

CLE @ the All China Leather Exhibition & Moda Shanghai Fairs Shanghai, China, 04-06, September 2013

A Report by **Sunanda Santappa, Asst Director,**
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Introduction

The All China Leather Exhibition (ACLE) was launched in 1998, 16 years ago in Beijing with the aim of being a business platform for leather industry aimed specifically at the Chinese Market. The Co-Organizers are APLF and the China Leather Industry Association (CLIA). The fair offers the opportunity for Chinese domestic exhibitors not only to meet domestic buyers but also for both of these groups to come into contact and do business with international exhibitors, thus promoting trade between the fair participants as the whole of the leather and leather goods industry supply chain is represented at the fair.

The finished leather goods fair – CIFF and Moda Shanghai, were started in 1999 to run in conjunction with ACLE. They serve as entry points into China's fast growing domestic retail market for footwear, leather garments, bags, travelware and fashion accessories. The China International Footwear Fair (CIFF) and Moda Shanghai provide the platform for entering China's fast-growing domestic retail market for footwear products, leather garment, travelware, handbags and fashion accessories.

Over the last 16 years the three fairs have grown at a steady pace and the 2013 event was exception, the largest thus far in terms of exhibition space and number of exhibitors. The fairs have grown by approximately 10% compared to previous 2012 and

now cover over 92,000 square meters housing a record total of 1,424 exhibitors from 36 countries.

The expansion of the fairs reflects the dynamic growth of the Chinese leather, footwear and leather goods sectors. With some 13 years experience no other event matches the ACLE-CIFF-Moda Shanghai Fairs in providing an opportunity for overseas companies to meet face-to-face, with potential Chinese partners, customers and suppliers.

In the All China Leather Exhibition, China International Footwear Fair (CIFF) and Moda Shanghai 2013,, the total exhibition area was 92,000 sq.mtrs occupying 8 halls (Halls E1 to E7 and N5) with 3.25 halls (37,000 sq.mtrs) showcasing international exhibitors and the other 4.75 halls (55,000 sq.mtrs) for domestic ones.

All China Leather Exhibition (ACLE)

ACLE is the premier event for international companies seeking opportunities in China's huge and robust leather industry. With a history of 15 years, no other leather event in China provides comparable opportunities to overseas companies to meet and network with potential Chinese partners, customers and suppliers. Held annually in Shanghai, in early autumn, ACLE provides the largest variety of leather, components and accessories, manufacturing equipment, tools, machinery, technology, and business services.

As China imports around US\$7 billion of chemical products, leather

of all types, fashion accessories and footwear per year, it is in this number where the sales and marketing opportunities lie. For overseas tanneries and chemical product suppliers wanting to penetrate the largest market on earth, or simply consolidate their foothold with their existing customers, ACLE is the leading business platform to achieve this goal. Noteworthy is the fact that major companies producing chemicals for the tannery launch new products and technical developments at ACLE indicating the importance and weight this fair carries in marketing and promotional terms.

ACLE in conjunction with the China International Footwear Fair (CIFF) and Moda Shanghai covers the entire supply-chain requirements from raw materials (wet blues) a huge array of chemical and dye suppliers, semi-finished and finished leathers, machinery for the tanneries, CAD/CAM cutting machinery, tools technology, accessories and business services-right through to finished products (CIFF and Moda Shanghai)

Joint Inauguration of ACLE & CIFF MODA Shanghai

The ACLE and CIFF MODA Shanghai were inaugurated on 4th September 2013. At the Inaugural function both Shri Subash Kapoor, Regional Chairman (North) of CLE and Shri Motilal Sethi, Leather Garments Panel Convener-CLE, were on the dais, as specially invited 'Guests of Honor'. Mr. Michael Duck, Director of APLF

Ltd i.e the Fair Organizing Company, mentioned the important role played by the “Indian Council for Leather Exports” in bringing a large number of Indian Companies especially from the Leather Garments segment to the Moda Shanghai fair.

