

Export Barriers of the Shoe Industry in Thailand

EXPORT BARRIERS OF THE SHOE INDUSTRY IN THAILAND

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INTRODUCTION

The shoe industry is a labor intensive export-oriented industry with import share less than 5 percent of total demand and exports accounting for over one half of the domestic production. The imports are mainly brand name sports shoes from Japan and Taiwan, and the volume has declined in recent years due to the competition of less expensive domestically produced shoes.^{1/} The domestic production has grown rapidly since the late 1970s from the expansion of exports to the United States, EEC, and the Middle East. During 1975 to 1985 exports grew at 32.5 percent a year and the export share in total production increased from less than 10 percent in 1975 to over 50 percent in 1985.^{2/}

Table 1 shows Thailand's shoe exports to various major importing countries in the period 1970 to 1985. In the early 1970s the amount of shoe exports was still small and they were mostly exported to neighboring Southeast Asian countries. Their exports grew more rapidly after 1975 and at the beginning most of them went to the United States. The share of the exports to the United States in 1975 was about 66 percent of total shoe exports. In the late 1970s there was a boom of the exports to some Middle Eastern countries, such as Saudi Arabia and Kuwait. Apparently, in 1980 the share of the exports to the United States declined to about 40 percent and those of the Middle East

increased to 40 percent. During 1980 to 1985 the exporting markets of Thai shoes continued to diversify to countries in the EEC especially to the United Kingdom. By 1985 the Middle East took 38 percent of the export market share and the United States and EEC took an almost equal share of 27 to 28 percent. Totally, five countries, namely the United States, the United Kingdom, Saudi Arabia, United Arab Emirates and Kuwait imported over three quarters of total Thai shoe exports in 1985.

In 1985 the industry has enlarged to consist of over 2,000 firms employing over 30 thousand workers.^{3/} Their production and exports can be classified into three kinds, namely, slippers, sports and canvas shoes, and leather shoes. Table 2 shows the structure of the exports of various types of shoes from 1970 to 1985. In the 1970s, slippers were the largest exports with a share of over one half of total exports. In the late 1970s there was a large expansion of the production of leather shoes and it will be seen later that a large amount of them was exported to the Middle East. During 1980 to 1985 the exports with the highest growth rate of over 90 percent a year were sports shoes. In 1985 the share of sports shoes in total exports was the largest at almost 50 percent, followed by the shares of leather shoes and slippers. The relative size of exports of various types of shoes to various importing countries is presented in Table 3. The discussion follows.

Slippers

Rubber and nonrubber slippers and sandals were produced mostly for domestic demand with some for export. In the 1970s the major importers were the United States and some Southeast Asian neighboring countries. Since the late 1970s, the exporting markets have been diversifying to the Middle East, mainly Saudi Arabia, Kuwait, and United Arab Emirates. During the first half of the 1980s, the share of the U.S. market was reduced to just about a quarter of total exports of slippers. Instead, over 50 percent of them were exported to the Middle East.

There are three kinds of slippers produced in Thailand, namely, zoris, beach sandals, and casual or fashion shoes. They are made from rubber, plastics, or leather. There are 50 to 60 firms producing slippers mostly for domestic demand. Out of them a few larger firms employing 100 to 500 workers produce slippers made from rubber for export. Beach sandals are produced in four rather new firms whose production is mainly for export to the United States. Firms producing casual or fashion shoes are mostly small, labor-intensive and numerous. Most of the production is for domestic demand with an increasing amount for export to the Middle East. The firms producing for export are larger than the ones producing for domestic consumption.^{4/}

The country has a comparative advantage in the production of rubber slippers and sandals because besides being labor intensive, the major raw material of production, namely, rubber sheets, is produced domestically. On the other hand, the

production of plastic slippers has to rely on plastic materials, some of which has to be imported under 30-35 percent import duties to supplement the domestic supplies. Presently there is only one local firm producer producing plastic materials under the protection of the Thai government.^{5/} The import content of all slippers is on the average, 60 to 70 percent. The imported materials are artificial leather and chemical products. They are mostly imported from Japan and Taiwan.

Sports and Canvas Shoes

From Table 2, canvas shoes with canvas uppers and rubber soles were the second largest export until the late 1970s. Their markets were mostly in the EEC countries especially in the United Kingdom. Since 1979 their exports have been replaced by the exports of sports and leather shoes. The production of sports shoes grew the most rapidly in the early 1980s and by 1985 their share in total exports was almost 50 percent. Most of them were exported to the United States and the United Kingdom under some contracted licensing agreements with the producers of some world renowned brands, such as Nike and Converse. A large number of them are also produced with lower import content for the domestic markets at prices lower than the exported ones. The import content of sports shoes for export is about 60 percent, which is about three to four times higher than the import content of shoes distributed in the domestic markets. The major imported items of the exported shoes are good quality canvas and leather, glues, and chemical products. All are mostly from Japan and Taiwan.

Leather Shoes

There are over 2,000 leather shoe producers producing standard and fashion shoes for the domestic and export markets. About 80 percent of them are home industries employing less than 20 workers and having capital less than 1 million baht. Since the late 1970s there has been an increasing number of larger firms employing over 100 workers producing for export. Almost all leather shoe exports went to the Middle East. Saudi Arabia and Kuwait alone accounted for over 60 percent of total exports. The import content of leather shoes for domestic markets is about 25 percent. For exported leather shoes, better quality leather, tanning dyes, and glues are imported, and the import content could be as high as 55 percent.^{6/}

IMPORTING COUNTRIES

1. The U.S. Market

The US constitutes the world's largest market for footwear, with the demand estimated at about 1,000 million pairs or five pairs per person per year. Local producers are able to satisfy only 25 percent of total demand, leaving the remaining 75 percent to be met by imports. During 1979 to 1983, the imports grew at 10.14 percent a year. About 85 percent of the imports were nonrubber shoes and the remaining 15 percent were rubber shoes.^{7/} Table 4 shows that of the former category, the bulk was supplied by Taiwan, Italy, Brazil, and Korea, while roughly 75 percent of the latter category was from Taiwan, ~~followed by 12 percent from~~

75 percent of the latter category was from Taiwan, followed by 12 percent from Italy, and 5 percent from Korea during 1980 to 1985.

