should buy - to get Swedish shoes made for Swedish/Nordic feet, made for Nordic climate etc.) and there seems to be some increased exceptance by producers even to provide what major part of a market really asks for (fashion, elegance etc.). - But, however, the Swedish producers do have a hard time trying to keep up with all the quick changing fashion trends.

Contrary to the consumer-orientated shoe sector the safety/professional shoe sector does have some advantages - in comparison to other domestic production as well as to imports

- It has a well-established and dominant position in domestic market
- Due to different safety shoe norms in Scandinavia on one hand and in the other part of Europe on the other hand it is very difficult for imported safety shoes to sell in Sweden (and v.s.)
- Due to possibility to produce in "non-small"-scale-series - from Swedish point of view - it can more easily benefit from new techniques and equipment
- It can keep stock without being out of fashion as their are no fashion trends in the safety/professional shoe market
- It sells directly to companies/consumer-groups - without middlehands

From material point of view no essential leather-substituting-production has been found. Leather is still unthreatened. Some synthetic materials have turned up - but, as it is said, only as a fashion trick. - As to an ongoing project re felt-shoes - as substitute for leather shoes in period of crisis - see under "Technology trends" (3.2).

2.4.3 Organization of the industry - product-mix-structure

As earlier mentioned the Swedish shoe industry consists of two main sectors - the safety/professional shoe sector and the consumer orientated shoe sector. The structure of these two sectors is very difficult to describe statistically as there are no up-dated statistics available (in Table 14 and Table 15 the figures for 1985 are unofficial statistics - covering all kind of shoe producing units - even one man units).

The best source of information as to the structure of the industry today is a survey made by the Board of Economic Defence - saying that there are about 24 running shoe producers (and that in addition to them there are only a few very small production units).

As to fresh figures about number of employees there is no other source of information than the number of members registrered in the union. This number amounted at the beginning of 1984 about 1.000. In 1984 the number decreased by about 120, thus a little more than 10 %. - The decrease of the number of employees runs hand in hand with the decrease in production (it is reasonable to assume that the production a year by a worker amounts an average of 2.000 pair).

As earlier mentioned in 2.2 the consumer-orientated shoe sector does not include the Shoe Group anymore. Some of the basic ideas of the benefits of a Shoe Group are given life in the working group mentioned in 3.3 below, headed and economically supported by the Board of Economic Defence. - The restructuring of the Shoe Group has resulted in restarted units - in some cases by former owners, in some other cases by new owners.

In the period 1982-1984 7 of the major shoe producers went bankruptcy (half of them women shoe producers). More than 50 % of them are back in business - with reduced production and a smaller product mix. In one case the workers have been the new owner.

The other sector - the safety/professional shoe sector - shows quite another corporate structure - the main part of it being in the hands of Arbesko, either owned by them or in close cooperation.

Arbesko is representing more than 80 % of the safety shoe production and about 25 % of the total domestic leather shoe production. Today's Arbesko-structure says that within the group four production units are wholly owned by Arbesko and three are domestic sub-contractors. - Another production unit within the safety/professional shoe sector is one of the earlier Shoe Group-daughters, now (since February 1984) co-owned by a local investment company and a Finish shoe producer (meaning potential for Swedish-Finish shoe cooperation).

From geographical point of view the shoe industry picture is as follows. Many of the shoe companies are situated far away from cities which means that labour-potentials mostly are scarce - on the other hand, however, competition as to labour available could be less intensive. New shoe districts do not turn up - the shoe industry is still concentrated in the north part of Sweden, in the district of Kramfors-Mjällum. - The district of Örebro-Kumla in central Sweden has been hard hit by several closures in the last 5-10 years but is still the chief area for safety and professicnal shoes and has still an essential unit for shoes for children.

An overview of the areas could be find in Fig. 1 - next page.

There is no organized vocational training to be found in neither of the two main districts or elsewhere in industry - to facilitate lack of skilled workers. - Thus no potential for enlarging the labour force - not even in the main shoe districts.

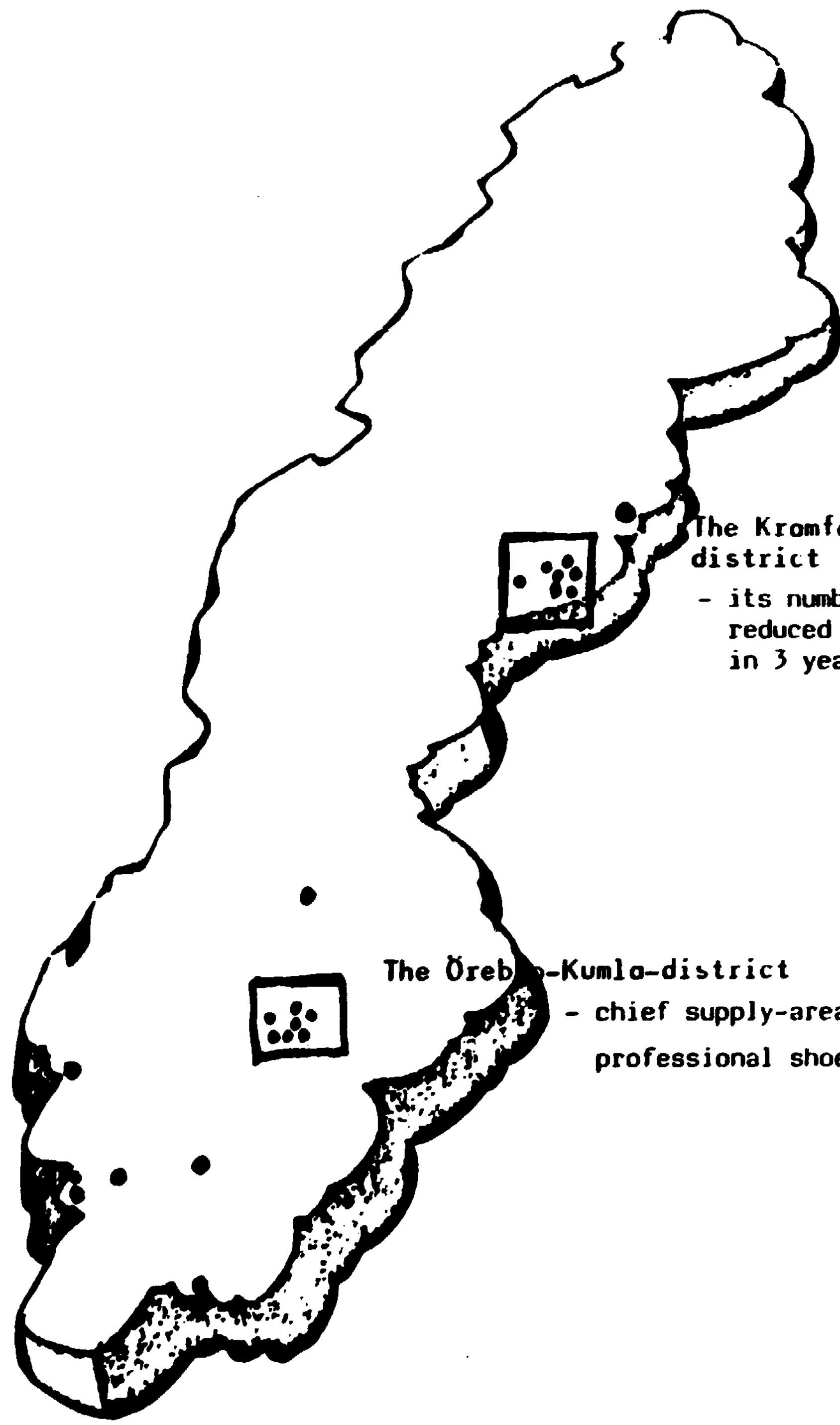
In today's situation and climate in the industry there seems to be potentials for an over-bridging between the two main sectors - exemplified by

- specialisation trends and mutual interest of exploring strong sides
- mutual interest in the results of the working group, headed by the Board of Economic Defence
- keeping an - for the industry necessary - infra-structure alive

Some idea of the groupings based on product-mix can be ascertained from Fig. 2 - pages 25-27. - The list does not include all producers.

Fig. 1

The two main leather shoe industry districts in Sweden.
- The quantitatively main members of The Shoe Institute



CAWI
LOMMA – SWEDEN

Fig. 2

SWEDISH SUPPLIERS OF SHOE PRODUCTS

Produktregister

Produktregistret är uppdelat i branscher och branscherna i sektioner. I varje sektion finns en punkttabell som redovisar den vara eller tjänst Du letar efter.
Låter det krångligt?
Ja, kanske uttryckt i ord — men läs bruksanvisningen och titta samtidigt på högeruppslaget så ser Du hur genialt enkelt KOMPASS-systemet är uppbyggt

Produktionsverzeichnis

Das Produktions- und Lieferantenverzeichnis ist in Branchen aufgeteilt und diese wiederum in eine entsprechende Anzahl Artikel. Im Anschluss daran folgt das dazugehörige Firmenregister mit der Punkttabelle. Waagrecht in der Punkttabelle finden Sie, alle Artikel, die eine Firma liefert, senkrecht dagegen alle Lieferanten für den gleichen Artikel

Index de la production

A gauche de chaque tableau de points, on trouve le nom, la ville et la région des fournisseurs pour les produits repris dans la section. Tous les fournisseurs de n'importe quel produit en particulier peuvent donc être trouvés rapidement en parcourant la colonne portant le numéro de produit. En même temps tous les produits de la branche considérée, fournis par une entreprise déterminée peuvent être aisément connus en parcourant horizontalement la ligne

Index of Production

To the left of each Points Register are shown by name town and region the suppliers of products contained in that section. All the suppliers of any particular product therefore can easily be found by looking down the column bearing the product number. At the same time all the products in that section supplied by any one company can easily be seen by looking along the line across the page

Indice de producción

El repertorio de proveedores esta dividido en secciones economicas y dentro de ellas en cierto numero de articulos seguidos por la correspondiente tabla de clasificacion en puntos indicando las empresas suministradoras. Las secciones horizontales de estas tablas indican todos los articulos suministrados por un mismo productor mientras que las secciones verticales indican todos los productores de un mismo articulo

---

I produktregistrets punkttabell finns fyra symboler som berättar om de foretag som finns med.
Symbolerna är:

● = Fabrikant
▲ = Fabrikant endast genom underleverantörer
△ = Grossist
○ = Agent

Die Punkttabellen weisen vier verschiedene Symbole auf, welche die Art des Lieferanten umschreiben.