Mr Duck informed the audience and press at the Inaugural, that the world’s leading chemical companies for the leather sector have increased their participation this year at ACLE and that several companies will be using the fair as their global platform for launching new products and technological developments at ACLE Sep’ 2013.

He went on to inform that ‘this year there are 19 national pavilions at ACLE from all four corners of the world. Turkey continued to increase its presence at ACLE via the Aegean Exporters’ Association. The Turkish Pavilion was bigger by 22% over 2012, while the German Pavilion had been increased by 13% Form the other side of the Atlantic Ocean the Centre for the Brazilian Tanning Industries (CICB) Pavilion had a record number of 21 participants. In total 24 Brazilian companies are exhibiting this year.’

The National pavilions present at ACLE 2013 were:

- 1) Australian Hide Skin & Leather Exporters Association – Australia
- 2) CICB – Centre for the Brazilian Tanning Industry – Brazil
- 3) **Council for Leather Exports – India**
- 4) Ethiopian Leather Industries Association - Ethiopia
- 5) The General Union of Hides & Skins – SGCP – France
- 6) German Leather Federation – Germany
- 7) Assomac – National Association of Italian Manufacturers of Footwear, Leather Goods, Tanning Machinery & Accessories – Italy
- 8) Wakayama Tanners Association – Japan
- 9) Korea Tanners Association – Korea
- 10) ANPIC – Mexico

