

RADIO FREE EUROPE *Research*

EAST EUROPE

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EXPANDING EAST EUROPEAN SHOE EXPORTS TO THE SOVIET UNION

Summary: Czechoslovakia is by far the largest exporter of shoes to the Soviet Union in Eastern Europe, and over the years it has been exporting an ever-larger part of its production. Next come Poland, Hungary, and Rumania, in that order, as suppliers of leather shoes to the USSR. By 1975 Czechoslovakia will be selling about 33,000,000 pairs of all types of shoes to the Soviet Union, or about 5,000,000 pairs more than in 1970.

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During the last few years sales of East European shoes to the Soviet Union have been growing by about 5 per cent per year. The principal East European shoe exporters continue to be Czechoslovakia, Poland, Hungary, and Rumania.

Soviet Shoe Production and Imports

By and large the growth rate for Soviet shoe imports has matched the expansion of the country's shoe production.

Table I

Soviet Shoe Production and Imports

(million pairs)

Year	Production			Imports		
	Total	Leather shoes	Other	Total	Leather shoes	Other
1968	630.0	597.6	32.4	60.1	55.4	4.7
1969	667.6	635.8	31.8	63.8	57.0	6.8
1970	707.8	676.0	31.8	69.7	60.7	9.0

Sources: Wlodzimierz Chruszczewski: "The Leather Shoe Market in the Socialist Countries," Rynki Zagraniczne, 23 and 25 December 1971, p.13, and "The Shoe Market in the Soviet Union," Ibid., 20 January 1972, p.6.

Soviet shoe exports are relatively very small. In 1970 they totaled 2,800,000 pairs or 0.4 per cent of total shoes produced. (1)

By 1975 Soviet leather shoe imports are expected to reach a figure of about 100,000,000 pairs, while domestic production will account for 830,000,000 pairs, or about 23 per cent more than the 1970 output. This will mean that the number of shoes produced per person by the Soviet Union will increase from 2.8 pairs in 1970 to 3.2 pairs. When one includes net imports, the number of shoes available per inhabitant will grow from 3 pairs in 1970 to 3.6 pairs in 1975.

East European Leather Shoe Production

In the communist East European countries leather shoe production grew as follows during the period 1968 to 1970:

Table II

Leather Shoe Production in Eastern Europe, (a) 1968-1970
(million pairs)

Country	1968	1969	1970
Soviet Union	597.6	635.0	676.0
Poland	62.3	68.5	68.3
Czechoslovakia	53.6	54.9	59.4
Rumania	37.3	37.9	39.0 (b)
East Germany	30.2	33.7	36.4
Hungary	32.7	32.8	36.0
Yugoslavia	29.9	31.4	31.1
Bulgaria (c)	15.7	15.1	13.6
Total	859.3	909.3	959.8

Notes: (a) Excluding Albania.

(b) Estimate.

(c) Total shoe production, exclusive of household production.

Sources: As in Table I.

(1) Wlodzimierz Chruszczewski, "The Shoe Market in the Soviet Union," Rynki Zagraniczne, 20 January 1972, p. 6.

Over the period only Bulgaria registered a declining output for each year. Poland and Yugoslavia experienced a slight decrease during 1970. With Polish leather shoe exports rising by about 3,800,000 million in 1970 and production dropping by 200,000 pairs, the availability of domestically produced leather shoes on the Polish market declined by 4,000,000 pairs in that year.

East European Leather Shoe Exports

The development of leather shoe exports in Eastern Europe among the largest exporters varied during the period 1968 to 1970:

Table III

Leather Shoe Exports by the Largest East European
Exporters, 1968-1970
(million pairs)

Country	1968	1969	1970
Czechoslovakia	24.9	26.1	28.3
Poland	9.5	10.1	13.9
Hungary	12.2	12.7	12.7
Rumania	6.9	8.7	-

Source: As in Table I.

Hungarian leather shoe exports were relatively static, growing by only 500,000 over the three-year period. Czechoslovak exports grew at just under 5 per cent per year while Poland achieved the same average growth rate, although between 1969 and 1970 it was almost 39 per cent.

Soviet Imports of Leather Shoes

A breakdown of recent exports of leather shoes to the Soviet Union indicates that Czechoslovakia, Poland, and Rumania are

increasing their share of the market, while Hungary and Bulgaria are relatively static and Yugoslavia is losing ground. The largest noncommunist supplier of leather shoes to the Soviet Union has been France.

Table IV

Leather Shoe Exports to the Soviet Union, 1968-1970
(million pairs)

Country	1968	1969	1970
Czechoslovakia	16.7	17.2	18.5
Poland	7.1	7.6	10.2
Hungary	6.8	6.9	6.3
Rumania	2.1	4.1	6.3
Yugoslavia	5.9	4.2	3.7
France	2.5	3.6	3.0
Italy	1.5	1.6	1.8
India	0.6	1.1	1.4
Great Britain	2.4	1.3	1.3
Switzerland	1.3	1.2	1.1
Austria	1.2	1.0	1.0
Bulgaria	1.1	1.1	1.0
West Germany (*)	1.4	1.1	0.3
Total	55.4	57.0	60.7

(*) Including West Berlin.

Source: Chruszczewski, "The Shoe Market in the Soviet Union . . ." p.6

Czechoslovak Shoe Production and Exports

Among the East European countries Czechoslovakia is not only the largest exporter of shoes but also, next to the Soviet Union, the biggest producer.