The share of imported shoes from Thailand in the U.S. market was less than 1 percent. Although it was obviously minimal, the exports to the United States grew at 30 percent a year during the early 1980s. As shown in Table 5, in the 1970s almost all shoe imports from Thailand were zoris and beach sandals. In recent years the structure of the U.S. imports from Thailand has changed such that 85 percent have been sports shoes with the rest being slippers.

So far there have been no significant nontariff barriers in the United States. However, all shoe imports except zoris and sandals are subject to differential tariff rates classified by types and raw materials. The imports of zoris are given a special tariff rate reduction to 4.7 percent under the GSP system.^{8/}

Trade Barriers in the United States

In the past ten years the shoe industry in the United States lost its competitiveness to shoes produced in Taiwan and South Korea. As described earlier, the industry is labor intensive and the materials and labor were cheaper in the latter countries. In fact, in 1977 the United States started protecting its domestic industry by imposing quotas on shoes from Taiwan and Korea under the "Orderly Market Agreements"^{9/} until 1981 when the quotas were dismantled under a new government administration. Not long after

that, in 1983 shoe producers and labor unions in the United States wanted the government to review the quota policy again. They claimed that there were tariff barriers in the EEC countries and various shoe exporters diverted their markets to the United States instead. As a result, domestic producers were injured from the glut of imported shoes in the market. They wanted imports from all countries to be under the ceiling of 55 percent of total U.S. demand in a period of five years.^{10/} However the claim could not be verified and the International Trade Commission (ITC) rejected the petition in 1985 on the grounds that imports were not seriously injuring U.S. manufacturers. Rather, the industry was making profits at a rate above the average of all industries. In addition, the domestic industry itself was responsible for bringing in more than 50 percent of total imports and imports served to complement rather than replace U.S. production. For example, Nike is manufactured in Asia and imported into the United States. The rejection of the plea of the nonrubber shoes industry for the provision of import relief was made formally by the U.S. President on August 28, 1985 for the following reasons:^{11/}

1. The import relief would create between 13,000 to 22,000 jobs with an average annual wage of US\$ 14,000. However, the cost to consumers would be US\$ 26,300 per job, amounting to a total consumer cost of US\$ 2.9 billion over the next five years. Besides, the jobs would provide only temporary employment during the five-year relief period.

2. The import relief would lessen the ability of foreign footwear suppliers to import goods from the United States and thus cause an additional decline in total U.S. exports.

3. The protection would not be a cure for losing U.S. competitiveness. It would only slow down the adjustment to increase import competition to diversify into other profitable production. The effects of the quota imposition between 1977 and 1981 are a case in point. U.S. manufacturers received protection from foreign imports but emerged from that period even more vulnerable to international competition than before.

GSP in the United States

The Generalized System of Preferences (GSP) is the Developed Countries' (DCs) government duty-free import program which is designed to aid the exports of Low Developed Countries (LDCs). The United States started providing GSP for LDCs in 1976 and on October 30, 1984 the President of the United States signed the Omnibus Trade Act to renew the GSP for another eight and a half years starting from January 4, 1985. There are some changes in the most recent GSP system in the United States and they are the following:^{12/}

1. honoring of the U.S. intellectual property rights in LDCs,
2. more open markets for U.S. products in member countries, and

3. "competitive need exclusions" applying to imports of a country exceeding 50 percent of total U.S. imports (de minimis) and the import value at the same time exceeding US\$ 5 million.

There are 3,000 items under the GSP treatment, among which is zoris, the only shoes item granted the reduced tariff rate to 4.7 percent. The countries which have been using the GSP privileges extensively are Taiwan, Korea, and Brazil. Taiwan and Korea, which are the leading suppliers of zoris (with 90 percent of the quantity and 80 percent of the value of total zoris imports in the early 1980s), are about to exhaust their benefits from the GSP privileges. On the other hand, although the exports of zoris from Thailand had reached US\$ 1 million in 1984, they are still eligible for the GSP treatment under the new system starting in 1985. Thus the prospects of Thai exports of zoris are still good considering the continuing benefits from the lower protection and the fact that major competitors such as Taiwan and Korea may shift their exports to other types of shoes with higher technology and value-added. In fact, so far Thailand has never been injured by any previous protection in the shoe industry. Instead, Thailand's exports to the United States seemed to grow even faster when the quotas on the Taiwanese and Korean imports were in effect during 1977 to 1981.^{13/}

2. The EEC Market

Production grew at 4.4 percent, and imports grew at 32.5 percent during 1978 to 1982.^{14/} Table 6 shows that in the EEC almost one half of total imported shoes were from Italy, followed by Taiwan and Korea, with about 4 percent each. Most were the imports of leather shoes from Italy with some rubber shoes from Taiwan. In the 1970s the share of Thai shoes exported to the EEC was negligible. However, during the first half of the 1980s, the exports to EEC markets grew at almost 50 percent a year and by 1985, in Thailand the share of exports to the EEC was the same size as the exports to the United States. In the EEC, 85 to 90 percent of the exports went to the United Kingdom. The rest were to the Netherlands, Denmark, France, and Norway. Table 7 shows that the exported shoes were mostly sports and canvas shoes. In recent years a few firms have tried to diversify the exports to leather shoes and slippers to avoid the higher tariffs once the privileges from the GSP system no longer applied.

Trade Barriers and GSP in the EEC

Imported shoes in the EEC are subject to different tariff rates based on types of shoes and exporting countries. The rate of rubber shoes is 20 percent and that of leather shoes, 8 percent. For LDCs there are quotas and ceilings under which the exports are exempted from tariffs. The quotas and ceiling are given indiscriminately based on the country and type of shoe.

GSP was given for the first time by EEC in 1971. It was renewed for another ten years in 1980. Under the new GSP system, there are quotas and ceilings for imports considered to be "sensitive",^{15/} and shoes are one of the items. The differences between quotas and ceilings are the following:^{16/}

<u>Quotas</u>	<u>Ceiling</u>
1. Quotas are imposed on imports from more developed LDCs.	1. A ceiling is applied to the rest of the LDCs.
2. Share of quota amounts is allocated to various EEC countries.	2. A ceiling is not subject to a fixed distribution among EEC countries.
3. The amounts of quotas are fixed in the sense that once they are reached, the imports are subject to normal tariff rates.	3. A ceiling is flexible in the sense that it can be modified under different circumstances.