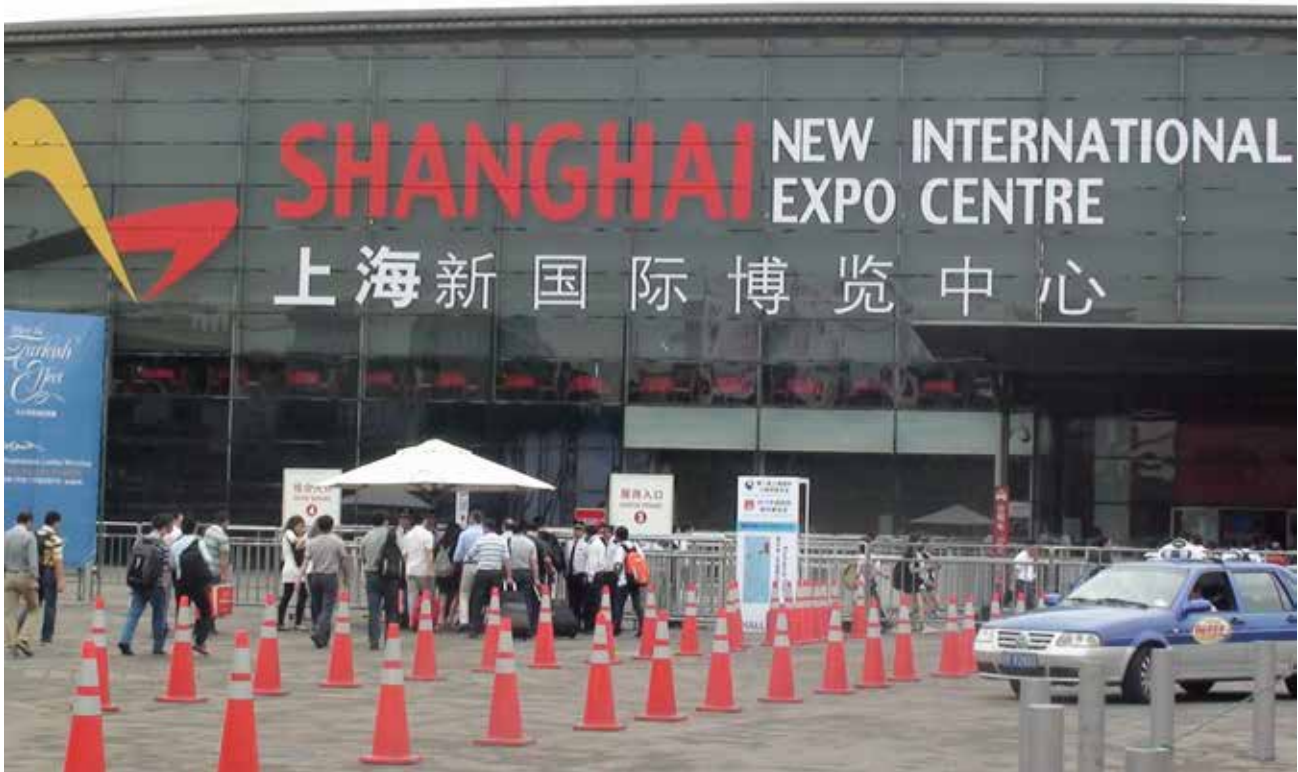


Opening Ceremony of ACLE & CIFF Moda Shanghai on 4th September 2013. On Dais, Shri Subash Kapoor, Regional Chairman (NR) CLE (extreme right) and Shri Mothilal Sethi, (2nd from right) Leather Garments Panel Convener, CLE



Another view of opening ceremony

- 11) Pakistan Tanners Association – Pakistan
- 12) ACEXPIEL – Leather Industry Association of Spain for Foreign Trade – Spain
- 13) Taiwan Footwear Manufacturers Association – Taiwan
- 14) Taiwan Regional Association of Synthetic Leather Industries – Taiwan
- 15) Taiwanese International Leather Association – Taiwan
- 16) Thai Tanning Industry Association – Thailand
- 17) Aegean Exporters Association – Turkey
- 18) US Hide Skin & Leather Association – USA
- 19) Leather Industries of America – USA



Entrance view of International Expo Centre

Total number of Exhibiting companies at ACLE Sep' 2013 was 1200. The exhibiting countries at ACLE were Argentina, Australia, Bangladesh, Bolivia, Brazil, China, Colombia, Czech Republic, Estonia, Ethiopia, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Pakistan, Portugal, Russian Federation, Saudi Arabia, Singapore, Slovenia, South Africa, Spain, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, United Arab Emirates and USA.

Accompanying the overseas exhibitors were hundreds of Chinese exhibitors, particularly those involved in the production of leather and leather goods.

Products exhibited at ACLE were Hides & Skins, Semi-finished Leather, Finished Leather, Exotic Leather, Synthetic / Natural Materials, Process Chemicals & Dyes, Components & Accessories, Equipment & Tools, Tanning Machinery, Shoe Machinery, Technology e.g CAD-CAM System, Testing & Consulting / Business solutions / others.

CLE INDIA Pavilion in ACLE under MDA Scheme of Govt. of India

Considering the market opportunities in China, the Council organized group participation of Member-exporters in the All China Leather Exhibition (ACLE) Shanghai for the first time under funding support from the Market Development Assistance (MDA) Scheme of the Govt of India, in the 16th edition held during September 4-6 2013.. The CLE India pavilion was organized with participation of 12 Member-exporters in an area of 132 Sq.mtrs

List of Participants in the CLE INDIA Pavilion at All China Leather Exhibition (ACLE):

- 1) Almighty International, Vaniyambadi
- 2) Amazon Overseas, Chennai
- 3) Excel Exims, Kanpur
- 4) Explicit Leathers, Haryana
- 5) Harsha Impex, Chennai
- 6) Hijaz Leathers Pvt Ltd, Chennai
- 7) Homera Tanning Industries Pvt

Ltd, Kanpur

- 8) Nadeem Leatherware Exports, Chennai
- 9) Pacific Exports, Kanpur
- 10) Penza Tanning Industries Pvt Ltd, Kanpur
- 11) Vaigai Leather Corporation, Chennai
- 12) Vesthon Exports, Chennai

The CLE Information Booth was set up in the India Pavilion in Hall E2. Council's Publicity Brochures, Members Directory, Monthly Journals 'Leather News India', Participation Profile Booklet etc were distributed to the Importers / Buyers, visitors in the CLE Information Booth. The CLE Information Booth received several queries and clarifications about the Indian Leather Industry and these were promptly attended by Representative of the Council at the ACLE Mr KR Venkatesan, Export Promotion Officer. Large number of Buyers / Visitors visited the Indian Pavilion. The footfalls and buyers visits to the India Pavilion were high in the ACLE.