● = Fabrikanten
▲ = Manipulanten
△ = Grosshändler
○ = Agenten

Les tableaux de points contiennent quatre symboles, indiquant la catégorie du fournisseur

● = Fabricant
▲ = Fabricant par sous-traitants
△ = Grossiste
○ = Courtier ou agent d'usine

The Point Register contains four symbols indicating the category of supplier of each product as follows

● = Manufacturer
▲ = Manuf. without own works
△ = Wholesaler
○ = Distributor or Agent

Las tablas de clasificacion por puntos incluyen cuatro signos que indican la categoria de proveedor

● = Fabricación
▲ = Manipulacion
△ = Comercio
○ = Agente

AGF Skofabrik AB Drottningg Box 80 S 692 00 Kumla 17
[illegible] AB Kalkbrottsg 61 S 216 11 Malmö 01
[illegible] Skydd AB Industribyn 8 Box 128 S 232 00 Arlöv 01
[illegible] Cog AB Smedjeg 14 S-347 00 Alvesta 07
[illegible] AB Aspholmev 14 Box 1042 S 701 16 Örebro 17

[illegible] AB Bronsyxeg 11 S-213 75 Malmö 01
[illegible] AB Ekhagsringen 17 Box 2117, S-550 02 Jönköping 07
[illegible] AB Fabriksweg 6 Box 4056 S 400 40 Göteborg 00
[illegible] Sko AB Box 2030 S-432 02 Varberg 00
Berge & Co AB Y Fröungag 26 Box 2025 S-421 02 Västra Frölunda 00

Berge & Co Export AB Y Fröungag 26 Box 2025 S-421 02 Västra Frölunda 00
[illegible] AB Kungsg 61 S-341 00 Ljungby 07
[illegible] AB Ostandbrov S 340 36 [illegible] 07
[illegible] AB [illegible] 13 Box 1331, S-171 26 Solna 15
[illegible] HB [illegible] S 370 12 [illegible] 04

[illegible] AB [illegible] 43 Box 2036 S 300 02 Halmstad 06
[illegible] Sko AB [illegible] Box 3046, S-692 03 Kumla 17
[illegible] Sandlund & Co HB, [illegible] S-941 90 Piteå 24
[illegible] Skofabriks AB [illegible] 11 S-692 00 Kumla 17
[illegible] Sko AB Box 14 S 780 21 [illegible] 20

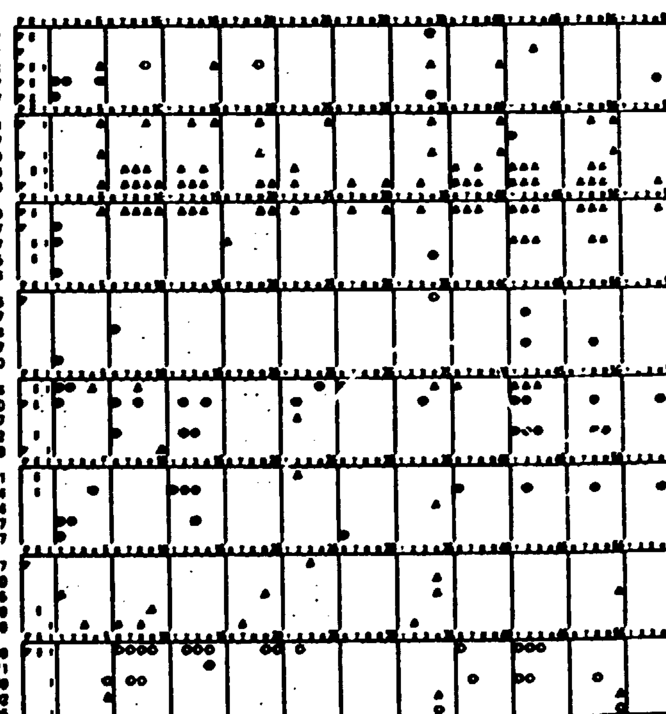
[illegible] AB [illegible] 6 Box 38 S-294 01 Sölvesborg 04
[illegible] AB Skov 22 Box 6 S-780 21 [illegible] 20
DES Svenska AB Jonas Oplands Vattenverksg 4 Box 1732 S-701 17 Örebro 17
Docksta Skofabrik AB S 870 33 Docksta 22
[illegible] AB [illegible] Export [illegible] Box 8083, S-400 00 Göteborg 00

[illegible] AB [illegible] Box 8 S 243 00 Höör 01
[illegible] Sko AB Box 80 S 294 01 Sölvesborg 04
[illegible] Gummi AB [illegible] 20 Box 1108 S 631 80 Eskilstuna 14
[illegible] Tryckelfabriken HB [illegible] 3 Box 37 S-692 01 Kumla 17
[illegible] Carlon & Co [illegible] 8 Box 8, S-341 00 Ljungby 07

[illegible] Sverige AB [illegible] 1 Box 2080 S 700 02 Örebro 17
[illegible] AB [illegible] 1 Box 84 S-441 27 Alingsås 10
[illegible] & Co AB [illegible] Box 4 S-172 21 Sundbyberg 15
[illegible] AB [illegible] Verkstadsv 7 Box 1124 S-436 00 Askim 00
[illegible] Sport AB [illegible] Verkstadsv 7 Box 1124 S-436 00 Askim 00

[illegible] Första Långg 10 21, S-413 27 Göteborg 00
[illegible] AB [illegible] 20 S 811 00 Sandviken 21
[illegible] AB [illegible] Box 2127 S-442 02 Kungälv 00
[illegible] Södërg 11 Box 104 S 275 00 Sjöbo 02
[illegible] AB [illegible] 1 3 Box 3048 S-183 03 Täby 16

Forts Forts



A [illegible] Cont Cont

- The numbers (1-55) in the table are explained in figure 2 page 3.

Source: Kompass - Sweden (1985)

Cont. ....

I produktregistrets punkttabell finns fyra symboler som berättar om de företag som finns med. Symbolerna är

● = [illegible]

▲ = [illegible]

△ = [illegible]

○ = [illegible]

Die Punkttabellen weisen vier verschiedene Symbole auf, welche die Art des Lieferanten umschreiben

● = [illegible]

▲ = [illegible]

△ = [illegible]

○ = [illegible]

Les tableaux de points contiennent quatre symboles indiquant la catégorie du fournisseur

● = [illegible]

▲ = [illegible]

△ = [illegible]

○ = [illegible]

The Point Register contains four symbols indicating the category of supplier of each product as follows

● = [illegible]

▲ = [illegible]

△ = [illegible]

○ = [illegible]

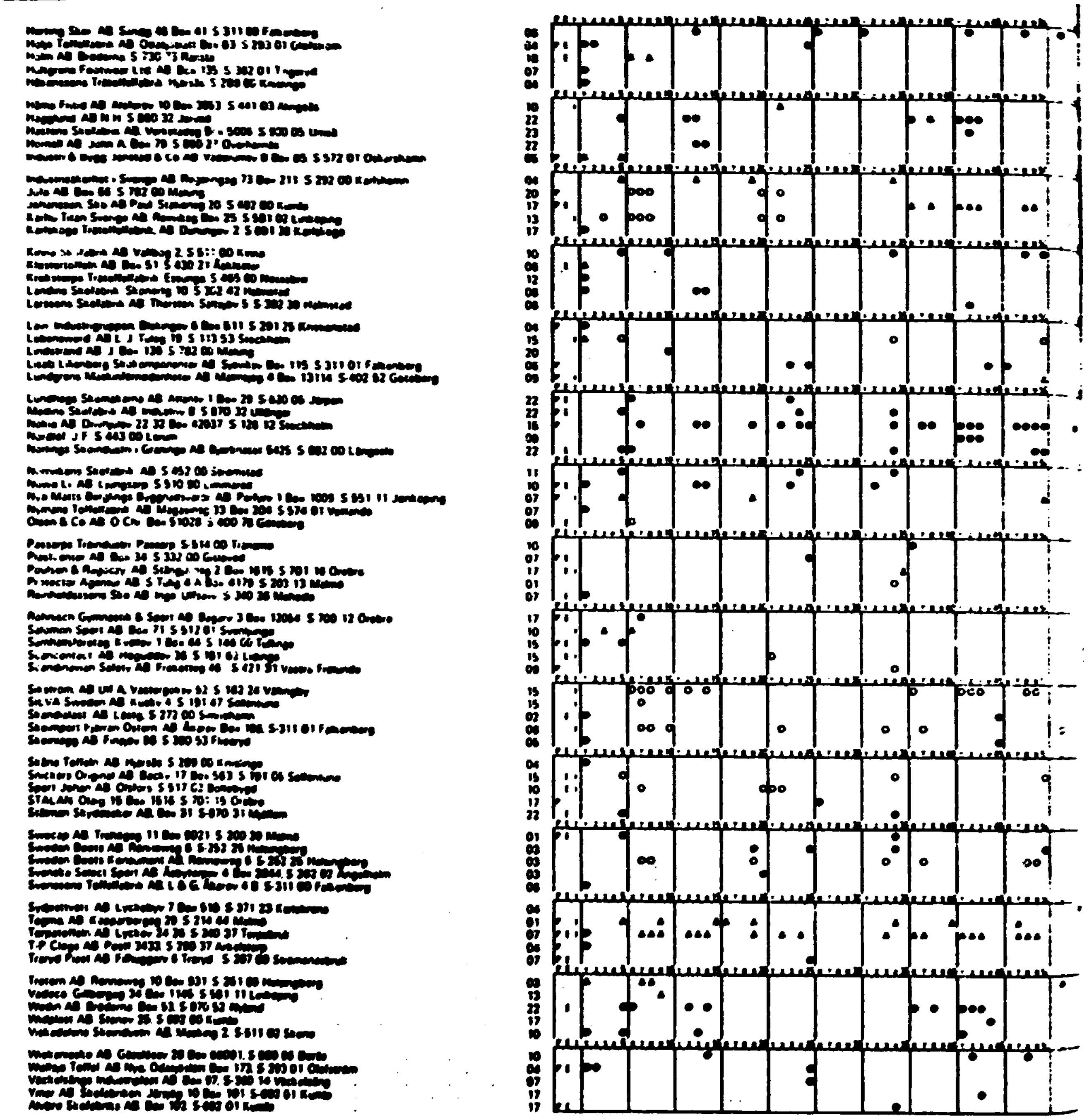
Las tablas de clasificación por puntos incluyen cuatro signos que indican la categoría de proveedor

● = Fabricación

▲ = Manipulación

△ = [illegible]

○ = Agente



Source: Kompass - Sweden (1985)

24-30 CAWI

LOMMA – SWEDEN

Skor och stövlar

[illegible]

Schuhwaren

[illegible]

Chaussures

[illegible]

Shoes and Boots

P More information in volume 2
E Export
I Import
M See trade mark after the grid
A See ad close to this table

1 Wooden Shoes, Wooden-Shoe Boots
2 Wooden Soles, Zoccolo
3 Slalom Boots
4 Luxury Shoes
5 Shoes for Workmen
6 Sport, Mountain and Skiing Shoes
7 Shoes for Gymnastics (see also pos 23-47 16)
8 Tennis Shoes, Badminton Shoes, Yachting Shoes
9 Bath Shoes
10 Boots for Motorcyclists
11 Orthopaedic Shoes
12 Sandals
13 House Shoes and Slippers
14 Felt Shoes and Slippers
15 Gaiters of Felt and Cloth for Gentlemen
16 Leather Leggings
17 Ski Gaiters
18 Shoe Tops
19 Rubber Boots, Galoshes
20 Football Shoes
21 Ice Hockey Boots
22 Training Shoes for Cyclists and Athletes
23 Inlay Soles, Leather Sewn Soles
24 Shoes with Vulcanized Soles
25 Plastic Soles, Wooden Soles

Rubber Soles, see pos 30-10 14

26 Shoe Welts
27 Shoes with Plastic Material Insoles
28 Felt Shoes for Use in Winter
30 Rubber or Vulcanized-Sole Slippers
31 Shoe Finishing
32 Ballet Shoes
33 Snow Boots
34 Safety shoes and boots with steel toe puffs on the inside
35 Riding Boots
36 Sandalettes
37 Skiing Boots
38 Boot-Lets, Short Winter Boots
39 Shoe Trees
40 Protective Gaiters
41 Gentlemen's Shoes
42 Ladies' Shoes
43 Children's Shoes
44 Wooden Heels, Shoe Heels

see also pos 25-35 11 and 36-37 43

45 Shoe Lasts, Shank Pieces

see also pos 30-72 02 and 36-37 43

46 Shoe Caps
47 Plastic Boots
48 Ladies' Boots
49 Children's Boots
50 Working Boots
52
53 Spiked Shoes
54 Shoes, not specified
55 Shoe Repairs

Cork Heels, see pos 25-35 11
Rubber Heels, see pos 30-10 14
Leather Heels, see pos 29-10 46
Footwear against Rain of Plastic, see pos 30-82 24
Home Socks, see pos 23-47 17
Shoe Buttons and Shoe Bows
Shoe Ornaments, see pos 29-21 14

Calzados

[illegible]

Source: Kompass – Sweden (1985)

The product-mix-situation 1984 is about the same as in 1980. There are only a handful of noteworthy producers in each kind of the main product groups.

Some characteristic changes in shoe-product-mix-structure can not be statistically verified or verified by compilation and reporting of information got. It can only be verbally stressed that - as earlier mentioned - there areelements of fashion shoes, youth models etc. as well as specialisation on professional shoes for certain work groups in today's product mix that did not exist to the same extent a few years ago - partly because of that it is a "must" (specially in smaller units) from product-volume-price point of view in order to survive (to pick up the best parts and stick to them) - partly because of a more marketing orientated shoe-producer- approach.

2.4.4 Investments and profitability

The state economic aid given to the Swedish leather shoe industry amounted in

1982/83	12,9 million Sw.Cr.
1983/84	21 " " "
1984/85	11,5 " " "

The above is to be compared to the 125 million Sw.Cr. given to the industry in the period 1979-81.

