

Mood in the German Shoe Branch Positive at Year-to-date – 2007 successfully completed

The mood in the German shoe industry is positive at the beginning of the year 2008, as Ralph Rieker, chairman of the HDS/Hauptverband der Deutschen Schuhindustrie e.V. (main association of the German shoe industry) (www.hds-schuh.de), Offenbach, stated at the press conference of the HDS on the occasion of the Düsseldorf shoe fair trio GDS/GLS and global shoes & accessories from 14 to 16 March.

This is also reflected in the appreciably increased order activity on this global event. Compared to the event last year the number of specialized visitors rose by more than 3%: around 34,000 visitor (every second one came from abroad) from 76 countries made the fair place Düsseldorf (www.gds-online.com/www.gls-fair.com/www.globalshoes-online.com) together with the 1,382 exhibitors to the center of the international shoe branch again.

According to Rieker the German shoe industry has done well again in 2007. The total sales could be enlarged by 2.6% to around 2.80 (2.73) Bill EUR compared to the previous year, especially because of good business with foreign countries. With the domestic sales arises a plus of 2.3% to around 2.02 (1.98) Bill EUR, while the foreign sales rose by 3.4% to 780.76 (755.08) Mill EUR. The share of the foreign sales out of the global sales rose slightly to 27.9% (27.7%). The generally good development of the domestic job market also showed in the number of employees in the branch, which increased by 3.6% to 12,507 (12,076).

Rieker stressed in front of the press that for the whole shoe branch a big step forward has

been made. With signing the contracts for the founding of the ECC (European Clearing Centers – www.ebg-data.com) in February 2008 – the joint IT-platform for the data exchange in the branch - an important project has been realized. According to the website this so far unique alliance seeks in this competition-neutral setting a close cooperation in the interest of all network groups, suppliers, traders and merchandize planning und control systems. For the specialized traders of the shoe branch emerge thereof improved processes, optimized flows of goods and eventually time- and cost savings.

Manfred Junkert, main director of the HDS, said furthermore that the shoe production in Germany projected from three quarters to the whole year of 2007 has with a plus in pairs clearly won again with 9.4% to around 26.8 Mill pairs. In 2006, however, were there inland considerable decreases in production, combined with further shifts into more cost-efficient foreign production locations. This came to a standstill in 2007.

After a breather in 2006 the shoe imports to Germany in 2007 have won again with 497.5 Mill pairs, or 13.5%, respectively. With imports China ranked on position one, followed by Vietnam. China has meanwhile a share in the German shoe imports of more than 50%. The shoe exports from Germany increased from 123 Mill pairs in 2006 by 15.1% to 141 Mill pairs in 2007. In the first place of the buyer countries is still Austria, followed by Poland and France.

Brigitte Wischnewski, president of the Bundesverbandes des Deutschen Schuheinzelhandels e.V. (BDSE - www.bdse.org) (Federal Association of German Shoe Retailers), Cologne, stated that the shoe retail trade started into 2008 with positive signs. After a small plus of 1% in January the appetite for fashion woke at the first sunny days in February. The ladies started the season first of all with ballerinas but also Crocs, Vans and Chucks are very popular with the young customers.

Of growing importance for the branch are also health- and ecological subjects. In 2007 the shoe retail trade generated a sales of around

6 Bill EUR, which means a meagre plus of 1% compared to last year. It had not been possible to pass on the added-value-tax raise at 1st of January 2007 entirely to the customer or at least to cope with it in a cost-neutral way. Accordingly negative was the effect of the tax raise on the net margin of the shoe retail trade. The gross yield is throughout lower. In the face of the weak return for many small and middle shoe special shops the margin loss of 2007 meant a real danger for their existence, as B. Wischnewski stressed in front of the press.

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