

# 5. Leather Footwear

## 1. Definition of Category

This category covers leather footwear including boots, but excluding athletic shoes and slippers. All leather footwear is subject to tariff quota requirements.

### HS Numbers

- 6403 (excluding slippers and gymnastics footwear)
- 6404 (only footwear with the uppers of leather in part )
- 6405

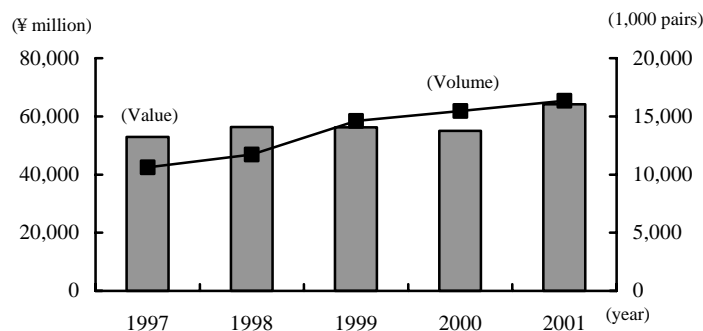
*Note: These items dealt with this section fall under the Tariff Quota System as established by Article 9 of the Customs Tariff Law.*

## 2. Import Trends

### (1) Recent Trends in Leather Footwear Imports

Leather footwear imports have been increasing for a number of years on a volume basis. 1999 witnessed especially strong growth, as imports were up by 23.0% from the year before. Fueling this import growth were consumer low-price preference and the transfer of production sites to China by Japanese footwear makers. In addition, some makers moved production to Cambodia and Bangladesh from 2000 onward, where costs are even lower than in China. Total imports of leather footwear in 2001 were 16.33 million pairs (up 5.6% from the year before), worth some ¥64.2 billion (up 16.6 %).

**Fig. 1 Japan's leather footwear imports**



|                  | 1997   |        | 1998   |        | 1999   |        | 2000   |        | 2001   |        |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                  | Volume | Value  | Volume | Value  | Volume | Value  | Volume | Value  | Volume | Value  |
| Leather footwear | 10,622 | 52,936 | 11,723 | 56,367 | 14,595 | 56,266 | 15,469 | 55,052 | 16,331 | 64,199 |

Units: 1,000 pairs, ¥ million

Source: Japan Exports and Imports

Leading categories are leather footwear with outer soles of composition leather for men (HS No. 6403.99-012 and -015) and those for women (HS No. 6403.99-013 and -016), together account for 54.4% of total imports on a volume basis.

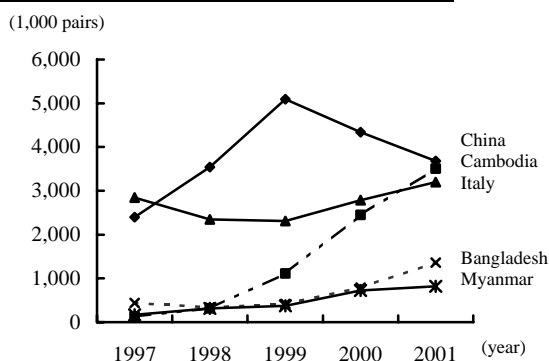
### (2) Imports by Place of Origin

In the past, Italy was the leading exporter of leather footwear to Japan. But as Japanese makers moved production to China, imports from China soared, and in 1997 China moved past Italy into first place on a volume basis. Imports from China reached 5.09 million pairs (with a share of 34.9%) in 1999, but imports from Cambodia soared to 3.50 million pairs in 2001 (share 21.4%), and Chinese exports dropped to 3.68 million pairs (share 22.6%) as a result. In addition, imports from Bangladesh and Myanmar gained increase.