VIEW OF STANDS IN CLE PAVILION IN ACLE



Business Generated and Members Feedback

According to feedback received from 12 participants, they had 177 Business meetings with the overseas buyers. The total business transacted works out to USD 0.12 million and future business expected is anticipated at USD 15.50 million.

95% of the participants are willing to participate again in the next edition of ACLE through CLE



Group Participation by CLE in Moda Shanghai under MAI Scheme of Govt. of India

China is increasingly becoming an important market for finished leather products. Although the import demand is skewed towards luxury & high-end Western Branded goods; as per Industry sources, **Chinese Leather Entrepreneurs are exploring the possibilities of alternative manufacturing destinations in Asian countries, with a view to out-source their production for supply to their importers in other countries, where they have well-established business contacts for exporting leather garments and other leather accessories.**

About the Moda Shanghai Fair

The Moda Shanghai Fair is organized concurrently with the China International Footwear Fair (CIFF) and the All China Leather Exhibition (ACLE) in Hong Kong, China. These three Fairs cover the entire supply-chain requirement of the Leather & Footwear sector ie from raw materials , chemical & dyes, semi-finished leathers, machinery etc right through to finished products of Footwear, Leather Garments & Leather Goods/ Accessories (CIDFF and Moda Shanghai).

The China International Footwear Fair (CIFF) and Moda Shanghai offer an unparalleled platform for entering China's fast growing domestic retail market for footwear products, leather garments, travelware, handbags and fashion accessories. In fact ACLE-CIFF-MODA SHANGHAI trade event is well established as the premier event for the leather sector in China. It is targeted at companies seeking opportunities in China or who already operate there and are looking to meet new suppliers and contacts. The exhibition offers countless opportunities for networking, meeting potential supplier and customers, and studying all that is new in leather & footwear.

ACLE-CIFF-MODA Shanghai is important to exhibitors because the majority of buyers come from the

region in and around Shanghai, the location of many of China's biggest, most modern and best equipped factories. This is the region in China where environmental regulations are enforced rigorously. Also many China offices of large foreign corporations use Shanghai as their base and make ACLE, CIFF and Moda Shanghai as their annual meeting place in China.

In the Sep' 13 edition of Moda Shanghai there were a total of 223 exhibitors from 8 countries. India was the largest 'country participation' after China.

Council's participation in the CIFF and Moda Shanghai September 4-6 2013:

Considering the market opportunities in China , and the response received by our member exporters who participated in the previous edition of the CIFF-MODA Shanghai Fair in September 2012; the Council had proposed this activity under funding support of the MAI scheme of the Govt of India, which had been duly approved by the Dept. of Commerce. It was envisaged that this Fair, can provide a platform for Indian companies to network with Buyers /Importers as well as manufacturers of Leather Garments, Leather Accessories who are presently catering to Asian countries. Such participation will thus facilitate enhancing India's share in Chinese imports of leather & leather products.

CLE INDIA Pavilion - The Council organized the India Pavilion for Finished Products of Leather Garments, Leather Goods & Accessories in the Moda Shanghai Fair, Sep' 4-6 2013 in which the following 28 companies had registered to participate. The predominant display product in the CLE's Pavilion was Leather Garments, followed by Accessories, Shoe Up-pers, & Finished Leather, in that order. Built-up Booths of Minimum Size 12 sq m were offered to Member-Companies.

