

## **Leather exports from India drop below \$6 billion**

Indian exports of leather and leather goods were valued at \$5.92 billion for the 2015-2016 financial year, below the target of \$6.25 billion.

From April 2015 to March 2016, exports dropped 10.11% compared to the \$6.58 billion registered in the period between April 2014 and March 2015. Exports of finished leather were down 21% whilst there was a 20.88% drop in the value of footwear components exported.

M. Rafeeqe Ahmed, chairman of the Council for Leather Exports, said that the economic slowdown in China, weakening demand in the Eurozone and currency fluctuations were among the reasons for the lower export volume.

Nearly 60% of Indian exports are to the US, Germany, the UK, Italy, France, Hong Kong and Spain. Exports to the US were up 11% for the period to January 2016 but there was a decline in the other key countries.

## **New footwear manufacturing hub for Haryana**

Indian conglomerate Reliance Industries has pledged to invest \$190 million building a footwear and electronics manufacturing hub in Haryana, northern India, according to local press.

The footwear park will reportedly be housed on a 500 acre plot and create hundreds of jobs, supporting the government's Make in India programme.

## UITIC president says footwear industry must “think big”

The nineteenth UITIC Congress got under way in Chennai on February 4, with ‘the footwear factory of the future’ as the event’s main theme.

In his opening address, president of UITIC (the International Union of Shoe Industry Technicians), Yves Morin of CTC, said it’s clear to him that the global footwear industry still has “a very promising future”.

He pointed out that global production reached 24 billion pairs in 2014, representing growth of 8% year on year. In the context of a world population of 7.3 billion people, this works out at an average consumption of 3.3 pairs per person per year.

Mr Morin then invited the delegates to imagine if this average of 3.3 pairs moves closer to the US average of 7.7 pairs per person. “The population will continue to grow,” he said, “and we are going to have to grow global production. Changes are coming that will modify the entire supply chain, but we still have a promising future.”

He warned, though, that it will be essential for footwear manufacturers to “think big” if they want to attract skilled workers in modern footwear factories.\

The UITIC Congress was co-organised by Lyon-based research and testing organisation CTC and by India’s Council for Leather Exports (CLE).



## **Suede shoes demand: First indication of better outlook for leather?**

An indication that brands are requesting more suede shoes for the upcoming season has been felt in the leather industry, where tanners are reporting an increasing demand for wet blue splits, part of the skin used to make suede uppers.

The author of the Leather Pipeline report on sister site [www.leatherbiz.com](http://www.leatherbiz.com) says this could be the first indication of a better outlook for leather.

He said: “A number of producers and people related to the sector are reporting an increasing demand for wet blue splits.

“Sellers were able to move a bit of production and a number are also reporting that at the very low price levels, sales were easy and they were even able to increase prices by between 10% and 20%.

“It doesn’t seem that this is mere speculation, and because the activity has come from producers themselves this could mean that the suede split is receiving more interest from manufacturers.

“We will monitor the situation, because this could be the first indicator for a better outlook for leather.”

## New Designers' Fair brings European, US and Brazilian designers to Chennai



Image shows the panel at a press conference in Chennai on February 2 to introduce the 19th UITIC Congress and the new Designers' Fair. Karen Giberson is first from the right. Antonio Munar is first from the left. Naresh Bhasin is second from the right.

With an ambitious government-imposed growth target to hit, India's Council for Leather Exports (CLE) has decided that improving the design content of the finished leathers goods its manufacturers make is a step worth taking.

India's government has set the leather industry a target of increasing its annual turnover from around \$12 billion now to \$27 billion by 2020 and one of the initiatives CLE has come up with in response is a new Designers' Fair, which took place in parallel with the 2016 India International Leather Fair in Chennai at the start of February.

The Designers' Fair is the brainchild of Naresh Bhasin, whom the CLE appointed as the chairman of a new Design Task Force in 2015. He is the organisation's regional chairman for western India and runs footwear manufacturer RAM Exports. This inaugural event attracted a total of 26 designers, all but two of them from outside India. They received support to travel to Chennai to show off some of their design ideas to Indian buyers.

Buyers paid a fee of \$40 to attend, which Mr Bhasin said was a measure to make sure only serious finished product manufacturers came along; around 400 turned up. A step he took to make attractive designs available to these buyers was to engage Karen Giberson, president of the New York-based Accessories Council, as international programme director for North America, and Mallorca-based footwear producer and exporter Antonio Munar to carry out the same role in Europe.

Their work resulted in six leathersgoods and apparel designers coming to the fair from the US, and ten designers from Italy, two from Spain and one from Belgium, representing European footwear. There were also three footwear designers from Brazil, two apparel and accessory designers from Russia and two designers from India.

“Creativity and innovation are the tools that will help this industry meet its target,” Mr Bhasin said at a press conference to introduce the Designers’ Fair. “Consumers want durability and brands want perishability to secure more sales. A design platform like this can create a win-win because design can compel consumers to buy more.” He said CLE will repeat the exercise in the months and years to come, with a follow-up fair in Agra in November next on the calendar.