An example of quotas and ceilings for different types of shoes in 1986 is presented below:^{17/}

<u>Product</u>	<u>Beneficiary Countries</u>	<u>Quota (ECU)</u>	<u>Ceiling (ECU)</u>
1. Rubber footwear	Korea, Hong Kong	260,000	900,000
2. Leather footwear	Hong Kong	2,738,000	3,600,000
3. Sports and Canvas footwear	Korea, Hong Kong	500,000	2,300,000
4. Other nonrubber footwear	China	3,285,000	3,285,000

The more advanced LDCs, which are the major exporters to the EEC, are under GSP with smaller quotas. Thailand stands to gain from the benefit of a ceiling which is higher than the quota amounts. However, there was a report on March 24, 1986 by the

EEC that the exports of rubber shoes (shoes with rubber uppers) from Thailand have reached the ceiling of 1.3 million ECU.^{18/} The Thai exporters will thus no longer be given the GSP privileges and tariffs have to be levied at 20 percent from March 28, 1986. The reactions of Thai exporters on this will be discussed in the section on firm interviews.

3. The Middle East Market

In the Middle East market the imports during the early 1980s from three countries, namely, Saudi Arabia, Kuwait, and United Arab Emirates, accounted for almost three quarters of total imports into the region. About one half of the total imports were leather shoes with about 10 percent being rubber shoes. Due to the lack of data from some small importers in the Middle East, Table 10 presents the shoe imports by exporting countries of only the three largest importers mentioned above. In 1982 about a quarter of the total imports were from Taiwan, 15 percent from Italy, and 15 percent from Thailand. In the early 1980s, Thailand was in fact the third largest supplier of shoe imports in the Middle Eastern markets.

Table 11 shows that Thai shoes exported to the Middle East have grown rapidly since the late 1970s. By 1985 the share of the exports to the Middle East was the highest at 30 percent, followed by the United States and the United Kingdom. Over 70 percent of the exported shoes have been leather shoes and the rest were slippers. The major importers in the Middle East,

namely, Saudi Arabia, Kuwait, and United Arab Emirates, together imported over 70 percent of Thai shoe exports to the region. Although there are no explicit nontariff barriers and the tariff rates are low at 4 to 7 percent for the major importing countries,^{19/} most exporters try to diversify the markets to other countries. The exporters face problems of small and irregular orders, and the inefficiency of the officers and bureaucracy of these countries.

THE SHOE FIRMS

1. Characteristics of Sample Firms

Twenty-five shoe exporting firms were selected for the surveys and interviews in mid 1986. Out of these, sixteen are manufacturers and nine are trading firms without their own production. In terms of product classification, five firms produce or trade mainly slippers and sandals. Eight are in sports and canvas shoe production and the remaining twelve produce leather shoes.

Table 12 shows that the six firms producing leather shoes have the smallest size in terms of employment. Four of them are family-type firms employing less than 50 workers. The other two firms employ 70 to 120 workers. Table 13 shows that their capital-labor ratios are also the lowest. Firms with the largest size, employing over 400 workers, produce sports shoes. Out of the seven producers, three employ less than 1,000 workers and

four employ 1,000 to 3,000 workers. Their machines are worth totally, over 8 million baht and their capital-labor ratios are the highest. Slipper firms employ 50 to 500 workers and their machines are worth less than 10 million baht. Both their size and the capital intensity are in the medium range. Out of the nine trading firms, six trade leather shoes, two trade slippers, and one trades sports and canvas shoes.

Table 14 shows that forty-five percent of the responses mentioned that they export over 75 percent of their production, whereas another 40 percent mentioned that the exports were less than 25 percent. The exporting firms tend to be larger and were established in the late 1970s or early 1980s.

Out of the twenty-five firms, ten shoe manufacturers started operations before 1975. Eight firms started in the late 1970s and six in the early 1980s. All firms started exporting after 1975. Nine started exporting before 1980 and fifteen started after 1980.

Five of the sixteen firms are joint ventures. The jointures with the Netherlands, Hong Kong, and Taiwan produce sports shoes mostly for exporting to the EEC; those with Malaysia and Pakistan produce leather shoes to be exported to the Middle East.

Table 15 shows that in the slipper firms, most of their productions were exported to the United States and the Middle East, followed by ASEAN and the EEC countries. The most

important competitor shown in Table 16 was identified to be Taiwan. Most exported directly on their own without the trading firms.

The exports of canvas and sports shoes were mostly to the United States and EEC, following by others such as Australia, Singapore, and Hong Kong. The competitors were Taiwan and Korea. They mostly produce brand name shoes under licensing agreements with producers in the United States and export to the original brand name shoe producers.

The exports of leather shoes were mostly to the Middle East with some to the EEC. Their competitors were Taiwan, Brazil, Korea, and Italy. More firms in this category exported through trading companies. The exporters to the Middle East showed their desires to diversify to other markets if possible, because the orders from the Middle East were sporadic and irregular. It has been difficult for them to do any production planning.

2. Protectionist Pressures

Most firms exporting the products, especially those through the trading companies to the United States and EEC did not as yet realize any protectionist pressures. Table 17 shows that for those who were aware of them, tariffs were identified as barriers to the U.S. market. In the EEC, there will be higher tariffs after the GSP privileges are exhausted. In the Middle East, most agreed that tariffs are low,^{20/} but their importing procedures are inefficient and complicated. More shoes could

have been exported to these countries in the absence of these difficulties.

Firms' reactions to protectionist pressures

Table 18 shows that most firms agreed that they would be negatively affected by any protectionist measures in the importing countries. If there was protection, in the short run, most firms would change designs or seek government assistance in negotiating with the importing countries to reduce the protection. For longer-run measures, most agreed that they would diversify to new markets in other countries. Some mentioned that they would resort to inward-looking measures such as expanding domestic markets or reducing production and employment.