For the next three years (1985/86-1987/88) about 14 million Sw.Cr. will be given to the industry - almost already allocated. - These 14 million are exclusive the 10 million given for the next two years to the working group, headed by the Board of Economic Defence (see 3.3).

A survey made says that the profitability situation in industry is as follows. Of a total of the 24 largest shoe manufacturers 17 would make a loss if no economic aid, 7 run with a loss in spite of the economic aid and 7 would make some profit even without the aid.

The 7 companies without loss before aid would, however, have made a very minor profit of their turnover.

For smaller companies the picture would be even worse. - Probably producers of safety shoes/professional shoes constitute the major part of the profitable companies.

It is also stressed that if Swedish shoe industry should be helped by a general production aid this aid had to amount to 10 % of the turnover, t.i. about 25-30 million Sw.Cr. a year besides the loans/ support already given. Such a solution does not the Board of Economic Defence want. Therefore the working group above was formed.

In 1983 as well as in 1984 about 9 million Sw.Cr. were invested in the shoe industry (Table 16), mainly in machinary and equipment (modern stretching machines and data processing sewing machines included).

2.4.5 Imports

In the period 1980-1984 the Swedish import of footwear amounted about 25 million pair a year - with a peak of 27 million pair in 1984. The leather shoe import in the period has increased from about 11 million pair in 1980 to about 15 million pair in the "peak-year" 1984.

More detailed figures in Table 1.

The import structure from product point of view is roughly as follows (1984)

				% of total import	
				1984	1980
- 15,2	million	pair	leather shoes	56	46
- 8,2	"	"	textile shoes	30	30
- 1,3	"	"	rubber shoes	5	9
- 2,2	"	"	synthetic shoes	8	13
- 0,1	"	"	clogs		
- 0,1	"	"	other shoes		

Thus leather shoe import relatively is increasing - and rubber and synthetic is loosing.

More detailed figures as to the above in Table 8 and Table 12.

In 1984 92 % of total supply of leather shoes in Sweden was imported. The same figure in 1980 was 83 % (Table 11). Since 1980 the number of pairs imported has increased by 32 % while the total value of all shoes imported has increased by 63 %.

The import structure from origin point of view is as follows. In 1984 EEC and EFTA stood for more than 90 % of total value of leather shoe import (about the same figure as in 1980). For leather shoes Italy stood for the largest part of the import - 44 % of all leather shoes imported 1984. In one year (1984) Portugal increased its leather shoe export to Sweden by almost half of the total Swedish production the same year. - Import of leather shoes from developing countries has been and is relatively small - even if their has been in increase in import from Taiwan (about 70 % in pair-increase and about 185 % in value-increase).

More detailed figures in Table 9. - The total leather shoe import of about 15 million pair a year corresponds to about 7.500 job opportunities (as one worker produces about 2.000 pair a year).

An analysis of the present (1984) structure of footwear imports into Sweden with respect to their type, origin, gravities etc. is deliniated below.

Rubber high boots The quantity of imports 1984 increased compared to 1983 by 19 %. The value increased by 22 %. The increase is mainly to be referred to Malaysia, China and Great Britain. Malaysia increased its volume by 25 %. The dominating exporter was South Korea that increased its quantity by 20 %.

Plastic shoes The import of plastic shoes decreased in quantity by 25 % in 1984 compared to 1983. In value the decrease amounted 15 %. Countries with centrally planned economies increased in quantity. Among the EEC-countries Italy was the dominating supplier but decreased by 29 % in quantity and by 23 % in value. Among the developing countries Taiwan was dominating but decreased in quantity by 32 % and in value by 31 %.

Leather shoes The import of leather shoes increased in 1984 in quantity by 18 % compared to 1983. The biggest part of the import came from the EEC-countries, which increased by 15 % in quantity. The developing countries decreased in quantity by 7 % - while the EFTA-countries increased by 30 %. The dominating supplier within

EFTA was Portugal that increased by 44 % in quantity and by 61 % in value. Spain increased by 44 % in volume - Jugoslavia decreased by 27 %. Among countries with centrally planned economies Czechoslovakia increased by 32 % in quantity.

Slippers with uppers of textile The relatively small import of these shoes decreased in quantity by 4 % in 1984 compared to 1983. Main part of the import came from "other countries" (definition see Table 4) and developing countries. Other countries increased by 188 % in quantity while the developing countries decreased by 11 %. Among the developing countries Taiwan, Hongkong and South Korea were dominating. In quantity Taiwan reduced by 12 % and South Korea by 26 % while Hongkong increased by 11 %. The import from China decreased in quantity by 46 % (from 146.000 pair down to 79.000 pair).

Special shoes for gymnastics and special sports footwear with uppers of textile The import of these shoes are relatively small. It decreased by 2 % in quantity in 1984 compared to 1983. The main part of these special shoes came from the developing countries (above all from Taiwan and South Korea) and EEC (mainly from Italy). Taiwan increased in quantity by 33 % while South Korea decreased by 14 %. Within EEC Italy decreased by 39 % in quantity while within EFTA Finland increased by 48 %.

Other shoes with uppers of textile The import of these shoes increased in 1984 by 22 % in quantity and by 22 % in value compared to 1983. The quantitative increase is to be referred to countries with centrally planned economies and developing countries. Within the group centrally planned economies China increased in volume by 177 % (from 575.000 pair up to 1.595.000 pair). From the developing countries the import was dominated by South Korea, Taiwan and Hongkong. South Korea increased by 9 % in quantity, Taiwan by 21 % while Hongkongn decreased by 19 %. Import from EEC was quite dominated by Italy that, however, decreased in quantity by 35 %.

-o-o-o-

2.4.6 Exports

Exports of footwear from Sweden had a peak in 1980 and has since then been declining. The decrease is mainly caused by drastic cut-downs in export of clogs. The export of leather shoes, however, has increased relatively heavily - by almost 100 % in the period 1980-1984 (Table 6:a and Table 13 as to the structure of the leather shoe export).

In 1984 the total number of shoes exported amounted 4,3 million pair - whereof 1,0 million leather shoes. In other words - leather shoes amounted about 1/4 of total export quantity.

The value in running prices of the total export in 1984 amounted 234 million Sw.Cr. - whereof leather shoes 96 million Sw.Cr. (about 40 %). - More detailed figures as to those in Table 4.

As can be found in Table 6:a low shoes and sandals for women made an essential part of quantity exported. It was in 1984 about four times as big as in 1980 (total leather export about twice as big as 1980). - Also worth noting from Table 6:a is that the safety/ professional shoe sector that stands for about 1/4 of total domestic leather shoe production only has an export of about 84.000 pair a year (less than 10 % of total shoe export).

The shoe production in Sweden is mainly adapted to the Swedish market as most shoes are made to fit Swedish climate and Swedish feet. Thus export is restricted to a handful of countries having the same conditions as to climate, feet etc. as to Sweden. - The relatively high export in comparison to domestic production is partly explained by some of the import being exported.

3. TRENDS AND POLICIES

The trends and policies

- registrered when analysing facts found
- possible to squeeze from results of interviews made

are as follows - grouped in

- Recent development trends in terms of corporate structures, processes, products and trade (3.1)
- Technology trends (3.2)
- Government policies (3.3).

3.1 Recent development trends in terms of corporate structures, processes, products and trade

The trend in the 1980:s up to now as to corporate structures has been that most units have turned out to be smaller and more specialized - specially those having been restructured in a bankruptcy process. About half of the bankruptcy cases (at least 7 in 1982-1984) in the last years has been restructured in that way - and in some cases got new owners.

Statistical material indicating the trend as per above is not available.

The production as well as employment has still a downward trend - and from economic survival point of view the situation seems rather shaky and critical in most cases (apparently excl. the safety shoe sector, however).

There is today no grouping similar to the earlier Shoe Group as to consumer orientated shoes - the Arbesko-group within the safety and professional shoe sector remains a fact, however, and seems to be still going strong.

One or two small and specialized companies sticking to their niches (f.i. special boots) are also running better than the "normal" shoe industry.

In the restructuring process of the Shoe Group a leader and new owner from outside (with experience from product development, marketing development and marketing) was searched and found for - and supported in - one of the daughters in the split-up Shoe Group.

A similar case - resulting in the earlier mentioned cooperation with a Finish producer - has taken place in the safety shoe part of the earlier Shoe Group. Those two cases are in these days more or less pilot projects for the future shoe industry "success story" - if any.

Roughly it could be stated as to management

<u>that</u> management in some cases has improved just as a consequense of the bankruptcies and their restructuring processes

<u>that</u> when management as a future problem for the industry is stressed it is not only a question of the top-management of respective shoe company (who will, in fact, be a shoe industry leader/owner in Sweden tomorrow ......) but also - and heavily - a question of foremen and supervisors. - And the wage structure seems to be rather unfavourable (Table 18).

The outcome of the pilot projects mentioned above are essential for the industry's future attractivness to new leaders and foremen.

No real mergers have been found in the study - but

- a logical one in the form of the safety shoe group Arbesko purchase of one of its earlier big sub-contractors (having its production earlier sold by Arbesko)
- a cooperation interest in the form of th Finish shoe company's participation and partnership in the r [illegible]ured safety shoe company earlier within the Shoe Group.

As to ongoing processes it could be stressed that the climate for cooperative talks of mutual interests seems to be much better than in 1980-81 - talks not only between the shoe producers but also between producers and the shoe-retailers (producers and shoe-retailers will cooperate in a special marketing campaign this spring, stressing "Buy Swedish shoes").

Rather obvious is that marketing is much more aggressive now than some years ago. The Shoe Institute has arranged marketing campaigns and even brought in some state money (in campaigns shoe retailers, shoe producers and state-support are covering one third each of the cost). And - for the first time in history - the Swedish shoe producers had their "own shoe street" (organized by the Shoe Institute) at the shoe fair in Stockholm this spring.

In addition to the above the following two things are worth noting

- There is a restricted attitude to the Swedish shoe industry within the retailing sector as it is afraid of dealing with companies being - from time to time - on the edge of bankruptcies - a fact that is said to restrict the retailers' inclination to market Swedish shoes

- Based on the negative effects as per above the question has been raised if it wouldn't be fruitful if the retailer side would be more involved in the Swedish shoe industry - even being a co-owner - to create an integration mutually benefitable to production and retailing. - In practice an idea that seems hardly possible to fulfil, however.

The producers will also cooperate in a special working group for overriding and long range steps to be taken to have the industry survive - a cooperation being a result of the Board of Economic Defence granting 10 special million Sw.Cr. in 2 years for such a project (see Government policies - 3.3).

As to trends in production processes there has been found a trend towards parts (various input materials) being more and more brought in from different sources - to be essemblied at the factory. And there is also a trend that input material more and more is coming in from abroad - "up to 100 %".

A real threatening process seems to be that the shoe industry-infrastructure is getting too hurt by a too small domestic shoe industry - and seems to have reached a critical situation at today's production level of about 2 million pair a year. A smaller shoe production a year would mean that also the best shoe producers of today - and tomorrow - will loose the service they really do need from shoe-industry-infra-structure point of view.

As to the Swedish product mix the specialisation trend is earlier stressed. This trend turns out to be a "must" for future survival for most units which, however, means small scale production units - which sometimes also means a real drawback. There is f.i. an example of a specialized product gaining an interest in the US with an initial trial order of some hundred thousand pair - meaning that the Swedish producer had to give up the trial order (the product in question is now produced in the Far East).

When studying the Swedish product mix possibilities and trend it seems rather clear

that safety shoes have made benefit of the environment debate in Sweden

that the professional shoe area (nurses, air-hostesses, resturant people etc.) offers a lot of future potential (observed by an "awake" part of Swedish shoe industry)

that it above all is shoes for ladies that have been loosing ground

that there is a real try from new-coming management from outside to "brush up" collection of shoes (specially for men - completed by youth models - having Italian disigners engaged/involved).

From trade trend point of view there are no special new trends. The import structure roughly seems to remain - with some further emphasis on Portugal.

The above is referable to leather shoes. As to other shoes see "Import 2.4. "

The developing countries do not seem to have/do not seem to get any further success on the Swedish leather shoe market - at least not within reasonable time.

The consumption and import peak in 1984 could be a temporary peak and has to be followed up before any definite conclusions.

