ASSOCALZATURIFICI

**Giovanna Ceolini, President of Assocalzaturifici: "Filed 2023 with a substantial hold in turnover, 14.58 billion euro, (+0.6% over 2022) and in exports, the start of 2024 registers significant setbacks in all economic indicators".**

# ITALIAN FOOTWEAR INDUSTRY: TURNOVER (-10.1%) AND EXPORTS (-9.7%) FALL IN THE FIRST QUARTER OF 2024

Milan, 25 June 2024

The Italian footwear industry experienced a sharp slowdown in the first quarter of 2024, recording a drop in both exports (-9.7% in value and -10.3% in pairs) and turnover (-10.1%). This scenario emerges from the latest report produced by Centro Studi Confindustria Moda for Assocalzaturifici, which also highlights a downturn in purchases by Italian families (-1.6% in quantity and -0.7% in expenditure).

*The slowdown that began in the second half of last year has continued for the footwear industry at the start of 2024,"* explains **Giovanna Ceolini, President of Assocalzaturifici**, *"and has now become even more marked, with a strong reduction in orders and production activity (the ISTAT index of industrial production in the first three months shows -20.5%). The customary survey conducted in May among our associates showed a drop in turnover for 68% of the sample, with a non-negligible portion of associates (18%) reporting a contraction of even more than -20%. Moreover, the sentiment of entrepreneurs does not show confidence: only 11% trust in an improvement in the economic trend in the second quarter, which is expected by the interviewees to close with a drop in turnover of around -7.4% in April-June 2023. More than 80% expect a turnaround no earlier than 2025".*

The report shows that, as far as exports are concerned (to which 85% of domestic production is destined), 51.9 million pairs were sold in the first quarter of 2024 (6 million fewer than in the same months last year), worth 3.17 billion euro. After a resilient January (at least in terms of value: +1.4%), the trend became more penalising in February (-6.2%), to the point of registering a slump in the order of -20% in March, both in terms of value and pairs.

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The analysis by product type shows declines, both in quantity and value, for all sectors. In particular, that of footwear with leather uppers, first in importance with a 65% incidence on foreign sales in value, marks -8.6% in volume with -7% in value on the first 3 months of 2023.

Among the destinations, as in 2023, the EU markets show less unfavourable trends (-4.1% in value) than the non-EU markets (down -15% overall).

In the EU, France and Spain, despite falling in quantity, grew in value (+1.7% and +8.5% respectively in Q1 2023). France, whose figures also include the return flows of production carried out in Italy on behalf of third parties for transalpine luxury brands, confirmed its position as the top destination, both in terms of value and volume (down -4.3%). Exports to Germany fell by more than -10% and to Belgium by -20% in value (with -37.6% in quantity).

Outside the EU, what stands out first of all is the further halving (-53.4%, with -36.7% in volume) of direct flows to Switzerland, which has always been a traditional logistic-distribution hub for fashion multinationals, and has dropped to fourth place in value destinations: most of the transit in the Swiss hubs has been replaced by direct shipments to end markets. The growth in exports in value to the Far East (+4.3%) and the Middle East (+14.1%) - where the presence of designer labels is traditionally stronger - the only macro-areas to experience an increase compared to 2023, should also be read in the light of these dynamics. In the Far East, in particular, China (+10.8% in value and +17.8% in quantity) and Hong Kong (+26% in value and +4.9% in volume, but still far from the pre-Covid 2019 pairs) performed well. Japan held its ground (-0.9%, with +3.1% in quantity), while South Korea recorded sharp declines (in the region of -30%).

In the Middle East, the United Arab Emirates grew by +34.4% in value, while losing -4.5% in volume. On the American continent, similar reductions in value affected both the United States (-8.8%) and Canada (-7.2%). The United Kingdom still performed poorly (-6.1% in value).

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As regards the countries of the former Soviet bloc, there was a drop in sales in Russia (-22.4% in value and -17.8% in pairs), while Ukraine recovered in value (+21%), but against a -11% drop in volume. On the other hand, the favourable trend in Kazakhstan continued (+4.8% in value and +12.2% in quantity).

The figures for footwear exports and parts by region show negative signs for all the main areas, with rare exceptions. In reading these figures, however, distortions related to the possible discrepancy between the province/region of production and that of shipment must be considered. In the first quarter, only Emilia-Romagna and Piedmont showed a positive trend. In both cases, however, both the +0.3% of the former (due to the exploit of Piacenza, which doubled its flows compared to January-March 2023, +100.7%) and the more sustained +23.9% of the latter (obtained thanks to the +57.2% of Novara and the +23.7% of Vercelli) are linked to the presence in the territory, as anticipated, of significant logistics settlements that ship goods produced elsewhere abroad.

Rather in line with the national average is the drop in exports from Lombardy (-10.8% over the first 3 months of 2023), which leads the ranking by region ahead of Veneto (-14.8%, which alone covers a good 40% of flows to France, down by -6.9% but still the first regional destination) and Tuscany (-19.7%, which recorded a drop of -82% in flows to Switzerland). In fourth place was Marche (-8.9% overall, with -7.7% in Fermo, -5% in Macerata and a much heavier setback for Ascoli Piceno, which lost -21.7%). Puglia (seventh) and Campania (eighth) also show decreases, but these are fairly contained (-5.9% and -2.9% respectively).

Finally, with regard to the demographics of companies, at the end of March the number of active companies in Italy fell to 3,490 (with a negative balance of -74 units, between industry and handicrafts, compared to December 2023, equal to -2.1%), accompanied by a drop in employees of -0.8%.

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