Government's reactions directly to protectionist pressures

From Table 19, a few firms thought that any government reactions to protection from abroad would not likely be effective, whereas the majority proposed some measures for the government to implement against it. Thirty-two percent of the responses proposed that the government should retaliate by reducing imports from the countries imposing protection while twenty-four percent mentioned that the government should negotiate to reduce the protectionist pressures from these countries.

3. Government's Export Augmentation Measures

According to Table 20, there are short-term and long-term measures for the government to help increase the exports of the firms. The most mentioned short-run measures are to reduce the complicated procedures of exporting a product, to increase export subsidies, to reduce taxes and administrative costs of exports, and to accelerate the refunding procedures. Some other recommended measures are to reduce import duties on raw materials and machines used for producing exports, and to have trade commissioners provided relevant information facilitating export augmentation.

On long-term measures, most responded that the government should promote supporting industries which produce raw materials, such as high-quality raw hides and better leather tanning. Other more popular responses were that the government should help provide information on technology and marketing, and improve the efficiency of all bureaucratic procedures related to exporting. Other measures mentioned were reduction of the cascading effects of some taxes, cooperation between the private and the public sector on formulating appropriate export promotion measures, and negotiation or lobbying efforts by the government to increase exporting privileges in the importing countries.

There are three firms in the sample producing three different types of shoes which are under the promotion of the Board of Investment (BOI). Table 21 shows that most firms were reluctant to apply for the BOI promotion because of the

complicated conditions and procedures that came with the promotional privileges.

CONCLUSION

Exports of shoes from Thailand grew rapidly in the past decade despite increasing protectionist pressures from the DCs. The major markets for Thai shoe exports were in the United States, EEC, and the Middle East, but the shares in these markets were still minimal compared to major exporters, such as Taiwan, Italy, Korea, and Brazil. In some DCs there have always been sentiments to protect production and employment in the declining domestic shoe industry. Occasionally, quotas were imposed on the imports from some major shoe exporters. However, as yet these quotas have never adversely affected the Thai exports. In fact, Thai exports are still eligible for some privileges of the GSP system. The problems facing the exports are more related to cost reduction or productivity improvement of the industry in order to compete with other exporters. For example, there is a shortage of good quality raw materials such as glue, high grade leather, and tanning chemicals. They have to be imported at high prices. Meanwhile, despite greater inflows of modern technologies, a large part of the Thai shoe industry is still inefficient. The quality and designs of its products, particularly leather shoes, are still not able to compete with those from Taiwan and Korea.

Table 1 Thailand's Shoe Exports by Country

	Volume of Exports							
	(Quantity : 1,000 pairs) (Value : 1,000 baht)							
	1970		1975		1980		1985	
	Q	V	Q	V	Q	V	Q	V
U.S.A.	2.56	34.74	749.84	10029.02	9530.43	145738.26	10133.92	619539.92
EEC	0.00	0.00	165.04	2060.24	425.58	23831.65	8066.54	636667.15
Middle East	0.00	0.00	6.23	224.42	1340.67	141225.92	9477.51	876662.78
Others	29.47	193.87	338.25	2773.76	1330.77	45075.01	4906.13	152992.26
Total	32.03	228.61	1259.36	15087.44	12627.45	355870.84	32584.10	2285862.11

	Distribution of Export Values				Growth Rates of Export Quantity		
	(percent)				(percent per year)		
	1970	1975	1980	1985	1970-1985	1970-1980	1980-1985
U.S.A.	15.20	66.47	40.95	27.10	55.22	82.22	1.23
EEC	0.00	13.66	6.70	27.85	38.89*	18.95**	58.84
Middle East	0.00	1.49	39.68	38.35	73.27*	107.43**	39.12
Others	84.80	18.38	12.67	6.69	34.10	38.10	26.09
Total	100.00	100.00	100.00	100.00	46.17	59.77	18.96

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Notes: * The growth rate of the exports to the EEC and the Middle East is for 1975-1985.

** The growth rate of the exports to the EEC and the Middle East is for 1975-1980.

Table 2 Thailand's Shoe Exports by Product

	Volume of Exports							

	(Quantity : 1,000 pairs) (Value : 1,000 baht)							
	1970		1975		1980		1985	
	Q	V	Q	V	Q	V	Q	V
Slippers	22.44	103.68	1093.22	10283.98	10469.14	161609.87	14795.52	412661.57
Sports shoes	0.00	0.00	6.20	317.68	82.86	6206.55	9270.67	1105714.65
Canvas shoes	4.53	49.75	101.24	2881.09	265.38	19543.67	955.82	75929.08
Leather shoes	0.94	23.55	7.10	967.83	1140.66	142432.86	6238.78	622661.58
Others	4.12	51.63	51.60	636.86	669.41	26077.89	1323.31	68895.23
Total	32.03	228.61	1259.36	15087.44	12627.45	355870.84	32584.10	2285862.11

	Distribution of Export Values				Growth Rates of Export Quantity		
	(percent)				(percent per year)		
	1970	1975	1980	1985	1970-1985	1970-1980	1980-1985
Slippers	45.35	68.16	45.41	18.05	43.27	61.45	6.92
Sports shoes	0.00	2.11	1.74	48.37	73.10*	51.85**	94.35
Canvas shoes	21.76	19.10	5.49	3.32	35.68	40.70	25.63
Leather shoes	10.30	6.41	40.02	27.24	58.67	71.01	33.98
Others	22.58	4.22	7.33	3.01	38.48	50.91	13.63
Total	100.00	100.00	100.00	100.00	46.17	59.77	18.96

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Note: * The growth rate of sports shoes is for 1975-1985.