The export figures for leather shoes in 1984 indicates an upturn - not referable to the safety shoe sector (the safety shoe sector has no intention of trying to strengthen its export - it does not want to lower guard domesticly - it instead prefers to find new niches domesticly).

Sub-contracting arrangements exist and seem to grow gradually - most of them focused to Portugal and Italy. It is not from the shoe producers that the sub-contracting emerge but from the wholesalers.

Some domestic sub-contracting arrangements exist (specially as to shoes for children) - apparently living under current threat from international competition.

There is a trend of increased internationalisation and closer international cooperation. Wholesalers/importers do not only have their internationally working trend-finders, designers and supervisors abroad checking production, products and transports - but also do have in some cases a closer cooperation to foreign producers in the form of buying all production from one special foreign unit (in Portugal some producers only produce for Swedish wholesalers).

Worth noting is also the trend of pure sub-contracting - meaning that most products are bought on prescription (only about 10 % of main wholesaler-import are bought in the form of shoes ready-made at factories abroad without pre-descussions).

Besides in Portugal and in Italy sub-contracting have been found in South Korea and Taiwan. - Sub-contracting leather shoe potentials for other developing countries seem today rather small - "basics" in the form of "established" and "qualified" suppliers being a "must" for awaking an interest.

Other forms of redeployment than sub-contracting as per above has not been found.

3.2 Technology trends

The number of work-operations to get a shoe for men produced is said to be about 100-150. To study "recent status of technology in all stages of manufacturing in the sector" thus is/has been impossible.

Thus this chapter only can give a rough picture of technology facts and feelings from those interviewed - a picture that runs as follows.

- No revolutionary technology development has taken place - and will not take place in the short run. - The Shoe Group did buy machinary to their units, the Arbesko group has bought machinary etc. - but the investments are not signs of any revolutionary technology development.

- Thus the technology in the 1980:s in the Swedish leather shoe industry is and seems to be about the same - Sweden is of no interest as major new technology is said to be "a lot of numbers too big" and thus not approriate to the Swedish shoe industry. New technology is based on big-scale-production and will normally be too capital-intensive to the Swedish units (only a very few units seems big enough to be able to benefit from big-scale-economy-techniques).

- There is, however, a mental preparedness for new technology - mostly referred to as the "threat from Portugal" (technical experience is today moved over to Portugal that will be still more competitive, Portugal now a member of the EEC, a big Danish producer is already moving to Portugal etc.). - The Swedish technology improvement trend (of appropriate technology) is, however, very cautious and slow because of the non-profitability in the sector.

  Investments in machinary/equipment in the last two years are very small, which can be found in Table 16.

- There is an awareness of that very interesting new technology improvement possibilites are on its way, like

  - data-grading
  - data-cutting
  - data-production planning
  - data-designing

but in general the data-maturity in the small units is "none", except in a few cases. - Within the working group economically supported by the Board of Economic Defence (see chapter 3.3 below) probably a data-production-planning-case will be run.

- The safety shoe sector seems technologically to be more "on schedule" than the rest of the shoe industry (and - as earlier mentioned - also reorganize in merging two of their plants into <u>one</u> to get potentials for efficientcy ....) - but f.i. also in the sector of shoes for children there is modern technique/equipment (data-controlled sewing machines).

- From work-invironment point of view the restructuring of the industry in 1980-81 resulted in very good plants - having no need for further invironmentel investments.

- The Swedish ASEA is said to develop robots together with Danish producers - robots for
  - assambly
  - making bottoms
  - etc.

- There is no trend of substituting leather by synthetic material in Swedish shoe production - thus there is no need today for using new technology relevant to production of synthetic shoes (synthetic material has some potential in fashion shoes - not in the Swedish productien, however, basically being non-fashion- based).

- As a result of the ongoing reconsidering of the leather shoe industry and the planning of a production of shoes in a period of crisis the Board of Economic Defence has asked about 10 of the leather shoe companies to develop shoes based on
  - non-leather-material
  - a simplified production process

  as per a "Felt shoe project" based on domestic raw material (a felt produced from waste-material). Prototypes were made (and exhibited at the 1985-spring-shoe-fair in Stockholm) - and the results are said to be good.

  To be noted is that the project does not intend to compete with the ongoing leather shoe industry and its production - but only intends to secure shoe production in a real period of crisis.

-o-o-o-

Thus - summarized

In the leather shoe industry in Sweden - being a small-scale-industry - there is no real possibility for adopting revolutionary capital-intensive new technology. Appropriate technology news, however, are of interest and will probably slowly be adopted - step by step (state aid probably provided) - by those companies surviving. The working group headed by the Board of Economic Defence (see chapter 3.3) will be helpful to the industry - and "guarantee" that it (the industry) really does not loose contact with ongoing technological development appropriate to it.

Karavellgatan 1, S 234 00 Lomma, Tel (0)40 41 10 22 Telex 32158 PUBTM S Ref Intercav.

3.3 Government policies

As a neutral country Sweden has to have preparedness to cover its needs of foods, energy and clothing - incl. shoes - in case of war and/or barring.

As a consequence of the above the government has acted from time to time, f.i. by stipulating in 1977 (as described in the 1981 report) a goal for Swedish leather shoe production of 2,0-2,5 million pair a year (giving a guarantee of 10-15 million pair in a crisis period of 3 years - shift-work included).

The above goal of 2,0-2,5 million pair of leather shoes a year was valid up to 1981 when it was changed/moderated (modified) to production "to aim at".

In addition to the above government in a bill of 1982 stressed that a group of goods within basic textiles and shoes has to be given priority and special consideration.

What is said above as to "to aim at" and priority and special consideration is still valid - and will probably be so until spring 1987 when the result of a total planning system aiming at a new defence decision will be finished and presented to government. Between now and spring 1987 there will only be one new full Parliamentary session and irrespected of what the outcome of the election this autumn (september 1985) will be there will probably be no running in advance of the 1987 outcome of the ongoing total planning system as per above.

Thus it could be said that government is prepared to suppport Swedish leather shoe industry to keep a 2,0-2,5 million pair production - but not at any price. It acts as earlier through its authority the Board of Economic Defence - now headed by the Ministry of Defence, not by the Ministry of Affairs as in 1981.

The Board of Economic Defence once a year gives a report to the government about the situation and development within the industry - and also about the situation in each company getting aid. This report is confidential so it is, in fact, very difficult to get economic information about the sector.

The aim of the earlier support given to the industry (as a result of the recommendations of the Shoe Delegation) was that after benefiting from that aid the industry would (if Swedish relative competitive strength in general would not be worse) be strong enough to act without further aid. So, in 1981/82 there was hardly no new state money allocated to the industry - but in the period 1982/83-1984/85 it got about 45 million Sw.Cr. and will get about a further 15 million Sw.Cr. in 1985/86-1987/88 (based on 5-year-agreements with respective company - already made).

In addition to the above there will be additional 10 million Sw.Cr. for overriding purposes for the branch, for steps benefitable for its survival in the long run - given to the working group headed by the Board of Economic Defence, with members from chief industries in the sector and from the union. - This group is based on the feelings that the general outline and policies of the Shoe Delegation were right - therefore a cooperation in the above group on the initiative of and with the heading of the Board of the Economic Defence.

The alarm signal and catalysator for forming the group has been an analysis of the books of the shoe companies - indicating alarming figures (indicating 1/4 of the companies going bankruptcy in the next years, it is said).

The 10 million Sw.Cr. for overriding purposes (maybe allocated to the industry/to projects by a special company owned by the industry??) could be used for

- reqruitment of qualified staff/employees, changes of owners, management training
- cooperation as to sales and purchasing
- marketing campaigns - on branch-level as well as company-level
- use of qualified designers and product developers
- data services as to f.i. production planning
- structural cases - merges of companies

By messures as per above - specially focused on weak points in the industry/companies - the Board of Economic Defence does hope that there will be a possibility to save the leather shoe industry. If the companies had to be kept alive by a general production aid it had to amount to 25-30 million Sw.Cr. a year, it is said, but such a solution/such a general production aid the Board of Economic Defence does not want for the future.

The support now given to the industry as per the 5-year-agreements up to 1987-88 is in a form of some kind of "loan for preparedness" - written off (not to be paid back) if the company fulfil its undertakings, which are

- to keep a certain production
- to keep certain stock
- to take steps agreed upon to improve marketing, production and result.

There is an "action program" for each company getting support - made by the help of consultants and the aid is followed up more actively than earlier (the Board of Economic Defence has got some critisism for not having earlier statisfactorily followed up plans and aid given).

It is impossible to get to know or to judge if the 5-year-aid 1982/83-1987/88 now running is "the last chance" for the industry or not (there is - as mentioned in chapter "Technology trends" - some research ongoing as to production and use of felt shoes etc.). - However, it is also officially indicated that supporting shoe industry as now is less expensive than necessarily stocking shoes as an alternative to keeping an ongoing production.

As to international trade there are no actions taken from government. So, Sweden is a wide open country - except quotas as to some countries with centrally planned economies.

Not even anti-dumping actions are taken. There are some plugiates of typical Swedish branded shoes coming into Sweden from East-European quota-countries - heavily dumping-priced - but from industry it is stressed that it would hurt more to counter- act in order to get a (very small) dumping-punishment (a non-effec- tive fee) than not to act as an action probably would result in a taking away the shoe-quotas.

-o-o-o-

Summarized government policies could be squeezed into the following statements:

1. Shoe industry policy differs from other Swedish industrial policies by being a sector to have "preparedness for covering needs of a neutral country in case of ...." - thus government has to stick to some safe-guarding policies, realized in general terms, however. Thus there are

   - no trade restrictions (the government sticks to a wide open economy policy and does not consider any import control or other forms of restrictions - quotas re some countries with centrally planned economies, however)

   - no special locational policies etc. (the total production of leather shoes is more essential than the parts of it - it does not matter where and by whom production is produced, the chief point is that it is and will be produced and will cover all kinds of necessary shoes, that is shoes for men, shoes for women and shoes for children).

2. Realizing its safe-guarding policies government is by its structural adjustment policies actively affecting the restructuring, keeping-alive and (appropriate) innovation process of the leather shoe industry by giving some economic support and acting through its authority the Board of Economic Defence (as described above) - in order to keep the 2,0-2,5 million pair domestic leather shoe production "aimed at", not at any price, however.

4. INTERPRETATION OF FINDINGS AND A BROAD OUTLOOK REGARDING FUTURE DEVELOPMENT

4.1 Introduction. - General basic feelings based on interpretation and a very rough evaluation of findings, statements and facts

Considering findings, statements and facts from the survey results in some general basics as follows.

- Strictly commercial it is (and will within foreseeable future be) impossible to run industrial shoe production in Sweden (meaning non-handicraft production without governmental economic support) - because of the combination of high labour cost-small scale series-high priced products in a relatively small market dominated by competitive import.
- The way the branch works make it easy for producers in other countries to plagiarize any Swedish brand.
- Swedish shoe producers do have to make good products - products that can be given a high price and thus can match high costs - and products that can be branded.
- There are potentials for more shoe niches in Sweden within the professional shoe sector - in fact also for export (f.i. orthopedic shoes for hospitals abroad - f.i. F. R. of Germany).
- The main reason why there still is a shoe industry in Sweden is the state economic support given to the sector.
- The state economic support given in the last years is given tougher conditioned than earlier.
- Without an "aggresive" and economic state envolvement in the future of the shoe industry there will hardly be any future shoe industry in Sweden. - Up to now supporting the shoe industry has been the most ecunomical way of keeping necessary preparedness in case of war and/or barring - and will probably be so also within foreseeable future.
- The restructuring processes in the last years have put brakes on a downward production trend and resulted in
  - a few pilot projects that must survive, succeed and turn out to be good norm-cases - or life-spark within civilian shoe sector will die and there will be no natural downward-brakes anymore

- a shoe industry structure consisting of 3 obvious parts being of about the same size (about 1/3 of total production each) a safety and professional shoe sector and a civilian shoe sector devided in a bottom-/basis-platform (consisting of a handful of the main producers) and the rest (consisting of specialized as well as non-specialized small companies - being the weakest part of the 3 parts).