Table V

Czechoslovak Shoe Production and Exports, 1948-1970
(million pairs)

Year	Production	Exports	Per Cent of Production Exported
1948	64.4	-	-
1951	55.8	14.4	25.8
1955	62.8	12.7	20.2
1960	96.2	32.9	34.2
1965	99.5	36.9	36.1
1966	101.2	39.1	38.9
1967	102.9	42.2	41.1
1968	109.0	45.5	41.7
1969	112.5	45.5	40.5
1970	108.8	47.9	44.0
First half 1970	56.2	-	-
First half 1971	59.3	-	-
Sources: Jiri Petrak, "Shoe Exports," <u>Hospodarske Noviny</u> , 16 July 1971, p.6, and Chruszczewski, "The Shoe Market Situation in Czechoslovakia," <u>Rynki Zagraniczne</u> , 25 November 1971, p.5.			

After shoe exports, as a proportion of production, dropped from 25.8 per cent in 1951 to 20.2 per cent in 1955, Czechoslovak exports grew much more rapidly than production until they reached 44.0 per cent of production in 1970. At the same time, in 1970, Czechoslovakia imported about 4,800,000 pairs of shoes, of which more than 3,000,000 pairs were leather and over 900,000 were made from plastic materials. More than half of the total, or 2,700,000 were imported from socialist countries and 2,100,000 from noncommunist countries.

More recently, the proportion of leather shoes in total production has been dropping slightly.

Table VI

Production of Shoes in Czechoslovakia, 1968-1971
(million pairs)

Type	1968	1969	1970	First half	
				1970	1971
Total	109.0	112.5	117.2 ^(*)	56.2	59.3
of which:					
leather shoes	53.6	54.9	56.9	27.8	28.9
(as % of total)	49.4	48.8	48.1	49.5	50.4
<p>(*) This differs from the figure of 108.8 given in Table V; the latter may be a preliminary figure.</p> <p>Source: Chruszczewski, "The Shoe Market Situation in Czechoslovakia . . ." p.5.</p>					

During the first half of 1970 and 1971 the share of leather shoes in total production grew; however, after growing during the first half of 1970 to 49.5 per cent the proportion for the entire year fell back to 48.1 per cent.

The breakdown of Czechoslovakia's exports by communist and noncommunist countries indicates that the latter purchased about 28.3. per cent of its total shoe exports and just over 22.2 per cent of its leather shoes sold abroad. The official reason for the low share going to capitalist countries has been that it is much more profitable to export shoes to the Soviet Union. In a Radio Hvezda program in which Vladimir Nedorost, Department Sales Chief of the Czech Footwear Industry, and Jozef Zbuger, Chief of the Department of Prices, took part it was claimed that shoe exports earn one ruble for an expenditure of 14.50 Kcs on production while one dollar's worth of earnings from sales to noncommunist countries required 34 Kcs. It was also maintained that it would be difficult to sell the "almost 30,000,000 pairs" of footwear now being exported to the Soviet Union on Western markets because of "extraordinarily stiff competition." (2)

(2) Radio Hvezda Domestic, 26 September 1970 (1100 GMT).

Table VII

Structure of Czechoslovak Shoe Exports, 1970

(million pairs)

Type	Total	To socialist countries	To nonsocialist countries
Total	49.2	35.3	13.9
Leather shoes	28.3	22.0	6.3
of which:			
Chrome-kid skin	26.6	21.0	5.6
Calf's leather	1.7	1.0	0.7
Rubber shoes	9.7	6.7	3.0
Sports shoes	7.3	3.2	4.1
Plastic material shoes	3.0	2.7	0.3
Textile and combination shoes	0.9	0.7	0.2
Source: As in Table VI.			

Of the 22,000,000 pairs of leather shoes sold to socialist countries in 1970, the Soviet Union bought 18,500,000, or almost two thirds of all the leather shoes exported by Czechoslovakia. In 1971 the Soviet Union bought over 28,000,000 pairs of shoes of all types from Czechoslovakia, or about 4,000,000 more than in 1970. In 1975 the total number to be purchased by Czechoslovakia's best customer is expected to reach 33,000,000 pairs. (3) The planned total production of shoes in Czechoslovakia in 1975 is 128,000,000 pairs. (4)

In 1971, East Germany bought 1,075,300 pairs of all types of shoes, while Poland imported 1,051,000 pairs from Czechoslovakia. (5)

- (3) Chruszczewski, "The Leather Shoe Market Situation . . ." p.13. A report by Ceteka in English (20 November 1970) estimated that exports to the USSR in 1975 would be 36,000,000 pairs.
- (4) Chruszczewski, "The Shoe Industry in Czechoslovakia," Rynki Zagraniczne, 27 October 1970, p.6.
- (5) Chruszczewski, "Shoe Market Situation in Czechoslovakia," Rynki Zagraniczne, 25 November 1971, p.5.

While Czechoslovakia has been successfully pursuing its shoe export program, there have been innumerable domestic complaints about quality. An investigation by the Czech Trade Inspectorate found that of the 1,700 pairs of shoes inspected by them some 38 per cent had "minor defects." (6) As a result of this (and of similar defects found in other consumer items) a new ordinance has been adopted to facilitate consumer complaints. Since 1 October 1971 a dissatisfied consumer has been able to enter his complaint in a book provided for that purpose, and a final decision about its validity has to be made by the manager within 30 days. How much of the shortcomings in shoe manufacturing are due to the export of better quality products at the expense of the domestic consumer has not been discussed in the Czechoslovak official media.

In view of the rising shoe production in Czechoslovakia over the next five years and the difficulties which have been encountered in face of competition on Western markets, it is safe to assume that a greater share of Czechoslovakia's growing output will find its way to East European markets, particularly to that of the Soviet Union.

Harry Trend

(6) Radio Prague in Czech, 18 October 1971 (0400 GMT).