** The growth rate of sports shoes is for 1975-1980.

Table 3 Thailand's Shoe Exports by Country and by Product

	Volume of Exports							

	(Quantity : 1,000 pairs)							
	(Value : 1,000 baht)							
	1970		1975		1980		1985	
	Q	V	Q	V	Q	V	Q	V
Slippers	22.44	103.68	1093.22	10283.98	10469.14	161609.87	14795.52	412661.57
U.S.A.	0.99	13.51	359.24	4804.66	8970.90	121750.77	6597.76	89528.33
EEC	0.00	0.00	62.20	332.88	152.57	3524.88	1760.15	27099.06
Middle East	0.00	0.00	0.00	0.00	422.40	21721.64	3406.36	273830.20
Others	21.45	90.17	671.78	5146.44	923.27	14612.58	3031.25	22203.98
Sports shoes	0.00	0.00	6.20	317.68	82.86	8206.55	9270.67	1105714.65
U.S.A.	0.00	0.00	0.00	0.00	29.60	2458.58	3242.77	520885.24
EEC	0.00	0.00	3.65	141.72	14.99	1104.87	5247.65	527639.36
Middle East	0.00	0.00	2.16	119.78	8.78	886.28	24.43	2380.29
Others	0.00	0.00	0.39	56.18	29.49	1756.82	755.82	54809.76
Canvas shoes	4.53	49.75	101.24	2881.09	265.38	19549.67	955.82	75929.08
U.S.A.	0.00	0.00	4.99	273.08	88.33	9126.58	25.56	3865.28
EEC	0.00	0.00	36.74	1240.53	117.69	7309.87	785.92	59763.01
Middle East	0.00	0.00	0.00	0.00	14.76	1157.69	5.16	520.07
Others	4.53	49.75	59.51	1367.48	44.60	1949.53	139.18	11781.72
Leather shoes	0.94	23.55	7.10	967.83	1140.66	142432.86	6238.78	622661.58
U.S.A.	0.00	0.00	0.09	9.89	133.23	5326.80	9.62	585.60
EEC	0.00	0.00	0.25	12.23	125.26	11311.19	163.48	19830.94
Middle East	0.00	0.00	1.20	17.58	703.47	104248.33	5518.06	555838.70
Others	0.94	23.55	5.56	928.13	178.70	21543.54	547.62	46406.34

Table 3 Thailand's Shoe Exports by Country and by Product(continued)

	Distribution of Export Values				Growth Rates of Export Quantity		
	(percent)				(percent per year)		
	1970	1975	1980	1985	1970-1985	1970-1980	1980-1985
Slippers	100.00	100.00	100.00	100.00	43.27	61.45	6.92
U.S.A.	13.03	46.72	75.34	21.70	58.70	91.12	-6.15
EEC	0.00	3.24	2.18	6.57	33.43*	17.95**	48.91
Middle East	0.00	0.00	13.44	66.36	(a)	(a)	41.75
Others	86.97	50.04	9.04	5.38	33.01	37.62	23.78
Sports shoes	0.00	100.00	100.00	100.00	73.10*	51.85**	94.35
U.S.A.	0.00	0.00	39.67	47.11	(a)	(a)	93.93
EEC	0.00	44.61	17.80	47.72	72.71*	28.25**	117.16
Middle East	0.00	37.70	14.28	0.22	24.26*	28.05**	20.47
Others	0.00	17.68	28.31	4.96	75.69*	86.51**	64.88
Canvas shoes	100.00	100.00	100.00	100.00	35.68	40.70	25.63
U.S.A.	0.00	9.48	46.70	5.09	16.34*	57.47**	-24.80
EEC	0.00	43.06	37.40	78.71	30.63*	23.28**	37.98
Middle East	0.00	0.00	5.92	0.68	(a)	(a)	-21.02
Others	100.00	47.46	9.98	15.52	22.83	22.87	22.76
Leather shoes	100.00	100.00	100.00	100.00	58.67	71.01	33.98
U.S.A.	0.00	1.02	3.74	0.09	46.72*	146.00**	-52.56
EEC	0.00	1.26	7.94	3.18	64.83*	124.33**	5.33
Middle East	0.00	1.82	73.19	89.27	84.33*	127.47**	41.20
Others	100.00	95.90	15.13	7.45	42.45	52.48	22.40

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Note: * The growth rate is for 1975-1985.

** The growth rate is for 1975-1980.

(a) The growth rate is very high.

Table 4.1 Footwear Imports into the USA, 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	608.12	548.53	828.33	21.7	18.3	15.3
Brazil	197.51	263.44	932.47	7.1	8.8	17.2
South Korea	438.98	501.91	1001.96	15.7	16.8	18.5
Taiwan	649.10	897.23	1617.21	23.2	30.0	29.8
Thailand	2.53	5.90	21.16	0.1	0.2	0.4
Others	899.97	773.30	1023.20	32.2	25.9	18.8
Total	2796.21	2990.31	5424.33	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 4.2 Rubber Footwear Imports into the USA, 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	114.20	110.34	95.74	18.7	14.1	9.0
Brazil	0.51	0.18	13.11	0.1	0.0	1.2
South Korea	44.09	40.87	56.13	7.2	5.2	5.2
Taiwan	346.82	537.16	794.75	56.7	68.7	74.6
Thailand	0.74	2.01	2.75	0.1	0.3	0.3
Others	105.02	91.04	103.20	17.2	11.7	9.7
Total	611.38	781.60	1065.68	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 4.3 Leather Footwear Imports into the USA, 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	465.82	421.89	728.48	23.3	20.6	18.3
Brazil	166.35	254.90	918.86	8.3	12.5	23.1
South Korea	389.50	455.53	767.20	19.4	22.3	19.3
Taiwan	273.11	326.27	697.31	13.6	15.9	17.5
Thailand	0.17	0.22	9.82	0.0	0.0	0.3
Others	709.30	585.97	856.50	35.4	28.7	21.5
Total	2004.25	2044.78	3978.17	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 5 Thailand's Shoe Exports to the U.S.A. by Product

	Volume of Exports							
	1970		1975		1980		1985	
	Q	V	Q	V	Q	V	Q	V
Slippers	0.99	13.51	359.24	4804.66	8970.90	121750.77	6597.76	89528.33
Sports shoes	0.00	0.00	0.00	0.00	29.60	2458.58	3242.77	520885.24
Canvas shoes	0.00	0.00	4.99	273.08	88.33	9126.58	25.56	3864.28
Leather shoes	0.00	0.00	0.09	9.89	133.23	5329.80	9.62	585.60
Others	1.57	21.23	385.52	4941.39	308.37	7072.53	258.21	4676.47
Total	2.56	34.74	749.84	10029.02	9530.43	145738.26	10133.92	619539.92

	Percentage of Shoe Exports				Growth Rate of Shoe Exports		
	(percent)				(Percent per year)		
	1970	1975	1980	1985	1970-1985	1970-1980	1980-1985
Slippers	38.89	47.91	83.54	14.45	58.70	91.12	-6.15
Sports shoes	0.00	0.00	1.69	84.08	(a)	(a)	93.93
Canvas shoes	0.00	2.72	6.26	0.62	16.34*	57.47**	-24.80
Leather shoes	0.00	0.10	3.66	0.09	46.72*	146.00**	-52.56
Others	61.11	49.27	4.85	0.75	34.02	52.80	-3.55
Total	100.00	100.00	100.00	100.00	55.22	82.22	1.23

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Note: * The growth rate is for 1975-1985.