- The failures in the last years (the Shoe Group and some other "overinvestment" cases) stress the importance of leadership and controling in restructuring-, turn-around- and/or keeping-alive-cases.

- To a great extent the combination of successful management and niche-orientation will be decisive for future shoe industry in Sweden.

- The age structure of the labour fource as well as of managers, foremen etc. is unfavourable, vocational training is almost un-existing, recruitment potential to the industry small due to lack of attractiveness after years of gloominess in the branch - all in all fundamentals for growth is weak.

- The infra-structure for the shoe industry seems to loose ground and to be a future problem to the industry. - To keep a functioning infra-structure there is a need of at least/about a 2 million pair production a year.

- The shoe industry turns out to be more and more an assembly-industry - based on imported input materials.

- No new material and no new revolutionary technology will be noteworthy elelments in Swedish shoe industry of tomorrow. - Leather will keep its outstanding position in Sweden - only in some fashion shoes there might be more synthetic in future.

- The strong side in the Swedish shoe supply system is the whole-salers/importers. Management, a lot of competence, market-orientation, ambition and aggressivness exist there.

- Import will keep its position and sub-contracting will increase. Import-potentials will, however, hardly exist within the safety and professional shoe [illegible] as this sector is domesticly dominating in its market, [illegible] sound, moreover protected by norms.

- The wholesalers/importers represent the redeployment potential. Within the shoe industry there is hardly any redeployment potentials. - Redeployment arrangements will be focused to main European shoe countries (mainly Portugal) - those developing countries having some shoe "basics" already could to some extent benefit from the redeployment potentials (case by case studies are recommended - as well as the study of the Portuguese trend and its effects).

- As hints for the developing countries could further be stressed
  - Build up - strictly structured - "basics" in the form of a domestic production for local needs and covering local needs
  - Use well-established "basics" (incl. necessary infrastructure) for export potential - keeping product-mix-concentration in mind. Do not try to imitate fashion-shoe leather shoe specialists, like Italy. - Keep, however, an eye on future possibilities for synthetics
  - Be open for sub-contracting-arrangements - find "niches" in export markets - work case by case in handy, operational cases - well managed and controlled
  - Protect and/or support - well-organized and by strict project supporting - in one way or another the initial phases of the shoe-industry-development up to a "basics"-level giving units experienced and "qualified" for discussions of - and covering - foreign niches/needs
  - Take a real good look at Portugal - on the spot - and (based on a Portuguese study) the interaction shoe processes in the last years between Swedish and Portuguese shoe interests and their potentials for and exploitation of mutual interests. - Try - at the same time - actively to find one or two foreign redeployment "friends" abroad (f.i. in Sweden or Denmark) - thoroughly choosen from a small group/selection of potentials - and start a cooperation process based on an initiative "offered" to the "friend" choosen.

Karl..e gatan 1, S 234 00 Lomma Tel (0)40 41 10 22 Telex 32156 PUBTM S Ref Intercaw

4.2 Scenarios

As there are some new and probably essential actions taken within and for the shoe industry in these days it is, of course, very difficult to make scenarios. Roughly sqeezed the inputs for forecasts could be evaluated into results as follows.

A. In the short run (say 3-5 years)

1. No further state economic support

The consumer-orientated shoe industry sector could - as now - be structurally devided into

- a bottom-/basis-platform consisting of the main re-constructured basic units covering shoes for men, women as well as children
- the rest consisting of speciality-orientated as well as non-speciality-orientated smaller units (a handicraft sector)

If there will be no further economic state aid in future (than already allocated - the about 60 million Sw.Cr. for the period 1982/83-1987/88) the most probably scenario for 1988-90 seems to be an increased internationalisation (in the form of sub-contracted-based purchasing abroad) and a reduced domestic production of leather shoes by 25-50 % - with the safety/professional shoe sector being unreduced, however, but with the bottom-/basis-platform as per above as well as the handicraft-sector rather hard hit.

Worth noting is that

- most companies today are "shaky" - about 1/4 being on the edge of bankruptcy
- there is a normal "blow out" irrespective of competition (old owners and old workers - soon to be retired etc.) - and lack of inclination being new investors/owners
- Portugal only seems to be in "phase No. 1" in its shoe industrial development process

- no import restrictions will be set up in Sweden - thus Sweden will be a wide open economy with relatively very high labour costs (Table 18)
- reduced Swedish purchasing power in a period of "harder times" will not be benefitable for high-priced Swedish shoes

Thus summerized:

- One or two industrial producers of each kind of consumer-orientated shoes (shoes for men, women as well as children) may be alive after 3-5 years - with a considerable reduced production, however
- The safety/professional shoe sector might have adopted some new niches and some new appropriate technology and also increased a little in production
- A handful of small, typical niche-producers making specialities will complete the above picture
- All in all the above will produce about 1,0-1,5 million pair of leather shoes a year
- The rest of today's shoe industry will disappear in one way or another - and one or two of the "strong" alive ones within the consumer-orientated shoe sector will have taken steps going abroad by sub-contracting arrangements.
- The import structure will principally remain. The big supply countries will be the same as earlier, t.i. Italy and Portugal. - Finland, F. R. of Germany and Austria will have lost some ground. Portugal will be the big winner. The Far East (South Korea and maybe also China) will have increased somewhat - and there will be some noteworthy new-comers, f.i. Greece. The developing countries will in total have about the same share of total Swedish import as today, however.

A further squeezing says: In principal there will mainly be left a niche-orientated, speciality-orientated and safety/professional shoe-orientated shoe industry - producing about half of today's leather shoe production. - Thus more and more specialities - with an increased part of the domestic production not sold via the ordinary shoe-retailer-net but direct to specific consumer groups.

Infra-structure will be a problem because of a too small total shoe production - Import of input materials will further increase.

2. Some further economic state support (say to the same extent as in the period 1982/83-1987/88 - thus about the 60 million Sw.Cr. already allocated)

An economic support as per above could roughly change the above scenario as follows.

Cooperation and new/fresh forms of cooperation will probably grow up - with the Board of Economic Defence as a catalysator.

There will be a further specialisation trend in the sense that the consumer-orientated shoe mix will be further split up between the companies - and the civilian shoe sector and safety/professional shoe sector will probably have a closer cooperation.

Development projects will be run and will be keeping the companies together in a close and mutually benefitable cooperation.

Production will, however, decrease from today's level - not so much as in scenario 1, however. Say that it will amount 1,5-1,8 million pair - not in the form of a "normal industrial" production but a production run by means of active governmental restructuring and industry-alive-keeping steps.

The governmental production aimed at today (2,0-2,5 million pair a year) will be reduced - and adjusted down to a practical goal of preparedness of about 1,5 million pair.

B. <u>In the long run (say 8-10 years)</u>

A long run scenario seems impossible to build up - as there are no shoe industry trends based on fundamental positivism that can be drawn out. Thus it would not make any sense to try to picture a 8-10 year scenario - more than as follows.

Swedish non-safety/non-professional shoe production will have lost further market - and will probably have no chance to come back, not even if quite a new technology and quite new materials instead of leather would bloom in the long run. The domestic market is and will be relatively small and favourable comparative benefits to a future successful export seem hardly to araise.
- The safety and professional shoe sector could be strong - even if not based on export-volumes, but having found and exploited new niches and appropriate new technology.

4.3 <u>Outlook within seizable vision of future</u>

The most realistic scenario within seizable vision of future is the scenario as per 4.2.A.2 above, meaning that there also in future will be some (similar to earlier) active governmental safeguarding and industry-alive-keeping actions taken, as it will turn out to be more economical to support a basic shoe industry to keep preparedness than f.i. stocking shoes and/or preserving closed plants.

CAWI
LOMMA – SWEDEN

TABLES AND ENCLOSURES

TO

THE LEATHER SHOE INDUSTRY

IN SWEDEN

1985

HISTORICAL DEVELOPMENT - POSITION - DEVELOPMENT TRENDS

\- - - - - -

FOR THE

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

(UNIDO)

BY

CARL THURN

(AUGUST 1985)

CAWI INTERNATIONAL

● INTERNATIONAL MARKETING ● LICENSING ● JOINT VENTURES ● EXECUTIVE SEARCH

Karaveligatan 1, S 234 00 Lomma, Tel (0)40-41 10 22. Telex 32158 PUBTM S Ref. Intercaw.

LIST OF TABLES AND ENCLOSURES

CAWI
LOMMA – SWEDEN

ENCLOSURES

Kanalgatan 1, S 234 00 Lomma. Tel (0)40 41 10 22. Telex 32158 PUBTM S Ref. Intercaw

CAWI
LOMMA – SWEDEN

Table 1

STATISTICAL OVERVIEW

CONSUMPTION, PRODUCTION, IMPORT AND EXPORT OF SHOES 1960-1984 - MILLION PAIR

	Consumption		Production		Import		Export	
	Total	Leather	Total	Leather	Total	Leather	Total	Leather
1960	24,0	15,7	18,7	11,8	6,6	4,0	0,6	0,1
1965	30,4	18,6	18,4	11,3	13,5	7,6	1,4	0,3
1970	30,6	18,0	15,1	7,1	20,1	11,7	4,7	0,8
1975	27,1	13,6	13,0	4,0	19,8	10,2	5,7	0,7
1980	27,4	14,0	8,0	2,8	25,3	11,7	5,8	0,5
1981	27,2	13,5	9,0*	2,8	23,3	11,3	5,1	0,7
1982	27,4	14,9	7,6	2,7	24,9	12,9	5,0	0,6
1983	25,6	14,6	6,2	2,5	24,3	12,9	4,9	0,8
1984	27,8	16,5	5,1	2,3	27,0	15,2	4,3	1,0

----
* The increase from 1980 refers to an upturn (a peak) in production of clogs.

Source: SCB-statistiska meddelanden Iv. (Statistical reports Iv)

Karavellgatan 1 S 234 00 Lomma Tel (0)40-41 10 22 Telex 32158 PUBTM S Ref Intercaw

CAWI
LOMMA – SWEDEN

Table 2

SUPPLY (PRODUCTION + IMPORT ./. EXPORT) OF SHOES 1960-1984 (MILLION PAIR)

	Leather	Textile	Rubber (incl. boots)	Synthetic	Clogs	Other shoes	Totally
1960	15,7	2,8	2,6	0,4	1,3	1,3	24,1
1965	18,6	4,6	2,4	0,9	2,2	1,7	30,4
1970	18,0	3,4	4,2	2,2	1,4	1,4	30,6
1975	13,6	4,6	3,3	2,5	3,0	-	27,0
1980	14,0	7,4	2,8	3,2	-	-	27,4
1981	13,5	7,3	2,0	2,6	1,8	-	27,2
1982	14,9	6,7	2,1	3,3	0,3	-	27,3
1983	14,7	6,8	1,4	2,8	-	0,1	25,8
1984	16,5	7,8	1,5	2,1	-	0,1	28,0

Source: SCB-statistiska meddelanden Iv. (Statistical reports Iv)

Karavallsgatan 1, S 234 00 Lomma Tel (0)40-41 10 22 Telex 32158 PUBTM S Ref Intercaw

CAWI
LOMMA – SWEDEN

Table 3

PRODUCTION OF SHOES 1960-1984 (MILLION PAIR)

	Leather	Textile	Rubber (incl. boots)	Synthetic	Clogs	Other shoes	Totally
1960	11,8	2,4	2,5	0,1	1,2	0,5	18,5
1965	11,3	1,5	2,4	0,4	2,4	0,3	18,3
1970	7,1	1,0	2,8	0,1	4,1	0,1	15,2
1975	4,0	1,6	1,2	0,1	6,1	-	13,0
1980	2,8	0,4	0,6	0,1	4,0	-	7,9
1981	2,8	0,5	0,6	-	5,0	-	8,9
1982	2,7	0,5	0,6	-	3,8	-	7,6
1983	2,6	0,4	0,5	-	2,8	-	6,3
1984	2,3	0,4	0,4	-	1,9	-	5,0

Source: SCB-statistiska meddelanden Iv. (Statistical reports Iv)

[illegible] 1 S 234 00 Lomma Tel (0)40-41 10 22 Telex 32158 PUBTM S Ref Intercaw

CAWI
LOMMA – SWEDEN

Table 4

PRODUCTION, IMPORT, EXPORT AND DOMESTIC DEMAND IN RUNNING PRICES (MILLION SWED. CROWNS)