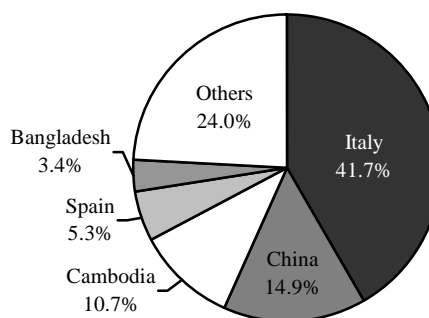
Even so, Italy continues to hold the lead in leather footwear exports to Japan on a value basis with ¥26.8 billion (share 41.7%), and its exports rose to 3.19 million pairs, share 19.6%) as well, the highest level in recent five years. There are enormous differentials in average unit price among exporter nations. The average unit price for leather footwear from China is ¥2,592 per pair, compared to ¥1,955 for imports from Cambodia, which is 75% of the average price of imports from China. In contrast, Imports from Italy cost more than triple the amount of imports from China, averaging ¥8,381.

**Fig. 2 Principal exporters of leather footwear to Japan**

**Trends in import volume by leading exporters**



**Shares of leather footwear imports in 2001 (value basis)**



|              | 1997          | 1998          | 1999          | 2000          |               | 2001          |               |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|              | Volume        | Volume        | Volume        | Volume        | Value         | Volume        | Value         |
| China        | 2,399         | 3,544         | 5,090         | 4,340         | 10,079        | 3,683         | 22.6%         |
| Cambodia     | 132           | 318           | 1,111         | 2,449         | 4,285         | 3,502         | 21.4%         |
| Italy        | 2,845         | 2,350         | 2,312         | 2,787         | 19,932        | 3,194         | 19.6%         |
| Bangladesh   | 437           | 339           | 416           | 791           | 1,153         | 1,359         | 8.3%          |
| Myanmar      | 168           | 312           | 375           | 726           | 1,214         | 820           | 5.0%          |
| Others       | 4,641         | 4,860         | 5,291         | 4,377         | 18,391        | 3,773         | 23.1%         |
| <b>TOTAL</b> | <b>10,622</b> | <b>11,723</b> | <b>14,595</b> | <b>15,469</b> | <b>55,052</b> | <b>16,331</b> | <b>100.0%</b> |
| (E U)        | 5,355         | 4,662         | 4,845         | 4,910         | 30,198        | 5,045         | 30.9%         |

Units: 1,000 pairs, ¥ million

Source: Japan Exports and Imports

**(3) Imports' Market Share in Japan**

Because of category level false setting between domestic data and import/export data, the share of imports in the market for leather shoes is not clear, but steadily on the increase in recent years. (refer to Fig. 5 about domestic production)

**3. Key Considerations related to Importing**

**(1) Regulations and Procedural Requirements at the Time of Importation**

Imports of leather footwear are subject to tariff quota requirements under the Customs Tariff Law, and in some cases to provisions of the Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora, so-called CITES).

**1) Customs Tariff Law**

Footwear made wholly or partially from leather falls under the Tariff Quota System as established by Article 9 of the Customs Tariff Law. Products subject to tariff quotas are assessed a relatively low tariff rate (primary rate) for the quantity within the limits of annual tariff quota stipulated every year by a Cabinet Order and then a higher tariff rate (secondary rate, with percentage or fixed price per pair, whichever is higher) for imports in excess of that pooled quota. For more information, contact the International Economic Affairs Division, Trade Policy Bureau, Ministry of Economy, Trade and Industry.

**2) Foreign Exchange and Foreign Trade Law (Import Trade Control Order)**

Under terms of the Washington Convention, the Foreign Exchange and Foreign Trade Law regulates importing of species of wild fauna and flora listed in the Appendix to the Convention. Footwear made from the leather of lizards, snakes and certain other animal species is sometimes subject to provisions of the Washington Convention. It applies to three categories of species, as discussed below. For more information on the specific content and applicability of these classifications, please contact the Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry.

**Appendix I (All species threatened with extinction)**

Commercial traffic in these species or products made from these species is prohibited. For customs purposes all of these animals are designated as import quota items and the Minister of Economy, Trade and Industry must approve an import quota before any such item can be imported.