** The growth rate is for 1975-1980.

(a) The growth rate is very high.

Table 6.1 Footwear Imports into the EEC, 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	1671.58	2535.82	2022.90	50.4	47.3	46.3
Brazil	56.09	82.94	61.81	1.7	1.5	1.4
South Korea	108.31	207.25	150.91	3.3	3.9	3.5
Taiwan	79.33	238.13	233.16	2.4	4.5	5.3
Thailand	0.12	1.32	8.26	0.0	0.0	0.2
Others	1398.20	2290.00	1892.62	42.2	42.8	43.3
Total	3313.63	5355.46	4369.66	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 6.2 Rubber Footwear Imports into the EEC, 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	183.45	356.26	239.62	50.9	54.3	49.6
Brazil	0.00	0.00	4.35	0.0	0.0	0.9
South Korea	25.00	33.60	15.00	6.9	5.1	3.1
Taiwan	17.49	50.34	62.17	4.9	7.7	12.9
Thailand	0.00	0.51	1.42	0.0	0.1	0.3
Others	134.57	215.75	160.51	37.3	32.8	33.2
Total	360.51	656.46	483.07	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 6.3 Leather Footwear Imports into the EEC, 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	1476.53	2171.23	1769.76	50.9	46.9	46.8
Brazil	56.03	82.92	57.41	1.9	1.8	1.5
South Korea	80.92	168.63	127.70	2.8	3.7	3.4
Taiwan	59.59	186.69	161.20	2.1	4.0	4.3
Thailand	0.10	0.77	6.79	0.0	0.0	0.2
Others	1227.80	2017.06	1657.06	42.3	43.6	43.8
Total	2900.97	4624.30	3779.92	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 7 Thailand's Shoe Exports to the EEC by Product

	Volume of Exports					
	(Quantity : 1,000 pairs)					
	(Value : 1,000 baht)					
	1975		1980		1985	
	Q	V	Q	V	Q	V
Slippers	62.20	332.88	152.57	3524.88	1760.15	27099.06
Sports shoes	3.65	141.72	14.99	1104.87	5247.65	527639.36
Canvas shoes	36.74	1240.53	117.69	7309.87	785.92	59736.01
Leather shoes	0.25	12.23	125.26	11311.19	163.48	19830.94
Others	62.20	332.88	15.07	580.84	109.34	2334.78
Total	165.04	2060.24	425.58	23831.65	8066.54	636667.15

Distribution of Export Values			
(percent)			
	1975	1980	1985
Slippers	16.16	14.79	4.26
Sports shoes	6.88	4.64	82.88
Canvas shoes	60.21	30.67	9.39
Leather shoes	0.59	47.46	3.11
Others	16.16	2.44	0.37
Total	100.00	100.00	100.00

Growth Rates of Export Quantity		
(percent per year)		
1975-1985	1975-1980	1980-1985
33.43	17.95	48.91
72.71	28.25	117.16
30.63	23.28	37.98
64.83	124.33	5.33
5.64	-28.35	39.64
38.89	18.95	58.84

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Table 8.1 Footwear Imports into the U.K., 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	179.80	323.26	344.75	37.0	39.3	40.0
Brazil	16.45	45.15	44.67	3.4	5.5	5.2
South Korea	38.05	45.82	38.04	7.8	5.6	4.4
Taiwan	15.64	31.99	68.68	3.2	3.9	8.0
Thailand	0.06	0.63	6.49	0.0	0.1	0.7
Others	236.40	376.60	359.18	48.6	45.7	41.7
Total	486.40	823.45	861.81	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 8.2 Rubber Footwear Imports into the U.K., 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	40.16	67.59	56.96	45.4	47.6	46.0
Brazil	0.00	0.00	2.67	0.0	0.0	2.2
South Korea	4.93	3.28	1.54	5.6	2.3	1.3
Taiwan	9.18	13.61	14.28	10.4	9.6	11.5
Thailand	0.00	0.50	1.01	0.0	0.4	0.8
Others	34.22	56.94	47.23	38.6	40.1	38.2
Total	88.49	141.92	123.69	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 8.3 Leather Footwear Imports into the U.K., 1978-1984

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1984	1978	1980	1984
Italy	137.14	255.18	286.93	34.9	37.7	39.4
Brazil	16.45	45.15	42.00	4.2	6.7	5.8
South Korea	33.13	42.42	36.04	8.4	6.3	4.9
Taiwan	6.09	17.98	53.44	1.6	2.7	7.3
Thailand	0.06	0.13	5.47	0.0	0.0	0.8
Others	200.36	314.88	304.51	50.9	46.6	41.8
Total	393.19	675.74	728.39	100.0	100.0	100.0

Source: OECD, Foreign Trade by Commodity, various issues.

Table 9 Thailand's Shoe Exports to the U.K. by Product

	Volume of Exports			
	(Quantity : 1,000 pairs)			
	(Value : 1,000 baht)			
	1980		1985	
	Q	V	Q	V
Slippers	65.38	2494.11	845.41	16964.87
Sport shoes	14.96	1099.32	4225.46	397324.75
Canvas Shoes	92.89	5869.06	593.69	45969.80
Leather shoes	120.54	10401.95	115.83	11901.81
Others	7.50	268.03	64.90	959.66
Total	301.27	20132.47	5845.29	473120.89

Distribution of Export Values

(percent)

1980	1985
12.39	3.59
5.46	83.98
29.15	9.72
51.67	2.52
1.33	0.20
100.00	100.00

Growth Rates of Export Quantity

(percent per year)

1980-1985
51.19
112.87
37.1
-0.80
43.16
59.31

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Table 10.1 Footwear Imports into Saudi Arabia, Kuwait, and United Arab Emirates, 1978-1982

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1982	1978	1980	1982
Italy	10.08	27.77	46.05	7.79	11.14	15.10
Brazil	0.78	0.74	1.25	0.62	0.29	0.41
South Korea	0.94	3.18	4.57	0.74	1.27	1.50
Taiwan	22.29	47.19	70.75	17.61	18.93	23.20
Thailand	0.66	5.51	16.57	0.52	2.21	5.43
Others	91.80	164.96	165.79	72.54	66.16	54.36
Total	126.55	249.35	304.98	100.00	100.00	100.00

Source: United Nations, International Trade Statistics Yearbook Vol.II
Trade by Commodity, New York, various issues.