1 9 8 0

	Production	Import	Export	Domestic demand
Leather shoes	262	844	44	1062
All shoes	499	1194	237	1453
Leather shoes in % of all shoes	47 %	74 %	19 %	73 %

1 9 8 3

	Production	Import	Export	Domestic demand
Leather shoes	262	1133	68	1327
All shoes	462	1552	237	1777
Leather shoes in % of all shoes	56 %	73 %	29 %	75 %

1 9 8 4

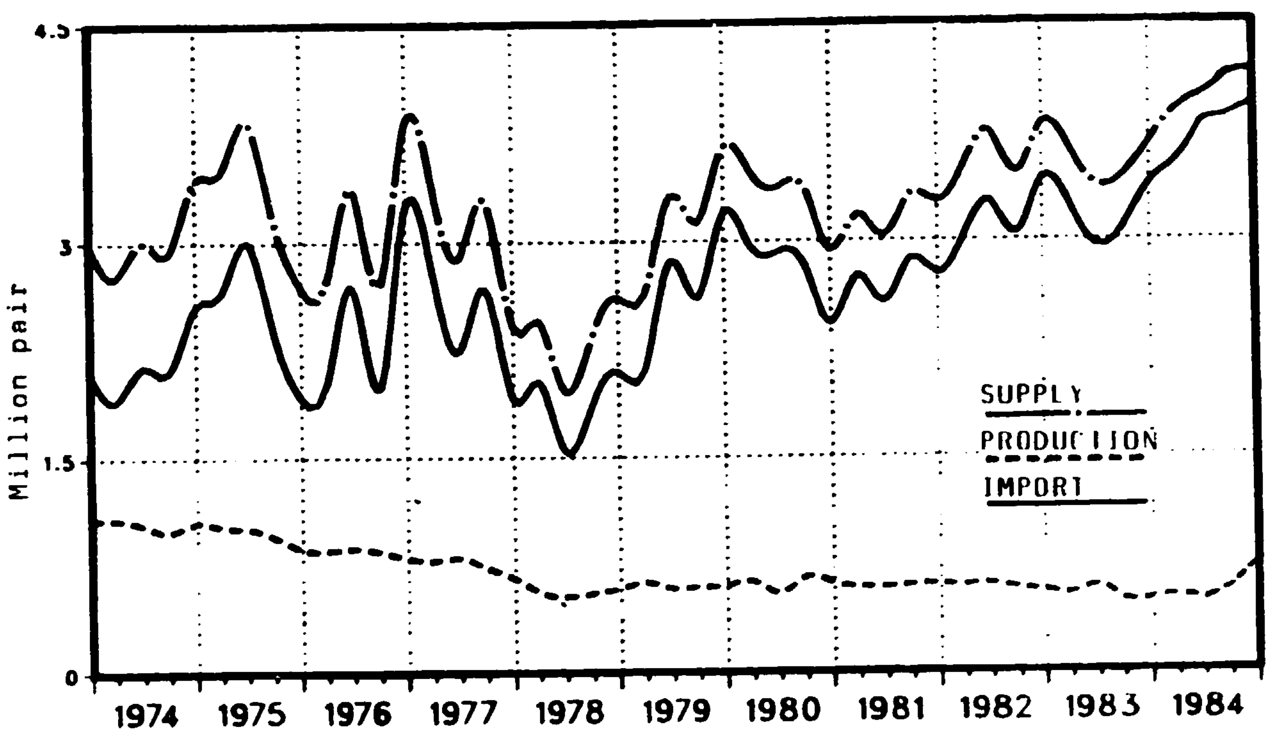
	Production	Import	Export	Domestic demand
Leather shoes	252	1377	96	1533
All shoes	403	1823	234	1992
Leather shoes in % of all shoes	62 %	76 %	41 %	77 %

Sources: Statistiska meddelanden Iv. (Statistical reports Iv)

[illegible] 1, S 234 00 Lomma Tel (0)40 41 10 22 Telex 32158 PUBTM S Per Intercaw

CAWI
LOMMA - SWEDEN

PRODUCTION, IMPORT AND SUPPLY OF LEATHER SHOES EXCLUDING SLIPPERS, 1974-1984 (MILLION PAIR)



Note! The curves represant quaterly quantities

Source: SCB-statistiska meddelanden Iv (Statistical reports Iv)

Karaveigatan 1, S-234 00 Lomma Tel 040-41 10 22 Telex 32152 PUBTM S Ref Intercawi

Table 6:a

PRODUCTION, IMPORT, EXPORT AND DOMESTIC DEMAND OF LEATHER SHOES IN 1984. 1.000 PAIR

	Production	Import	Export	Domestic demand	Production in % of domestic demand
Slippers	323	320	78	565	57
Sports footwear	7	686	49	644	1
Safety shoes	589	158	84	633	93
Low shoes and sandals:					
- for men	295	3414	147	3562	8
- for women	385	7154	400	7139	5
- for children	256	876	47	1085	24
Light and heavy ankle-boots and high boots:					
- for men	68	403	36	436	16
- for women	126	1815	111	1830	7
- for children	77	253	6	324	24
Others	231	99	58	272	85
	2357	15178	1016	16519	

To compare with 1980-figures - see table 6:b

Source: Statistiska meddelanden Iv. (Statistical reports Iv).

CAWI
LOMMA - SWEDEN

PRODUCTION, IMPORT, EXPORT AND DOMESTIC DEMAND OF LEATHER SHOES IN 1980. 1.000 PAIR

	Production		Import		Export		Domestic demand		Production in % of domestic demand
Slippers		302		406		77		631	48 %
Sports footwear		25		710		50		685	4 %
Safety shoes		455		117		60		512	89 %
Low shoes and sandals									
- for men	561		2634		65		3130		18 %
- for women	508		4612		103		5017		10 %
- for children	285	1354	658	7904	27	195	916	9063	31 %/15 %
Light and heavy ankle-boots and high boots									
- for men	196		881		69		1008		19 %
- for women	302		1221		61		1462		21 %
- for children	29		299		6		322		9 %
- others	171	698	120	2521	18	154	273	3065	63 %/23 %
		2834		11658		536		13956	20 %

Source: Statistiska meddelande Iv. (Statistical reports Iv).

[illegible] 1, S 234 00 Lomma. Te [illegible] 40 41 10 2[illegible] Telex [illegible] PUBTM S Ref Intercaw

CAWI
LOMMA - SWEDEN

Table 7:a

PRODUCTION OF LEATHER SHOES FOR MEN, WOMEN AND CHILDREN IN 1984. 1.000 PAIR

	Shoes for			
	Men	Women	Children	Total
Slippers	16	146	161	323
Sports footwear	6	1	-	7
Low shoes	272	377	254	903
Sandals	23	8	2	33
Light and heavy ankle-boots	42	5	1	48
Safety shoes	577	12	-	589
High boots and semi-high boots	26	121	76	223
Others	82	139	10	231
	1044	809	504	2357

To compare with 1980-figures - see table 7:b

Source: Statistiska meddelanden Iv. (Statistical reports Iv)

PRODUCTION OF LEATHER SHOES FOR MEN, WOMEN AND CHILDREN IN 1980.
1.000 PAIR

	Shoes for			Total
	Men	Women	Children	
Slippers	13	128	161	302
Sports footwear	25	-	-	25
Low shoes	511	480	276	1267
Sandals	50	28	10	88
Light and heavy ankle-boots	113	37	12	162
Safety shoes	442	13	-	455
High boots and semi-high boots	83	265	17	365
Others	88	83	1	172
	1325	1034	477	2836

Source: Statistiska meddelanden Iv (Statistical reports Iv).

CAWI
LOMMA - SWEDEN

Table 8

IMPORT OF SHOES 1960-1984 (MILLION PAIR)

	Leather	Textile	Rubber (incl. boots)	Synthetic	Clogs	Other shoes	Totally
1960	4,0	0,5	0,5	0,4	0,2	1,0	6,6
1965	7,6	3,2	0,8	0,6	-	1,3	13,5
1970	11,6	2,6	2,3	2,1	0,1	1,4	20,1
1975	10,2	4,0	2,5	2,5	0,5	-	19,7
1980	11,7	7,6	2,4	3,3	0,2	0,2	25,4
1981	11,3	7,5	1,5	2,7	0,2	-	23,2
1982	12,9	6,7	1,7	3,4	0,1	0,1	24,9
1983	12,9	7,1	1,1	2,9	0,1	0,1	24,2
1984	15,2	8,2	1,3	2,2	0,1	0,1	27,1

Source: SCB-statistiska meddelanden Iv (Statistical reports Iv)

CAWI
LOMMA – SWEDEN

Table 9

SWEDISH IMPORT OF LEATHER SHOES IN 1984

(Countries form which 50.000 pair or more are coming are specified – in the order in which they are statistically reported).

			Value				
	1000 pair	*(+ %)	1000 crowns	*(+ %)	% of total 1984	Crowns/ pair	*(+
Totally	14.677	(32)	1.339.370	(63)		88,29	(20
EEC	8.592	(45)	850.538	(93)	64	98,99	(33
– Denmark	1.002	(22)	128.546	(62)		128,23	(33
– F.R. of Germany	492	(72)	61.293	(92)		124,69	
– Great Britain	193	(-55)	26.927	(-32)		139,80	(52
– Ireland	58	(-33)	2.353	(-77)		40,26	(-6
– France	380	(-23)	32.660	(5)		85,96	(36
– Italy	6.392	(69)	591.387	(139)		92,52	(42
EFTA	4.110	(21)	374.086	(30)	28	91,03	(7)
– Norway	52	(-71)	5.708	(-67)		110,22	(11
– Finland	501	(-55)	82.950	(-37)		165,56	(38
– Portugal	3.197	(94)	233.119	(149)		72,93	(28
– Schweiz	37	(-98)	10.648	(-72)		284,50	(24
– Austria	323		41.655			129,06	
CENTRALLY PLANNED ECONOMIES	500	(11)	24.570	(59)	2	49,13	(44
– Czechoslovakia	392	(31)	18.348	(104)		46,76	(5
DEVELOPING COUNTRIES	686	(14)	34.961	(21)	3	50,94	(6
– Taiwan	377	(72)	19.939	(184)		52,91	(6
– South Korea	89	(-61)	6.570	(-44)		74,17	(4
– Brazil	66	(-25)	3.556	(-54)		53,88	(-
OTHER COUNTRIES	789	(3)	55.215	(19)	4	70,01	(1
– Spain	530	(95)	33.175	(91)		62,62	(-2
– Yugoslavia	200	(-37)	11.796	(-25)		59,00	(2
– USA	47	(-70)	9.261	(-21)		198,78	(1