Karen Giberson described the event as “kind of a reverse trade fair” and said it was something she had never seen before. “The response from the designers has been that they are very happy. Brands in the US have needs and they are looking for new places to source product. India is in a wonderful position to capture production that is leaving and will continue to leave other countries.”

For his part, Antonio Munar said: “The Indian government and CLE have given all possible support to bring designers to this fair and I think this is the first step in a very good future for the Indian industry.”

## **Footwear market to grow 2.5% until 2023 - report**

The global footwear market was worth \$208.7 billion in 2014, and is expected to reach \$258.2 billion by 2023, according to consultancy Transparency Market Research.

The US firm predicts growth of 2.5% per year, and says this is attributable to higher sales of sports shoes.

It says 10 billion pairs of shoes were produced in 2014 and this will rise to 12.1 billion pairs in 2023.

Women's shoes accounted for half the value and 46% of the volume in 2014.

## **Labour costs: China is nearly six times more expensive than Ethiopia**

Footwear industry consultant Peter Mangione has said that, during the first half of 2014, Ethiopia was the cheapest source of labour in the global shoe manufacturing industry.

In statistics quoted by the China Leather Industry Association, Mr Mangione said the cost per hour of one footwear factory worker in the African country was \$0.36, a figure that he said takes all costs into consideration.

A table he drew up put Bangladesh next, with each worker costing \$0.71 per hour, followed by Cambodia (\$0.85), India (\$0.85), Vietnam (\$1.14), Nicaragua (\$1.27), Thailand (\$1.34), Indonesia (\$1.60), the Dominican Republic (\$1.88), China (\$2.09) and El Salvador (\$3.05).

By way of contrast, he said the cost for a footwear factory worker was \$18.68 per hour in Italy and \$25.66 per hour in Japan.

These figures suggest that it's now nearly six times more expensive to hire a footwear factory worker in China than it is in Ethiopia.

Earlier this year, Peter Mangione told leatherbiz that recent investments from China in footwear factories in Ethiopia are important developments, but said what had convinced him that large footwear manufacturing groups are serious about using Ethiopia as a low-cost centre of manufacture was an announcement of Chinese investment in a major infrastructure project to provide a rail link between the capital of landlocked Ethiopia, Addis Ababa, and the port of Djibouti, 750 kilometres away.

## **IILF exhibitors up by 2.7%**

India's Council for Leather Exports inaugurated the thirty-first edition of the India International Leather Fair (IILF) in Chennai on January 31.

Guest of honour at the inauguration ceremony was the governor of the state of Tamil Nadu, Dr K Rosaiah. In a speech at the event, the governor paid tribute to the leather industry's track record in generating employment, alleviating poverty, improving productivity, promoting exports and increasing foreign exchange earnings for the Indian economy. In all, 456 companies are taking part in the 2016 edition of IILF, an increase of 2.7% compared to 2015, with 156 of these exhibitors coming from outside India, representing 25 different countries. The fair continues until February 3.

### **Cape Town event to generate \$1.5 million for CLE participants**

The Indian Council for Leather Exports (CLE) is highlighting South Africa as a key target market for export promotional activities for shoes and other leather products made in India.

It organised a trade event for buyers and sellers in Cape Town in March, with 24 producers travelling from India to take part.

Those participants have now said they expect orders generated at the event to have a combined value of almost \$1.5 million.

### **China lowers tariffs on leather footwear imports**

China's ministry of finance has announced reduced import tariffs for a range of consumer products, including leather footwear.

Tariffs for leather shoe imports will reduce from more than 20% to 12% in 2016, making it cheaper for retailers to bring into the country footwear from brands in Europe and other parts of the world.

Research and testing organisation SGS said on learning about the Chinese government's decision to lower tariffs that it expects footwear consumption in China to increase and that the move will present "huge business potential" for international footwear brands

## **Vibram launches ‘luxury rubber’ for shoe uppers**

Italy-based soles maker Vibram has taken a new turn, offering its rubber in sheets, after realising a potential use in the material for uppers.

It said: “Vibram rubber is not a mere material for shoe soles, but it becomes a versatile solution for creating something new, sophisticated luxury ideas without imaginative limitations.”

The sheets - available in black, cream, tobacco and brick red – are being marketed at the “luxury industry”.

The group has also extended the colour range of its EcoStep soles. The compound incorporates production scraps, capable of reducing waste and the use of virgin materials by up to 30%, it claims.



## India can double its domestic footwear market

Strong growth in the domestic footwear market as well as in exports can help the Indian leather sector meet a government target of expanding its annual turnover from current levels of around \$12 billion to \$27 billion by 2020. This was the message from Naresh Bhasin, chairman for the western region of the country's Council for Leather Exports (CLE) and founder of Mumbai-based footwear producer RAM, at a press conference in Chennai on the eve of the nineteenth UITIC Congress. The event takes place in Chennai from February 3-5.



In answer to a question from World Leather, Mr Bhasin said footwear consumption is relatively low, estimating it to be 1.2 pairs per year for men and 2.3 pairs per year for women. This would give a national consumption volume of just over 2 billion pairs per year. The domestic footwear market has an estimated value of \$6 billion now, but Mr Bhasin said he believes this could double. “All we need is men to buy an extra pair per year each and women and extra two pairs and we will have nearly doubled this total,” he explained.