Table 10.2 Rubber Footwear Imports into Saudi Arabia, 1978-1982

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1982	1978	1980	1982
Italy	1.92	2.73	1.89	6.13	6.42	6.18
South Korea	0.14	0.34	0.65	0.45	0.80	2.12
Taiwan	7.70	10.77	11.64	24.58	25.33	38.04
Thailand	0.13	0.56	0.95	0.41	1.32	3.10
Others	21.44	28.12	15.47	68.43	66.13	50.56
Total	31.33	42.52	30.60	100.00	100.00	100.00

Source: United Nations, International Trade Statistics Yearbook Vol.II
Trade by Commodity, New York, various issues.

Table 10.3 Leather Footwear Imports into Saudi Arabia, 1978-1982

	Value of Imports (million US\$)			Share (percent)		
	1978	1980	1982	1978	1980	1982
Italy	1.52	9.54	24.89	5.01	10.53	15.20
Brazil	0.02	0.02	0.61	0.07	0.02	0.37
South Korea	0.06	0.61	1.93	0.20	0.67	1.18
Taiwan	5.82	16.59	41.84	19.19	18.31	25.56
Thailand	0.27	1.75	9.27	0.89	1.93	5.66
Others	22.64	62.09	85.17	74.64	68.54	52.03
Total	30.33	90.60	163.71	100.00	100.00	100.00

Source: United Nations, International Trade Statistics Yearbook Vol.II
Trade by Commodity, New York, various issues.

Table 11 Thailand's Shoe Exports to the Middle East by Product

	Volume of Exports					
	(Quantity : 1,000 pairs) (Value : 1,000 baht)					
	1975		1980		1985	
	Q	V	Q	V	Q	V
Slippers	0.00	0.00	422.40	21721.64	3406.36	273830.20
Sport shoes	2.16	119.78	8.78	886.28	24.43	2380.29
Canvas Shoes	0.00	0.00	14.76	1157.69	5.16	520.07
Leather shoes	1.20	17.58	703.47	104248.33	5518.06	555838.70
Others	2.87	87.06	191.26	13211.98	523.50	44093.52
Total	6.23	224.42	1340.67	141225.92	9477.51	876662.78

	Distribution of Export Values			Growth Rates of Export Quantity		
	(percent)			(percent per year)		
	1975	1980	1985	1975-1985	1975-1980	1980-1985
Slippers	0.00	15.38	31.24	(a)	(a)	41.75
Sport shoes	53.37	0.63	0.27	24.26	28.05	20.47
Canvas Shoes	0.00	0.82	0.06	(a)	(a)	-21.02
Leather shoes	7.83	73.82	63.40	84.33	127.47	41.20
Others	38.79	9.36	5.03	52.06	83.99	20.14
Total	100.00	100.00	100.00	73.27	107.43	39.12

Source: Department of Customs, Foreign Trade Statistics of Thailand, various issues.

Note: (a) The growth rate is very high.

Table 12 Manufacturing and Trading Shoe Firms by Product and by Employment

A. Manufacturers:

Products -----	Number of Workers -----	Number of Firms -----
Leather Shoes		6
	5-50	4
	50-150	2
Slippers		3
	50-100	1
	100-500	2
Sports and Canvas shoes		7
	100-1,000	3
	1,000-3,000	4

Subtotal		16

B. Trading Firms:

Products -----	Number of Firms -----
Leather shoes	6
Slippers	2
Sports and Canvas shoes	1

Subtotal	9

Total	25
	===

Table 13 Capital Intensity of Shoe Manufactures

Fixed assets per worker (baht)				
Products	1,000-2,000	20,000-50,000	50,000-100,000	Total
Slippers	0 (0%)	2 (67%)	1 (33%)	3(100%)
Sports and Canvas Shoes	1 (14%)	3 (43%)	3 (43%)	7(100%)
Leather Shoes	4 (67%)	0 (0%)	2 (33%)	6(100%)
Total	5 (31%)	5 (31%)	6 (38%)	16(100%)

Table 14 Share of Exports in Total Production by Product

Products	Percentage of Exports in Production				Total
	1-25	26-50	51-75	76-100	
Slippers	2 (40%)	1 (20%)	0 (0%)	2 (40%)	5(100%)
Sports and Canvas Shoes	3 (43%)	1 (14%)	1 (14%)	2 (29%)	7(100%)
Leather Shoes	3 (37%)	0 (0%)	0 (0%)	5 (63%)	8(100%)
Total	8 (40%)	2 (10%)	1 (5%)	9 (45%)	20(100%)

Note: Some firms produce more than one type of shoe.

Table 15 Major Importing by Products' Countries

Products	Importing Countries*				Total
	U.S.A.	EEC	Middle East	Others	
Slippers	3 (27%)	2 (18%)	3 (27%)	3 (27%)	11 (100%)
Sports and Canvas Shoes	3 (33%)	3 (33%)	1 (11%)	2 (22%)	9 (100%)
Leather Shoes	0 (0%)	2 (14%)	10 (71%)	2 (14%)	14 (100%)
Total	6 (18%)	7 (21%)	14 (41%)	7 (21%)	34 (100%)

Note: Major importing countries are countries whose imports are greater than 50 percent of firms' production values.