**Appendix II** (All species requiring strict international regulation to prevent danger of extinction)

The importer of any such species or product made from a member of such species must present to Japanese customs authorities an export certificate or re-export certificate from the management authority of the exporting country. Some species need prior confirmation by the Minister of Economy, Trade and Industry.

**Appendix III** (All Species which any party identifies as being subject to regulation and as needing the cooperation of other parties in the control of trade)

The importer of any such species or product made from a member of such species must present to Japanese customs an export certificate and a certificate of origin issued by management authority of exporting country, or a certificate granted by the management authority of the country of re-export that specimen was processed in that country. Some species need prior confirmation by the Minister of Economy, Trade and Industry.

It can be difficult to determine whether leathers under its common name corresponds to a species covered under the Washington Convention, or whether the material came from animals that were systematically grown or not. Accordingly, it is preferable when importing leather footwear to list the scientific name on the invoice, even if the leathers indisputably came from a species not covered by the Convention.

**(2) Regulations and Procedural Requirements at the Time of Sale**

In principle the sale of leather footwear is unregulated. However, wear that make even partial use of leather from certain species may be restricted or prohibited under terms of the Law for Conservation of Endangered Species of Wild Fauna and Flora. And the Act Against Unjustifiable Premiums and Misleading Representations sometimes requires labeling as to the country of origin. In addition, containers and packaging may be subject to provisions of the Containers and Packaging Recycling Law and the Law for Promotion of Effective Utilization of Resources. For more detailed information about the subject, scope, labeling method, etc., please consult the competent government agencies listed below.

**1) Law for Conservation of Endangered Species of Wild Fauna and Flora**

The Law established a comprehensive legal framework of protection for species considered to be in danger of extinction. Leather footwear made from leathers, which are designated as species specially identified for protection, may not be sold or transferred in Japan. However, species that are being raised for commercial purposes may be distributed in Japan, provided that proper registration procedures with the Minister of the Environment are completed. Registration procedures are with the Natural Environment Research Center, a registration organization officially designated by the Ministry of the Environment. For more details, please consult the Wildlife Division, Nature Conservation Bureau, Ministry of the Environment.

**(3) Competent Agencies**

- Customs Tariff Law  
International Economic Affairs Division, Trade Policy Bureau, Ministry of Economy, Trade and Industry  
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Foreign Exchange and Foreign Trade Law (Washington Convention)  
Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry  
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Law for Conservation of Endangered Species of Wild Fauna and Flora  
Wildlife Division, Nature Conservation Bureau, Ministry of the Environment  
TEL: 03-3581-3351 <http://www.env.go.jp>
- Containers and Packaging Recycling Law / Law for Promotion of Effective Utilization of Resources  
Recycling Promotion Division, Industrial Science and Technology Policy and Environment Bureau,  
Ministry of Economy, Trade and Industry  
TEL: 03-3501-1511 <http://www.meti.go.jp>  
Recycling Promotion Division, Waste Management and Recycling Department, Ministry of the Environment  
TEL: 03-3581-3351 <http://www.env.go.jp>

## 4. Labeling

### (1) Legally Required Labeling

#### <Labeling under the Law for Promotion of Effective Utilization of Resources>

There are no labeling requirements for leather footwear. But, when paper or plastic is used as a packaging material for wrapping of individual product items, or for labels, tags, external packaging or elsewhere, a material identifier mark must be displayed with information where the material is used.

< Example >



External packaging



Tag

### (2) Voluntary Labeling Based on Provisions of Law

There are voluntary guidelines for labeling for the size of shoes under the Industrial Standardization Law (JIS Law).

- Japanese Standards Association TEL: 03-3583-8005  
http://www.jsa.or.jp

JIS Mark



### (3) Voluntary Industry Labeling

There is no voluntary industry labeling for leather footwear.

## 5. Taxes

### (1) Customs Duties

Footwear made wholly or partially from leather falls under the Tariff Quota (TQ) System as established by the Customs Tariff Law. Tariff rates on leather footwear are broadly classified by shape, material of soles and uppers, and country of origin. Fig. 4 on the following page just presents some examples.