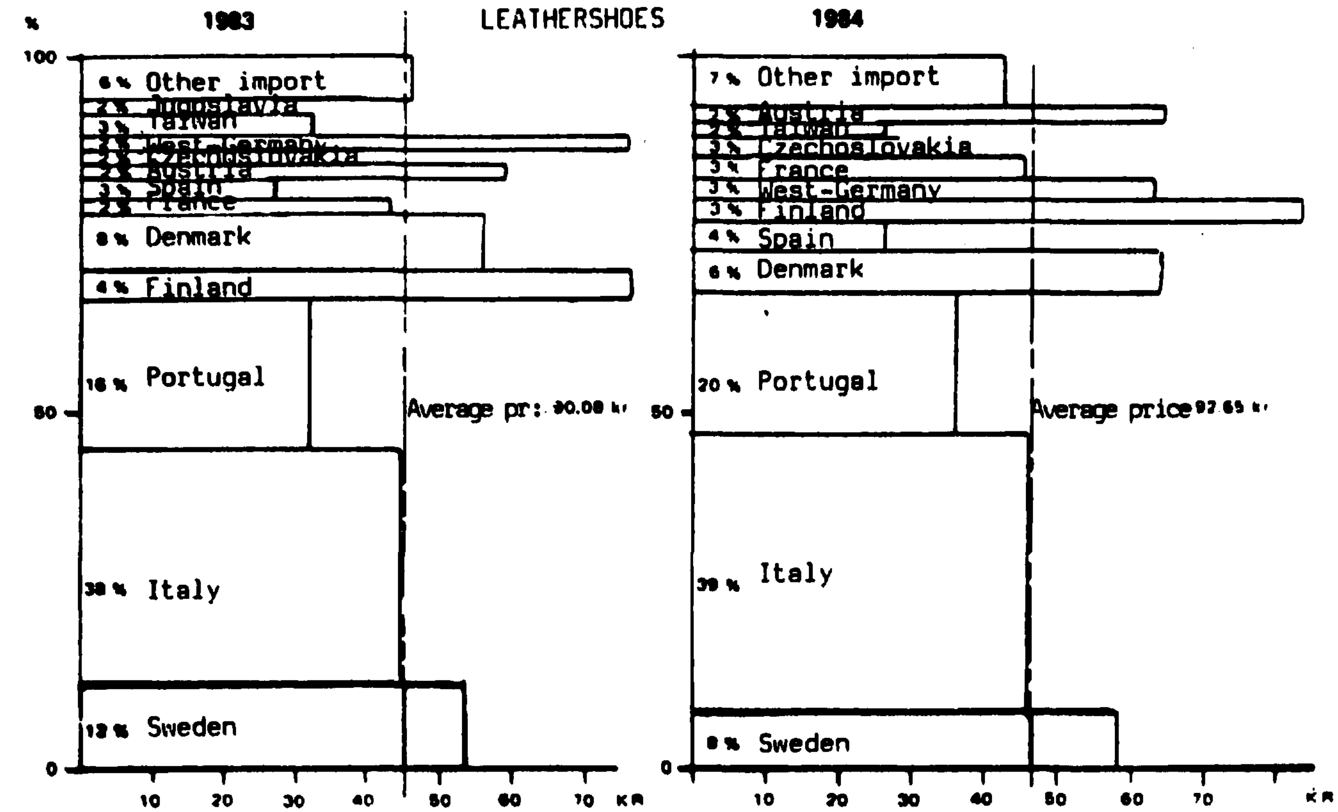
*( ) Percentage change from 1980

Source: The Swedish Board of Commerce

CAWI
LOMMA - SWEDEN

Table 10

IMPORT-COUNTRIES AND SWEDISH (PRODUCTION ./. EXPORT) SHARE OF THE TOTAL SUPPLY OF LEATHER SHOES TO THE SWEDISH MARKET IN 1983 AND 1984 - AND THE AVERAGE PRICE FOR EACH COUNTRY



Total supply: 14 718 599 pair

Total supply: 16 519 043 pair

Source: SCB-statistiska meddelanden Iv (Statistical reports Iv)

Karlavägatan 1, S 234 00 Lomma Tel 040-41 10 22, Telex 32158 PUBTRNS Rel Intercas

CAWI
LOMMA – SWEDEN

Table 11

THE PERCENTAGE SHOE IMPORT SHARE OF TOTAL SUPPLY
(PROD. + IMP. ./. EXP.) IN 1980-1984

	All shoes	Leather shoes
1980	92	83
1981	86	84
1982	91	86
1983	95	88
1984	97	92

Source: Statistiska meddelanden Iv (Statistical reports Iv)

Kulle gatan 1 S-234 00 Lomma, Tel (0)40-41 10 22 Telex 32158 PUBTM S Ref Intercav

CAWI
LOMMA - SWEDEN

Table 12

THE PERCENTAGE SHOE IMPORT SHARE OF DOMESTIC DEMAND AND
THE PERCENTAGE EXPORT SHARE OF PRODUCTION IN 1984. FIXED PRICES (1981)

	Import share of domestic demand	Export share of production
Leather shoes	89	37
Other shoes		
- Rubber	53	23
- Plastic	108	-
- Wooden/clogs	-	116
- Textile	105	266
Totally	91	58

THE PERCENTAGE SHOE IMPORT SHARE OF DOMESTIC DEMAND AND
THE PERCENTAGE EXPORT SHARE OF PRODUCTION IN 1980. FIXED PRICES (1976)

	Import share of domestic demand	Export share of production
Leather shoes	80	20
Other shoes		
- Rubber	59	21
- Plastic	97	52
- Wooden/clogs	92	99
- Textile	106	239
Totally	83	51

Source: Statistiska meddelanden Iv (Statistical reports Iv).

S 234 00 Lomma Tel 040 41 10 22 Telex 32156

CAWI
LOMMA - SWEDEN

Table 13

EXPORT OF SHOES 1960-1984 (1.000 PAIR)

	Leather	Textile	Rubber (incl. boots	Synthetic	Clogs	Other shoes	Totally
1960	120	110	290	10	30	50	610
1965	300	160	460	50	270	130	1.370
1970	750	150	880	20	2.760	100	4.660
1975	680	950	490	50	3.570	10	5.740
1980	536	642	184	117	4.268	86	5.828
1981	671	684	138	137	3.394	50	5.074
1982	650	482	178	173	3.525	33	5.041
1983	764	723	175	188	3.031	30	4.911
1984	1.016	780	120	150	2.227	27	4.320

Source: SCB-statistiska meddelanden Iv. (Statistical reports Iv)

Table 14

SHOE MANUFACTURERS IN SWEDEN

	1980	1981	1982	1983	1984
Number of local units	89	79	68	66	
Number of employees					
- workers	2.559	2.180	1.916		
- others	388	353	326		
- total	2.947	2.533	2.242	2.064	
Sales value in million Sw.cr. (running prices)	553,2	499,7	496,1	482,7	

-o-o-o-

Not possible to further up-date.

Source: Statistisk årsbok 1985 (Statistic yearbook 1985)

SHOE MANUFACTURERS IN SWEDEN GROUPED IN SIZES/NUMBER OF EMPLOYEES

(N = number of companies; E = number of employees = workers + others)

Local units with number of workers (alt. employees)	1980		1981		1982		1983		1984	
	N	E	N	E	N	E	N	E	N	E
- 9	22	172	26	213	23	178				
10 - 19	22	319	14	227	9	156				
20 - 49	29	936	25	811	22	653				
50 - 99	10	755	10	752	9	650				
100 - 199	6	779	4	543	5	616				
Total	89	2961	79	2546	68	2253	66	2064		

\- - - - - - - -

Not possible to further up-date.

Source: Statistisk årsbok 1985 (Statistic yearbook 1985)

Table 1[illegible]

Table 16

INVESTMENTS MADE IN MILLION CROWNS (RUNNING PRICES)

	1983	1984
Shoe industry		
Buildings and real estate	1	2
Machines/equipment	8	7
Total	9	9

-o-o-o-

	1983	1984
Tanneries		
Buildings and real estate	4	5
Machines/equipment	16	28
Total	20	33

Source: Statistiska meddelanden F 13 (Statistical reports F 13)

CAWI

LOMMA - SWEDEN

Table 17

THE AVERAGE CHANGES OF ADDS BY RETAILERS IN 1984

Commodity	Swedish		Imported	
	Changes of		Changes of	
	percentage adds in percentage points	adds in crowns in percentage	percentage adds in percentage points	adds in crowns in percentage
Shoes	-6	+	-3	-1
Other footwear	+	+	0	+
Total footwear	-5	+	-2	-1

AVERAGE PERCENTAGE CHANGE OF SHOE CONSUMERPRICES IN 1984

	Total	Swedish	Imported
Shoes	1	7	0
Other footwear	6	+	+
Total footwear	1	11	0

Source: The National Swedish Price and Cartel Office, 1985:6

Karavagatan 1, S 234 00 Lomma Tel 040 41 10 22 Telex 32156 PUBTM S Ref Intercaw

Lön för arbetad tid i resp lands valuta per arbetad timme
Wages for time worked in the local currency per working hour

Skoindustri / Manufacture of footwear (ISIC 324)

Land / Country	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	Kalenderår / Calendar year										
Vuxna män / Adult men											
Belgien / Belgium	78	88	105	128	144	158	166	177	193	207	214
Danmark / Denmark											
Finland / Finland	621	694	820	1001	1136	1240	1307	1451	1641	1879	2056
Frankrike / France	6.47	7.38	9.00	10.76	11.88	13.64	15.34	17.24	20.38	22.96	26.62
Italien / Italy	588	731	801	1170	1489	1945	2291	2730	3146	3804	4680
Japan / Japan											
Kanada / Canada											
Nederländerna / Netherlands	5.70	6.75	7.96	8.88	9.66	10.26	11.10				
Norge / Norway	1449	1601	1816	2106	2428	2733	2880	2990	3280	3552	3890
Schweiz / Switzerland	861	961	1071	1091	1127	1168	1252	1291	1366	1435	1542
Storbritannien / Great Britain	76.9	87.8	108.9	134.3	142.8	169.0	179.7	214.4	259.8	267.8	290.2
Sverige / Sweden	1473	1588	1791	1987	2232	2489	2613	2784	3053	3222	3426
USA / United States											
Västtyskland / West Germany	6.85	7.36	8.04	8.52	8.93	9.57	10.15	10.79	11.63	12.44	12.92
Österrike / Austria											
Vuxna kvinnor / Adult women											
Belgien / Belgium	66	77	93	114	127	138	147	158	171	188	199
Danmark / Denmark											
Finland / Finland	510	579	693	850	984	1096	1138	1306	1487	1634	1878
Frankrike / France	5.52	6.38	7.94	9.48	10.70	12.00	13.49	15.38	17.72	20.30	23.53
Italien / Italy	549	677	824	1074	1370	1636	2157	2486	2971	3684	4411
Japan / Japan											
Kanada / Canada											
Nederländerna / Netherlands	4.04	4.87	6.00	6.79							
Norge / Norway	1176	1294	1491	1790	2138	2383	2561	2671	3012	3356	3717
Schweiz / Switzerland	605	672	745	748	776	793	853	881	939	986	1061
Storbritannien / Great Britain	52.8	61.0	77.8	89.1	105.7	126.3	129.9	156.1	191.7	203.6	218.2
Sverige / Sweden	1238	1319	1489	1746	1997	2217	2409	2578	2858	3108	3290
USA / United States											
Västtyskland / West Germany	5.29	5.80	6.37	6.77	7.12	7.83	8.17	8.70	9.31	9.99	10.42
Österrike / Austria											
Vuxna män + vuxna kvinnor / Adult men + adult women											
Belgien / Belgium	70	81	97	118	133	145	153	164	178	194	204
Danmark / Denmark											
Finland / Finland	538	608	723	886	1020	1132	1203	1343	1526	1738	1922
Frankrike / France	5.96	6.73	8.32	9.96	11.14	12.52	14.10	16.08	18.81	21.28	24.82
Italien / Italy	572	702	880	1119	1417	1889	2218	2597	3049	3782	4533
Japan / Japan											
Kanada / Canada	2.26	2.52	2.89	3.35	3.79	4.15	4.37	4.78	5.18	5.77	6.18
Nederländerna / Netherlands	5.36	6.37	7.50	8.41	9.25	9.89	10.66	11.17	11.79	12.19	13.16
Norge / Norway	1289	1420	1619	1910	2253	2514	2681	2797	3118	3436	3816
Schweiz / Switzerland											
Storbritannien / Great Britain	68.5	72.5	90.9	114.3	121.8	143.8	151.0	180.3	221.6	231.8	249.7
Sverige / Sweden	1340	1489	1688	1889	2121	2362	2621	2809	2969	3172	3368
USA / United States	2.88	2.72	2.91	3.08	3.28	3.47	3.75	4.09	4.42	4.82	5.12
Västtyskland / West Germany	5.86	6.42	7.02	7.46	7.83	8.38	8.93	9.49	10.17	10.80	11.34
Österrike / Austria											