Table 16 Shoe Firms' Perception on their Export Competitors

Products	Export-Competing Countries					
	Taiwan	Korea	Italy	Philippines	China	Others
Slippers	9 (50%)	1 (6%)	0 (0%)	3 (17%)	1 (6%)	4 (22%)
Sports and Canvas Shoes	9 (43%)	7 (33%)	0 (0%)	0 (0%)	1 (5%)	4 (19%)
Leather Shoes	12 (36%)	6 (18%)	4 (12%)	0 (0%)	1 (3%)	10 (30%)
Total	30 (42%)	14 (19%)	4 (6%)	3 (4%)	3 (4%)	18 (25%)

Note: Some firms export more than one type of shoe.

Table 17 Shoe Firms' Perception of Protection in Importing Countries

Importing Countries	Protective Measures	Number of Responses
U.S.A.	Import taxes	5
EEC		15
	GSP exhaustion	9
	No ideas	6
Middle East		13
	Import taxes	10
	No ideas	3
Others		9
	Import taxes	2
	No protection	4
	No ideas	3

Note: Some firms export to more than one country.

Table 18 Effects of Protection and Measures Against Protection

1. Effects of Protection

Likely Affected	Number of Firms
No	4
Yes	21
	--
Total	25
	==

2. Measures Against Protection

A. Short-Term Measures	Number of Responses	Percentage
Changing designs and reducing costs of production	5	26
Government negotiations with the protection-imposing countries	2	11
Exporters negotiations with the protection-imposing countries	1	5
Others	3	16
No ideas	8	42
	---	---
Total	19	100
	===	===

B. Long-Term Measures	Number of Responses	Percentage
Diversifying markets	16	62
Seeking domestic market opportunities	2	8
Reducing production and employment	2	8
Seeking licensing agreements with brand-name firms	1	4
Others	1	4
No ideas	4	15
	---	---
Total	26	100
	===	===

Table 19 Firms' Proposed Government Reactions Against Protection

	Number of Firms	Percentage
Retaliation to protection in importing countries	8	32
Negotiations with protection-imposing countries	6	24
No government reactions likely to be effective	3	12
Others	2	8
No ideas	6	24
Total	25	100

Table 20 Opinions on Export Augmentation Measures

Short-Term Measures	Number of Firms	Percent (%)
Elimination of complicated exporting procedures	10	24
Increasing export subsidies	7	17
Reducing taxes and administrative costs of exports	6	14
Fastening procedures of tax refunds	5	12
Reducing tariffs on raw materials and machines for producing exports	3	7
Provision of financial credits to exporters	3	7
Facilitating information about export by Foreign Trade Commissioners	3	7
Others	5	12
	---	---
Total	42	100
	===	===

Long-Term Measures	Number of Firms	Percent (%)
Promotion of industries producing raw materials for the shoe industry	7	18
Provision of information on technology, marketing, quality improvement and so on	6	16
Assistance from the government on discovery of marketing channels	6	16
Improvement efficiency of Thai bureaucracy	5	13
Reduction of cascading effects of some taxes	3	8
Cooperation between private and public sectors in designing export promotion	2	5
Government negotiations to increase exporting privileges in importing countries	2	5
Others	5	13
	---	---
Total	38	100
	===	===

Table 21 Opinions on BOI Promotion

Under BOI Promotion	Number of Firms
Yes	3
No	22
	--
Total	25
	==

Reasons for not Applying for BOI Promotion	Number of Responses	Percentage
Complicated conditions	16	42
Inavailability for firms producing mostly for domestic markets	6	15
Inadequate privileges	4	11
Inadequate information about BOI	4	11
Others	8	21
	---	---
Total	38	100
	===	===

FOOTNOTES

- 1/ The imports of shoes in Thailand are also subject to the tariff rate of 60 percent.
- 2/ The figures are computed from data from the Department of Customs, Foreign Trade Statistics of Thailand, various issues, and the National Income Account Division, NESDB.
- 3/ Export Service Center, Department of Commercial Relations, Ministry of Commerce, Shoe Industry in Thailand, Seminar Programme on "Shoe Production Technique", June 27, 1986, p. 2.
- 4/ Department of Commercial Relations, Ministry of Commerce, Slippers and Other House Footwear, July 1982, p. 11-14.
- 5/ See more details in the United Nations Industrial Development Organization, Terminal Report on the Chemical Industry prepared for the Government of Thailand, executing agency for the United Nations Development Programme, April 1984, p. 25.
- 6/ Department of Commercial Relations, Ministry of Commerce, Footwear, June 1984, p. 10.
- 7/ JETRO, Market Study on the Athletic Footwear Market in the United States, 1986, p. 5.
- 8/ Department of Foreign Trade, Ministry of Commerce, System of Preferential Tariff in the U.S.A., May 1986.
- 9/ United States International Trade Commission, Rubber Footwear, Washington, D.C., March 1981.
- 10/ The White House, Office of the Press Secretary, Nonrubber Footwear Import Relief Determination, a memo, August 28, 1985.
- 11/ Ibid.

- 12/ Department of Foreign Trade, op. cit.
- 13/ The growth rate of Thailand's exports to the U.S. during 1977 to 1981 was 60.19 percent.
- 14/ United Nations, Industrial Statistics Yearbook 1983, New York, 1985, and Eurostat, Analytical Tables NIMEXE F(50-67), various issues.
- 15/ In the EEC manufactured imports from LDCs are given privileges of exemptions from tariffs and quotas under the GSP system. There are, however, about 130 items which are considered "sensitive" to foreign competition. The items are given ceilings or quotas eligible for the privileges for Thailand. There are ceilings of shoe imports and quotas of the imports of monosodium glutamate and mosaic tiles.
- 16/ Department of Foreign Trade, Ministry of Commerce, System of Preferential Tariff in EEC, May 1986.
- 17/ Ibid.
- 18/ ECU for European Currency Unit is the common currency unit in the EEC. For example, in 1986, ECU was equivalent to 0.59 pound sterling or 2.24 German Marks. The rates change yearly according to the movements of each country's exchange rates.
- 19/ The tariff rates of minor importing countries in the Middle East are much higher. For example, the rates are 36 percent in Syrian Arab Republic. See International Customs Tariffs Bureau, Bulletin International, 1986.
- 20/ Firms must have referred to the tariff rates in major importing countries. They did not seem to realize the high rates in other Middle Eastern Countries.

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