In order to apply for preferential tariff rates, the importer should submit a certificate of origin issued by the Customs or other issuing agency in the country of export (not required if the total value of the shipment is no greater than ¥200,000). For detailed information, please consult Customs authorities.

### (2) Consumption Tax

(CIF + Customs duty) x 5%

## 6. Product Characteristics

European and American name-brand leather footwear tends to have higher prices than Japanese brands, while leather footwear from other Asian countries/regions usually has lower prices. Japan has different size labeling conventions from Europe and the United States. Japanese sizes are expressed in centimeters, while American sizes are expressed in inches, and European sizes follow the so-called European Size convention. European and American footwear are designed to fit common foot dimensions in those regions, and so generally have narrower widths for the same length of shoe.

Recently, though, an increasing number of overseas manufacturers have been manufacturing shoes based on Japanese-made wooden dies, which means that imported shoes more often come in sizes that fit Japanese people's feet well.

Fig. 3 Example of comparative shoe sizes

|         |                 |    |     |    |     |    |     |    |     |     |
|---------|-----------------|----|-----|----|-----|----|-----|----|-----|-----|
| Men's   | Japan           | 24 | 24½ | 25 | 25½ | 26 | 26½ | 27 | 27½ | 28  |
|         | U.K., U.S.A.    | 6  | 7   | 7½ | 8   | 8½ | 9   | 9½ | 10  | 10½ |
|         | Europe          | 5  | 6   | 6½ | 7   | 7½ | 8   | 8½ | 9   | 9½  |
|         | France, Germany | 38 | 39  | 40 | 41  | 42 | 43  |    | 45  | 46  |
| Women's | Japan           | 22 | 22½ | 23 | 23½ | 24 | 24½ | 25 | 25½ |     |
|         | U.K., U.S.A.    | 4  | 5   | 5½ | 6   | 6½ | 7   | 7½ | 8   |     |
|         | Europe          | 3  | 4   | 4½ | 5   | 5½ | 6   | 6½ | 7   |     |
|         | France, Germany | 34 | 35  | 36 | 37  | 38 | 39  |    | 40  |     |

Fig. 4 Customs duties on leather footwear (examples)

| HS No.            | Description   | Rate of Duty (%)                             |  |              |           |
|-------------------|---|--|--|--------------|-----------|
|                   |   | General                                      | WTO  | Preferential | Temporary |
| 6403.20           | Footwear with outer soles of leather, and uppers which consist of leather straps across the instep and around the big toe | 60% or ¥4,800/pair, whichever is the greater |  |              |           |
| -011              | For "the Pooled Quota" (house footwear)   |  | (24.%)                                       | *Free        | 24%       |
| -021              | For "the Pooled Quota" (other footwear)   |  | (21.6%)                                      | *Free        | 21.6%     |
| -012,-022         | Other footwear  |  | 30% or ¥4,300/pair, whichever is the greater | *Free        |           |
| 6403.30, 40       | Footwear made on a bass or platform of wood, not having a protective metal toe-cap.                                       | 60% or ¥4,800/pair, whichever is the greater |  |              |           |
| -011              | For "the Pooled Quota," with outer soles of rubber, leather or composition leather  |  | (21.6%)                                      | *Free        | 21.6%     |
| -022              | For "the Pooled Quota," excluding slippers  |  | (24%)  | *Free        | 24%       |
| -012,-022         | Other footwear made on a bass or platform of wood   |  | 30% or ¥4,300/pair, whichever is the greater | *Free        |           |
| 6403.51           | Footwear with outer soles of leather, covering the ankle.   | 60% or ¥4,800/pair, whichever is the greater |  |              |           |
| -011              | For "the Pooled Quota,"   |  | (24%)  | *Free        | 24%       |
| -022              | For "the Pooled Quota," excluding slippers  |  | (21.6%)                                      | *Free        | 21.6%     |
| -012,-029         | Other footwear with outer soles of leather, covering the ankle  |  | 30% or ¥4,300/pair, whichever is the greater | *Free        |           |
| 6403.59           | Other footwear with outer soles of leather  | 60% or ¥4,800/pair, whichever is the greater |  |              |           |
| -012              | For "the Pooled Quota."   |  | (24%)  | *Free        | 24%       |
| -031-39           | For "the Pooled Quota," shoes   |  | (21.6%)                                      | *Free        | 21.6%     |
| -019,-091-099     | Other footwear with outer soles of leather  |  | 30% or ¥4,300/pair, whichever is the greater | *Free        |           |
| 6403.91           | Footwear covering the ankle   | 60% or ¥4,800/pair, whichever is the greater |  |              |           |
| -012              | For "the Pooled Quota," with outer soles of composition leather   |  | (21.6%)                                      | *Free        | 21.6%     |
| -022              | Other for "the Pooled Quota,"   |  | (24%)  | *Free        | 24%       |
| -019,-029         | Other footwear covering the ankle   |  | 30% or ¥4,300/pair, whichever is the greater | *Free        |           |
| 6403.99           | Other footwear  | 60% or ¥4,800/pair, whichever is the greater |  |              |           |
| -012-014          | For "the Pooled Quota," with outer soles of rubber, leather or composition leather  |  | (21.6%)                                      | *Free        | 21.6%     |
| -022              | Other for "the Pooled Quota."   |  | (24%)  | *Free        | 24%       |
| -015-016-019,-029 | Other footwear  |  | 30% or ¥4,300/pair, whichever is the greater | *Free        |           |