List of Participants in the CLE Pavilion	
1.	Beauty Wears, New Delhi
2.	Capsons Co. (REGD.), Noida
3.	Century Overseas, New Delhi
4.	Fashion Factory International, New Delhi
5.	Fashion Folio, New Delhi
6.	Hafeezsons Tannery Pvt. Ltd, Kanpur
7.	J & G International, New Delhi
8.	J.K.M. Leathers, Chennai
9.	Jain Shawls, Ludhiana
10.	Jain Shawls And Textile Mills, Ludhiana
11.	K.A.S. Industries India Ltd, Chennai
12.	K.D. Orient Impex, Mumbai
13.	Kamal Enterprises, New Delhi
14.	Lavish International, New Delhi
15.	MIG International, Noida
16.	Model Tanners (India) Pvt. Ltd, Kanpur
17.	Oscar Global Ltd, Noida
18.	Paradigm Leather Accessories Pvt. Ltd, Haryana
19.	Prakash Impex, Chennai
20.	Prits Leather Art (P) Ltd, Noida
21.	Promila & Company, New Delhi
22.	Sahara Leathers India Private Limited, Chennai
23.	Saroj International Leathers Pvt Ltd, New Delhi
24.	Sarvesh Exports Pvt Ltd, New Delhi
25.	Sheerma Tanning Industries, Kolkata
26.	Srimani Silpayan (India) Pvt. Ltd, Kolkata
27.	Vinain Enterprises, Kolkata
28.	Vishwa Group, Orion Tradecom Pvt. Ltd, Kolkata

VIEW OF STANDS IN CLE PAVILION IN CIFF MODASHANGHAI



Shri Naveen Srivastava, Consul General, CGI, Shanghai (middle) with Shri Subash Kapoor, Regional Chairman (NR), CLE, (right) Mr. Motilal Sethi, Leather Garments Panel Convener, CLE, Smt. Subash Kapoor and Mrs. Sunanda Santappa, CLE representative

Representative of M/s Prakash Impex, Chennai in discussion with Mr. Su Chaoying, Chairman, CLIA and Mr. Michael Duck of APLF

Trade visitors were indeed mostly from China, but significant enquiries and visitors from EU countries and even USA were had by some of the Indian participating companies. Footfalls were moderate throughout the 3-day period of the fair. Feedback from participants has been mixed, with some participants reporting receiving enquiries for manufacture for Chinese Brands; some stating that China is an emerging market for Indian finished products and quite a few reporting receiving inquiries from EU & US buyers too.

The long-serving Director of APLF Ltd Ms Perrine Ardouin visited the CLE Pavilion and interacted with our participants. She opined that for selling Finished Products in the Chinese Market a lot of sustained background work and appointment of agents/dealers is required. Fair Participations alone may not suffice in this large but challenging market.

It was noticed that a Leather Goods Member-Company of CLE in our pavilion who had been working on entering the Chinese market with their branded product, had a lot of enquiries has also reported entering into arrangement with a local Chinese company for selling their products under their brand name in China. Likewise a Leather Garments, already operating in China had a constant flow of visitors.

Participants in the CLE Pavilion reported a total of a180 meetings over the 3 day period. The total value of firm and expected orders is about US 1.6 million

Visit of Consul General, Consulate General of India, Shanghai: Consul General of CGI, Shanghai Mr. Naveen Srivastava visited the CLE India Pavilions at Moda Shanghai and ACLE Fairs. Mr. Subash Kapoor and Mr. Motilal Sethi were introduced as Regional Chairman (NR) and Leather Garments Panel Convenor of CLE.

The Consul General stated that CLE and individual participants must continue to participate for about 3 to 5 years at least continuously. He pointed out the English language knowledge / fluency was very low in China



L to R Mrs. Sunanda Santappa, Assistant Director, CLE; Shri P. Md. Yousuf, M/s.Hijaz Leathers Pvt Ltd, Chenna ;, Shri Naveen Srivastava, Consul General, Consulate General of India, Shangha ;, Shri Rattan Kumar, AEPO, CLE and Shri K R Venkatesan, EPO,CLE

and next time our fascia & Profile Booklets should be in dual language i.e both in English and Mandarin / Chinese. Also while appreciating the on-site publicity in terms of Hanging Banners and Stand Alone Boards etc, he stated that much more heightened publicity in the form of an India Evening or Fashion Show with Indian cultural program included should be planned and that during the Fair, Seminars focusing an opportunities for India & China to work together could be planned.