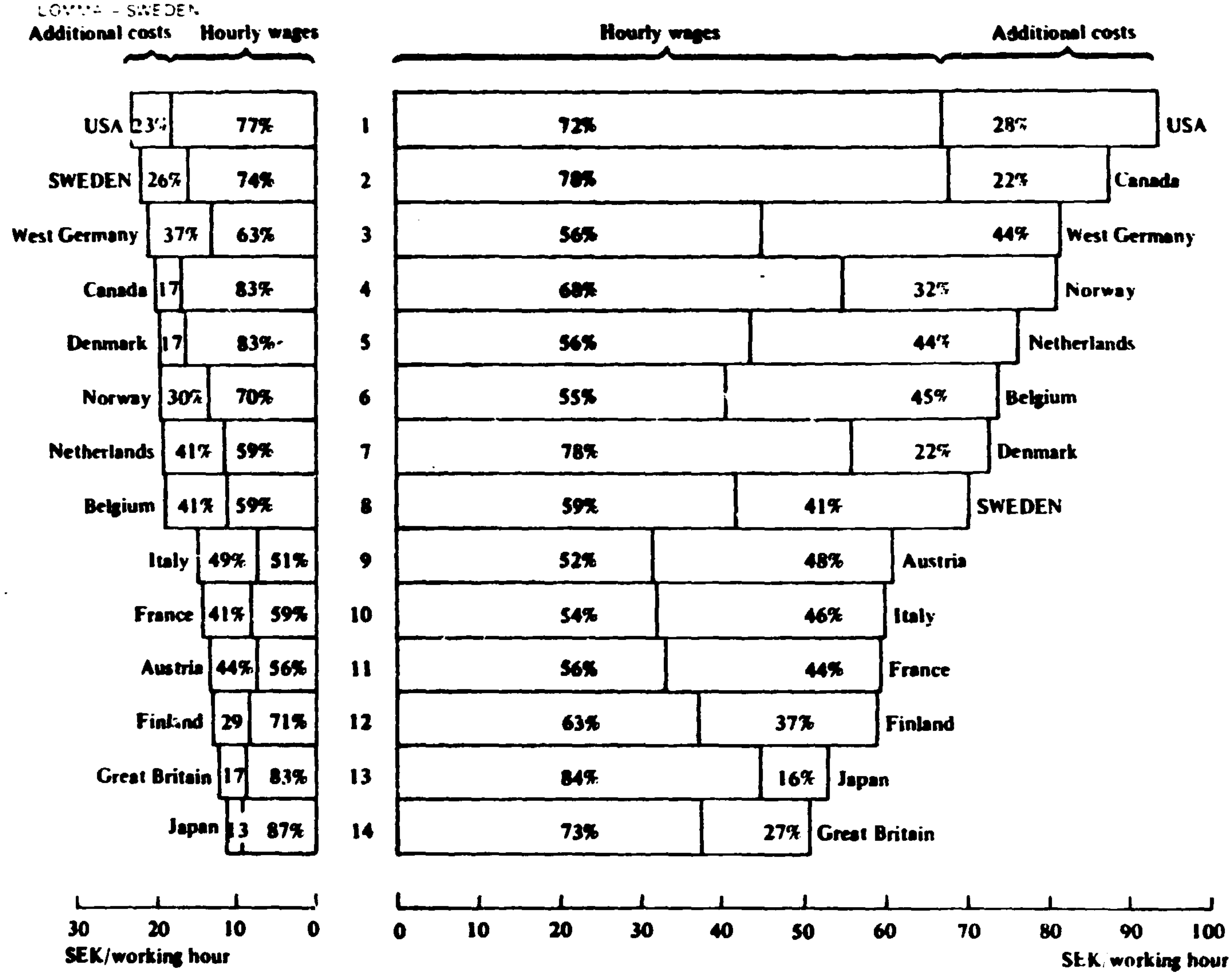
Kurirvägen 1 S 234 00 Lomma Tel 040 41 10 22 Telex 32155 PUBTM S Ref Interkaw

CAW 1973

LOMMA – SWEDEN

Table 18:b

1983 (prel figures)



LABOUR COSTS IN INDUSTRY 1973 AND 1983

The chart shows total labour costs in Swedish currency per hour worked for manufacturing workers in fourteen countries devided into wages and "additional costs". Additional costs include social security contributions and the cost of fringe benefits as well as vacation and holiday pay.

The chart is based on figures on pages 38–39 in the new issue of "WAGES AND TOTAL LABOUR COSTS FOR WORKERS" and on corresponding preliminary data for 1983.

The publication "Wages and Total Labour Costs for Workers – International Survey 1972 - 1982" may be ordered from SAF's Distribution Unit:

Näringslivets Förlagsdistribution AB
Box 5157
S- 102 44 STOCKHOLM

The price is SEK 55.00 (Postage will be added)

M Finné/E. Eriksson November 1984

CAWI
LOMMA - SWEDEN

Table 19

TANNERIES IN SWEDEN

	1979	1980	1981	1982
Number of local units	7	7	7	7
Number of employees				
- workers	742	719	652	672
- others	163	169	170	168
Sales value in million Sw.cr. (running prices)	570,9	305,8	321,2	415,8

-o-o-o-

Not possible to further up-date.

Source: Statistisk årsbok 1985 (Statistic yearbook 1985)

Table 20

TANNERIES IN SWEDEN GROUPED IN SIZES/NUMBER OF EMPLOYEES

(N = number of companies; E = number of employees)

	1980		1981		1982	
	N	E	N	E	N	E
- 9						
10 - 19	1	10	1	10	1	10
20 - 49						
50 - 99	2	155	2	148	2	145
100 - 199	4	723	4	664	4	685
Total	7	888	7	822	7	840

-o-o-o-

Not possible to further up-date.

Source: Statistisk årsbok 1985 (Statistic yearbook 1985)

CAWI
LOMMA – SWEDEN

Table 21

PRODUCTION, IMPORT AND SHOE INDUSTRY CONSUMPTION OF LEATHER AND SKINS IN 1981 AND 1984 (1.000 sq. ft.)

	Production		Import		Export		Consumption within shoe industry	
	1981	1984	1981	1984	1981	1984	1981	1984
CATTLE, BUFFALO AND HORSE								
Calf								
Leather for footwear uppers	-	10	171	269	13	39	636	833
Other leather	40	284	143	158	42	236	98	9
Other hides and skins								
Sole and insole leather (tons)	-	-	150	88	-	0	227	128
Leather for footwear uppers	20.129	19.533	11.700	8.857	17.353	17.182	10.275	6.641
Leather for gloves and for articles of apparel	750	1.264	483	800	472	466	38	24
Lining leather	120	30	355	447	1	5	850	370
Leather for furniture	9.343	18.637	3.022	5.823	6.622	14.112	0	-
Other leather	1.507	2.272	3.111	6.412	1.092	709	88	195
SHEEP AND LAMB								
Leather for gloves and for articles of apparel	4.322	2.898	910	846	3.938	3.052	142	22
Lining leather	-	1	101	113	136	58	126	361
Other leather	151	17	107	146	78	11	82	144
GOAT AND KID								
Leather for footwear uppers	32	16	24	44	104	31	10	3
Leather for gloves and for articles of apparel	2.320	2.179	223	480	769	978	55	50
Other leather	-	-	19	44	3	-	-	24
OTHER ANIMALS	665	1.794	64	54	12	70	164	419
PATENT LEATHER AND METALLISED LEATHER	-	-	454	358	137	101	4	1
TOTAL LEATHER (1.000 sq. ft.) - excl. sole and insole leather	38.714	47.141	20.823	24.797	30.760	36.980	12.404	8.677

Source: Statistiska meddelanden Iv. (Statistical reports Iv).

CAWI
LOMMA - SWEDEN

Encl. 1

SOME SHORT COMMENTS AS TO THE TANNING INDUSTRY

Statistics as to the tanning industry are reported in Table 16, Table 19, Table 20 and Table 21.

Caracteristics as to the tanning industry could be summarized as follows.

- The industry seems to be rather stabilized - based on about 7 active tanneries (with 4 with more than 100 employees).

  Investments in 1984 amounted 33 million Sw.Cr. - whereof 28 million Sw.Cr. in machines and equipment (Table 16)

- Domestic tanning industry is not the main supplier to the Swedish shoe industry because its leather is too smooth to suit Swedish shoes (Swedish shoe product mix is not caracterized by fashion/high-fashion shoes).

- Since 1981 production has increased (in 1984) by about 20 % up to about 47.000 sq. ft. (Table 21). - Leather for footwear uppers and leather for furniture together stand for about 80 % of total production (about 40 % each).

  Compared to 1981 production of leather for furniture has increased by about 100 % - leather for footwear uppers is, however, about the same.

- Of total production about 80 % is exported. The export increase since 1981 is about 20 % - referable to increase in export of leather for furniture.

- Since 1981 domestic leather consumption within shoe industry has decreased by about 30 % - referable to a decrease in consumption of leather for footwear uppers. - The decrease has taken place while total tannery production has increased by about 20 %.

- Mainly Swedish shoe production is based on leather imported

CAWI
LOMMA - SWEDEN

Encl. 2

LIST OF SWEDISH NON-INDUSTRY REFERENCES

1. The Leather Industry Employers' Association
2. The Textile Garment and Leather Workers' Union
3. Community of Kramfors (community of the northern shoe district in Sweden)
4. Ministry of Affairs
5. Ministry of Defence
6. The Board of Economic Defence
7. The Shoe Institute
8. The National Swedish Price and Cartel Office
9. The Shoe Producers' Association
10. The Shoe Suppliers' Association
11. Form Design Center

CAWI
LOMMA - SWEDEN

Encl. 3

LIST OF LITERATURE

1. Data about shoes (Data om skor) 1981-1984 - The Shoe Suppliers' Association

2. Prices and adds to costs in shoe retailing 1984 (Priser och pålägg i skodetaljhandeln 1984) - SPK (The National Swedish Price and Cartel Office) 1985:6

3. SKOJOUR - The Swedish Sh[illegible] ..istitute

4. Wages and total labour costs for workers - the Swedish Employers' Confederation

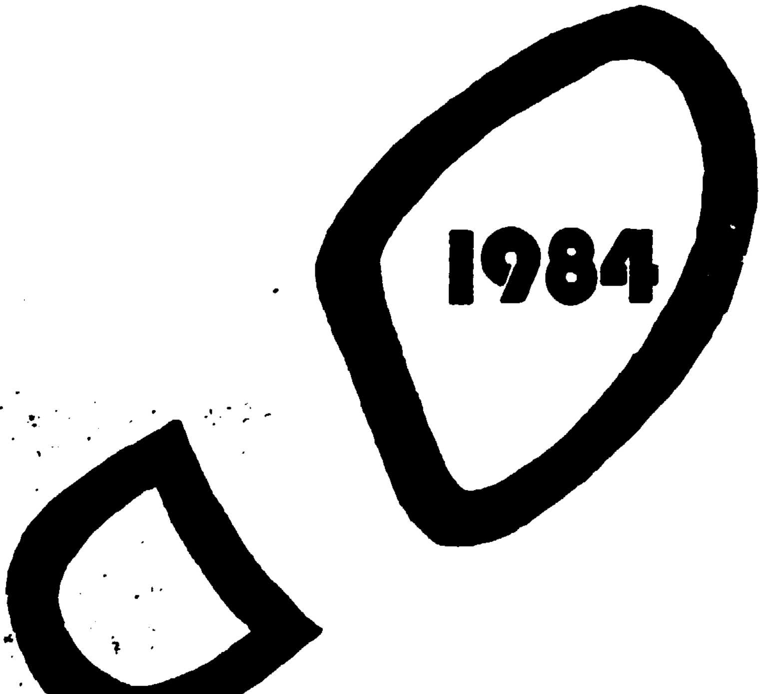
5. Periodical shoe magazines - 1980-1985
   - Skohandlaren
   - Textil-Branschen
   - Textil och konfektion med läder och skor

6. Articles re the shoe industry in daily newspapers and weekly business magazines, f.i. Dagens Industri, Svenska Dagbladet, Sydsvenska Dagbladet, Veckans Affärer, Norra Sveriges Affärer

CAWI
LOMMA – SWEDEN

SKO
LEVERANTÖRERNAS
FÖRENING
BOX 5612
114 85 STOCKHOLM

data om skor



Karavallgatan 1, S 234 00 Lomma, Tel [illegible] 30 70, Telex 22158 [illegible] S Ref [illegible]

spk

SKO-detaljhandeln 1984

PRISER & PÅLÄGG

SPKs utredningsserie 1985:6

[illegible] 1, S-226 00 [illegible] 10 22, [illegible] S Ref [illegible]

Wages and total labour costs for workers

International survey 1972-1982

Introduction and comments in
Swedish, English, French, German

SAF Swedish Employers' Confederation

... S 234 00 Lomma Tel 040-41 10 22 Telex 32158 PUBTMS ...