Note 1: "\*Free" in Preferential Rate is applicable only for Least Less Developed Countries.

Note 2: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

## 7. Domestic Distribution System and Business Practices

### (1) Domestic Market Conditions

Demand for leather footwear in Japan reached the saturation point. The market as a whole is therefore comparatively stable in size. The shift in production sites to China and Cambodia has resulted in declining domestic production. Over the past five years, total production has fallen from 63.0 million pairs to 46.4 million pairs. The drop has been even more pronounced in men's footwear than women's footwear. Production has fallen even more than imports have increased, which invites the conclusion that the market as a whole is shrinking.

**Fig. 5 Trends in domestic production (reference)**

|                          | Volume           |                  |                  |                  |                  | Value              |                   |                   |                   |                   |
|--------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|                          | 1996             | 1997             | 1998             | 1999             | 2000             | 1996               | 1997              | 1998              | 1999              | 2000              |
| Total<br>(yearly change) | 63,032<br>(99.0) | 61,017<br>(96.8) | 55,103<br>(90.3) | 49,121<br>(89.1) | 46,377<br>(94.4) | 318,528<br>(100.4) | 310,009<br>(97.7) | 281,629<br>(90.9) | 250,947<br>(89.1) | 227,037<br>(90.5) |
| Men's                    | 24,870           | 23,828           | 21,327           | 18,511           | 15,908           | 136,749            | 133,880           | 121,082           | 103,927           | 82,889            |
| Women's                  | 27,863           | 26,484           | 23,783           | 22,059           | 21,761           | 147,933            | 140,960           | 127,157           | 118,900           | 116,753           |
| Kids'                    | 214              | 172              | 165              | 146              | 131              | 616                | 509               | 503               | 432               | 404               |
| For athletics            | 2,330            | 2,308            | 2,097            | 1,428            | 1,449            | 11,050             | 11,170            | 10,132            | 7,301             | 6,244             |
| For workings             | 7,536            | 8,004            | 7,569            | 6,798            | 6,958            | 21,426             | 22,661            | 22,239            | 19,863            | 20,216            |
| Other                    | 219              | 220              | 162              | 179              | 169              | 754                | 829               | 516               | 523               | 532               |

Units: 1,000 pairs, ¥ million

Source: Yearbook of Miscellaneous Goods Statistics

Note: "other" includes slipper, which is not covered in this guidebook. So please use these figures just as reference.