China Leather Industry

The leather industry occupies a place of prominence in the Chinese economy in view of its massive potential for employment, growth and exports. There has been an ever increasing emphasis on its planned development aimed at optimum utilization of available raw materials and skilled labour for maximizing the returns, especially from exports and of course innovation of the industry to meet global demands of high quality leather products.

China's leather industry is one of the oldest industries which have modernized very fast during last three decades especially during last

decade. Leather industry has developed in China since over 4600 years. The usage of leather in China can be traced back to Huang Dynasty (BC2697 to BC 2599), when the countries started using leather shoes. In Shang and Zhou Dynasties (BC 1700 to BC 221) the use of leather became wide spread and developed as important business as evidenced by wide scale manufacturing and use of leather shawls clothing, shoes etc. Leather shoe have remained the most important sector in China's leather market. China's leather industry remains labour-intensive industry even after 30 years of continuous development. It has become the world's largest producer of leather and leather goods and is a low-cost, export driven industry with strong features of rapid development of independent brands, product innovation, marketing and relatively facing less competition. At a time when leather industries of Europe, America, Japan, Korea and other countries are shrinking the China leather industry is not only expanding but also modernizing while tackling the environmental issues.

CLIA Report on Status of China's Leather Industry in First Half (H1) 2013

The development of China's Leather, Fur, Leather Goods and Footwear Industries was slowing down in H1 2013 compared to the same period of the previous year in the following aspects:

(The following figures and derived from enterprises of which the annual sales revenue reach RMB 20 million or above)

A. Steady growth witnessed in the annual sales revenue of China's leather industry

The sales revenue of China's Leather, Fur, Leather Goods and Footwear Industries in H1 2013 reached RMB 484.9 billion, a year-on-year increase of 11.1% and a decline of 0.8% in growth rate.

B. Industry exports and imports remained modest growth yet with a declining growth rate

The exports of H1 2013 totaled USD 37.58 billion, increased by 12.3% year-on-year where as the growth rate declined by 3.2%. The imports reached USD 3.97 billion, up 5.9% and the growth rate declined by 3.4%.

a. Leather

The total output of light leather in H1 2013 was 280 million sqm, a decline of 19.76% compared to the previous year. The exports of semi-finished and finished leather reached 19,000 tons valued USD 200 million. Reduced by 1.4% and 10.2% respectively compared to last year. A total of 500,000 tons of semi-finished and finished leather valued at USD 2.16 billion were imported, 13.1% and 7.0% up respectively year-on-year.

b. Footwear

The output of leather shoes and synthetic material shoes in H1 2013 totaled 2.23 billion pairs with a year-on-year rise of 1.02%. Exports of all kinds of shoes totaled 5.33 billion pairs, with a value of USD 21.82 billion, increased by 5.1% and 10.8% respectively year-on-year. Imports reached 29.96 million pairs totaling USD 780 million, 5.5% and 7.8% up respectively compared to last year.

Among the export figures, upper leather shoes accounted for

380 million pairs at a value of USD 4.92 billion, down by 3.0% and up 1.1% respectively, while the imports amounted to 10.33 million pairs of USD 510 million, increased by 7.5% and 12.2% respectively.

When it comes to plastic, total exports reached 3.53 billion pairs totaling USD 10.05 billion up 5.4% and 11.09% respectively. As for the imports, total amount was 7.36 million pairs valuing USD 100 million, with a drop of 4.1% and 12.5% respectively.

Last but not least, the volume and value of textile shoes export were 1.01 billion pairs and USD 4.22 billion, increased by 8.3% and 13.5% respectively, the import of textile shoes reached 8.92 million pairs, with a value of USD 150 million, up by 10.5% and 6.3% respectively. For all other categories, the export volume was 412 million pairs valued at USD 2.63 billion, increased by 2.4% and 23.8% respectively, whereas imports reached 350,000 pairs, with a value of USD 16 million, increased by 74.1% and 42.2% respectively.

c. Leather Garments

In H1 2013, the output of leather garments totaled 27.19 million pieces, an increase of 8.2% year-on-year. The volume and value of leather garments exports were 4.37 million pieces and USD 220 million, increased by 7.0% and 2.9% respectively compared to last year, the volume of import was 106,000 pieces, USD 43 million in terms of value, decreased by 13.4% and 6.2% respectively.

d. Luggage and Bags

The value of luggage and bag exports reached to USD 13.2 billion, up by 16.0% year-on-year. And the value of imports reached USD 740 million, decreased by 10.3%.

Emphasis on Ecological Leather Products:

With the trend of low-carbon economy, ecological leather products have become the market favorites. Based on this, some leather-making enterprises have increased the strength of reconstructing production site, upgrading equipments and researching and developing new products.

They have developed a large number of new ecological leather products, which has not only created the achievement that both production and marketing are thriving, but also enlarged the market share rapidly. However, other enterprises promote their "ecological leather with genuine leather logo" brands, which has attracted a large number of high-end customers at home and abroad, successfully achieved the anti-marketing flying.

Except leather industry, leather chemicals and leather machinery industry, which support leather processing industry to develop virtuously, now are making a big full about environment protection and low-carbon through technological innovation. As some leather machinery manufacturers are speeding up the elimination of backward equipments and accelerating the pace of researching and developing new high energy-efficient equipments, so they have promoted high energy-efficient shoe machinery with new motor to the market.

As for the consumption endpoint, downstream manufacturers of leather industry also have felt the changes in consumption market observantly, so they begin to promote the brands of environmental protection and low-carbon. In China International Footwear Fair and China International Luggage, Fur Garments and Apparel exhibition hall, a lot of shoes, luggage and fur products that are made of new green materials have attracted many people's attention. At present, there are more and more leather manufacturers and high-quality products production base have started the low-carbon development strategy in order to enhance the influential power of their corporate brands and regional brands. Moreover, now many leather manufacturing enterprises are cleaning their production environment through air cleaning, especially adopting the measures of smoke desulfurization and sewage treatment, which can eliminate waste gas and pollution. In this exhibition, many exhibitors also use paper bags instead of plastic bags, although it is only a small change, but it has transmitted the informa-

tion to the market that leather manufacturing enterprises are actively practicing their social responsibility in reducing the white pollution, training consumers' environmental protection concept. China leather industry is committed to develop the strategy of green manufacturing and using limited natural resources to supply more healthy, low-carbon and fashion goods which has been highly recognized by international counterparts.

Conclusion

With the funding support from Department of Commerce, the Council could organize large participation of Member-exporters in the next edition

of ACLE. Most of the participants of the first edition of CLE India Pavilion in the ACLE are willing to participate in the next edition. Indian exporters could also able to show case their current developments in Fashion and trends by participating in the next edition of ACLE.

Regarding Moda Shanghai, the participants who have targeted China as a market and have already made some inroads would like to continue to participate in this Fair which is the best platform for meeting Chinese domestic retailers. Other participants who had enquiries from EU & US brands & companies also see potential in continuing their

presence at the Moda Shanghai Fair which being a concurrent event with other Leather Fairs serves as the most important confluence point for the international leather fraternity in China

The dates for next edition of ACLE & CIFF Moda Shanghai has been announced by APLF Ltd which will be from September 3-5, September 2014 and it will be the Council's endeavor to provide a platform to member-exporters to access the large Chinese market for supplies and finished products vis-à-vis the leather industry