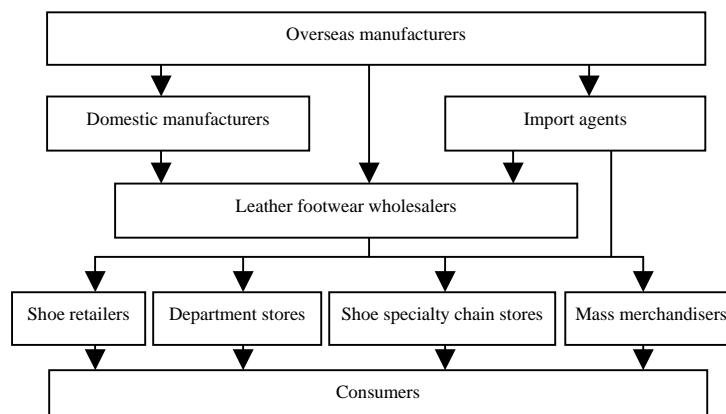
Compared with Western countries, the custom of wearing shoes is fairly new for Japanese people. As a result, Japanese have a lower level of interest in and concern with footwear. The number of shoe fitters and podiatrists is small, and it still is uncommon for people to have their feet measured for size when buying leather footwear, to make sure the shoes are a good fit. But wearing shoes that do not fit right produces minor injuries and foot pain in many. More people are starting to take an interest in footwear as a result.

The fashion field including leather footwear clearly demonstrates the trend toward consumer selectivity and focus in the current environment consumer spending. Low-cost, high-quality footwear made in China have attracted overwhelming consumer support. At the same time, expensive upscale brands from Italy have seen their sales in Japan grow steadily from year to year. The market is showing a pronounced tendency toward polarization. The losers have been products in the middle price ranges with few distinguishing features.

### (2) Distribution Channels

The following chart illustrates main distribution channels for leather footwear. Western brand-name imports are usually distributed from the overseas maker through a general trading company or specialty trading company to wholesalers and then to retailers. Some leading wholesalers and retailers do business directly with overseas manufacturers. Much of China's exports consist of development imports for footwear makers. These products are positioned as part of the makers' product lines and are distributed through the same channels as domestic products.

**Fig. 6 Distribution channels for leather footwear**



### **(3) Key Considerations for entering the Japanese Market**

Footwear made from the leather of lizards, snakes and certain other animal species is sometimes subject to provisions of the Washington Convention. The Japanese market for leather footwear is a mature one, and prices are still dropping. Success in this market will require both competitive prices and added functionality.

### **8. After-Sales Service**

Repairs and other types of after-sales service generally occur without problems when the department store or specialty store imports direct or sells under license from the overseas manufacturer. If the repair involved is minor and does not involve replacement factory parts, any shoe repair outlet can perform repairs regardless of how the merchandise was distributed.

### **9. Related Product Categories**

Indoor footwear (such as slippers) made with leather uppers is also classified as tariff quota items, as are sandals with leather uppers. Footwear not made with leather uppers is not subject to tariff quotas. Also, even if the shoe has leather uppers, if it is considered to be a type of sports footwear, it is exempt from tariff quota provisions. For more information, refer to the separate section on “Sports Footwear” (III-15) in this guidebook.

### **10. Direct Imports by Individuals**

Direct imports by individuals are permitted so long as the leather material is not regulated or proscribed by the Washington Convention. If it is not clear what type of leather material is present, individuals are advised to check with customs officials in the country of origin. Footwear considered to be a type of sport shoe is subject to the sports shoe tariff rate of 27%. Footwear made from materials other than leather and with customs value of ¥10,000 or less is exempt from customs duties and consumption tax. However, leather footwear and sports shoes are subject to tariffs regardless of the customs value.

Persons or entities importing for commercial purposes only allocate tariff quotas on the basis of application. Leather footwear imported by individuals is uniformly subject to the secondary tariff rate. Individuals should also be aware of different size labeling practices in different regions of the world.

### **11. Related Organizations**

- All Japan Leather Shoe Industrial Federation                      TEL: 03-5603-2135