

“A preview of “Summer 2015 Collections”



Council for Leather Exports, India at



August 31-3 September 2014, Milan

A Brief Report on Council's Participation in 106th MIPEL, The Bag Show, Rho (Milan), Italy
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MARKET POTENTIAL FOR INDIAN LEATHER PRODUCTS IN ITALY

Trade of Leather & Leather products from Italy

- Italy is the 6th largest importer of leather and leather products in the world. In the year 2013, Italy's import of leather and leather products touched US\$ 9108.11 million.
- Italy is also the 2nd largest exporter of leather and leather products in the world, next to China. During 2013, Italy's export of leather and leather products was US\$ 1972.99 million, holding a share of 10.20% in the global import of leather and leather products of US\$ 193.33 bn (Source : ITC Geneva)

A Statement showing Italy's import of leather & leather products share during 2009 to 2013, India's export during 2009 to 2013 and its is appended below:-

Product Category	Italy's Imports for last 5 years				
	2009	2010	2011	2012	2013
Leather & leather Products	7730.42	8701.35	10111.87	8823.44	9108.12
Leather Goods	2148.40	2432.51	2880.18	2717.68	2755.36

Value in million US\$

Source : ITC Geneva



Product Category	Italy's Exports for last 5 years				
	2009	2010	2011	2012	2013
Leather & leather Products	13361.11	14825.02	18387.78	17699.15	19729.90
Leather Goods	3805.80	4389.37	6018.20	6598.58	7574.43

Value in million US\$

Source : ITC Geneva



Below are the highlights of Italy's top 5 Exports destination and top 5 exporters to Italy

Top 5 Exporters of Leather Goods to Italy					
Country	Imports for last 5 years				
	2009	2010	2011	2012	2013
China	1175.05	1296.33	1377.93	1226.33	1126.54
France	408.18	425.34	545.83	561.08	571.71
India	143.06	135.29	167.03	137.60	158.22
Switzerland	89.30	106.21	140.31	138.17	156.66
Romania	73.02	100.89	123.38	111.82	135.05

Value in million US\$

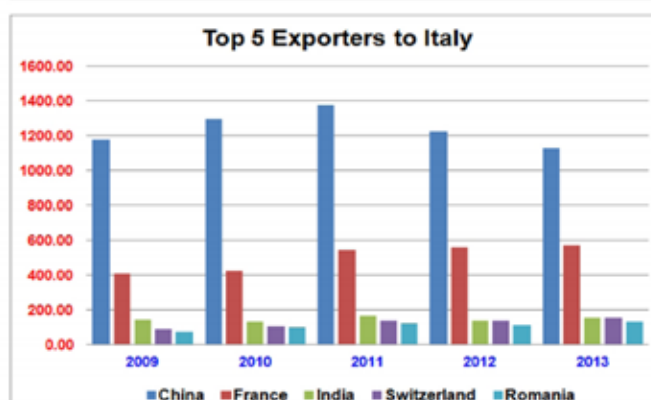
Source: ITC Geneva



Italy's Top 5 Exports destination for Leather Goods					
Country	Exports for last 5 years				
	2009	2010	2011	2012	2013
Switzerland	811.76	932.82	1358.62	1296.74	1406.42
France	540.52	702.04	951.48	1062.76	1109.72
USA	336.06	407.98	563.18	631.28	775.79
Hong Kong	218.00	287.23	472.18	545.43	675.51
Japan	382.44	407.13	489.91	533.27	580.29

Value in million US\$

Source: ITC Geneva



Italy's Imports and India's Exports of Leather & Leather products for last 5 years

Details	2009	2010	2011	2012	2013
Leather & Leather Products					
Italy's Imports	7730.42	8701.35	10111.87	8823.44	9108.12
India's Exports	398.55	455.75	528.34	438.53	515.6
% Share of India	5.2%	5.2%	5.2%	4.9%	5.7%
Details	2009	2010	2011	2012	2013
Footwear					
Italy's Imports	5162.31	5831.66	6703.70	5774.54	6015.25
India's Exports	210	219.72	219.61	163.66	183.7
% Share of India	4.06%	3.8%	3.3%	2.8%	3.05%
Details	2009	2010	2011	2012	2013
Leather Goods					
Italy's Imports	2148.40	2432.51	2880.18	2717.68	2755.36
India's Exports	44.82	46.57	67.02	62.87	90.27
% Share of India	2.0%	1.9%	2.3%	2.3%	3.3%

Value in million US\$

Source: ITC Geneva & DGCI&S

About Indo-Italian Leather Trade:

- Italy has a strong traditional trade relationship with India in leather sector.
- Out of Italy's total leather import trade in 2013, India accounts for a share of 5.7%
- Out of India's total leather & leather products export to Italy, Footwear alone holds a major share of 35.63% in 2013-14.
- Importantly, Italy is the fifth largest global importer of footwear at US\$ 6058 million in 2013 and the fourth

largest importer of Footwear from India.

- Hence, the Italy is considered to be an important market for Indian footwear exporters.

India-Italy leather goods and accessories trade-An overview

- India's export of leather and leather products has grown at a CAGR of 14.77% over the last 5 years and India's export of leather goods and accessories has also grown at a CAGR of 15.59%.
- Considering the positive growth rate, it is event the Global demand for leather and leather products has

been increasing continuously over the years.

- Italy is the 4th largest importer of leather & leather products in global leather trade with total imports of about US\$ 9746.65 Million (2012).
- Italy has a strong traditional trade relationship with India in Leather sector. Italy is the fourth largest importer of Indian leather and leather products, accounting for 8.73% of its export share during 2013-14.
- India's export of leather goods and accessories to Italy has been increasing during last 5 years and reached US\$ 90.27 million in 2013-14. But India's Share in Italy's global import of leather goods and accessories accounts for about 3.3% and thus there is considerable scope to further enhance our exports and markets share.
- Italy's total import of leather and leather products growing at a CAGR of 3.33%. Italy's import of leather goods growing at a CAGR of 5.10%.
- Italy is the seventh largest importer of leather goods and accessories in the world with total imports to the tune of US\$ 2755.36 million, accounting for a share of 4% in the global imports of leather goods and accessories valued at US\$ 68220 million in 2013.
- India's export of leather goods and accessories to Italy increased from US\$ 56.96 million in 2008 to US\$ 90.27 million in 2013-14. Also India's share in Italy's' total import of leather goods & accessories is about 3.3% only. Hence there is enormous scope for Indian leather products sector to further increase exports of leather goods & accessories to Italy.

Italian Leather Goods Sector – An Overview

- A Sector with a strong propensity to export and that has ensured that it has competitive advantages in the international markets.
- High end range of the product offering that determines the trust towards the international markets and high range niche manufacturing with products that unite aesthetics, artisanship, innovation.
- As per the census of 2011, there were 5,031 production companies in the sector with 34,250 employees.
- Growth of Domestic industry has been a concern and worsening of the economic cycle has produced negative impacts on the evolution of the entrepreneurial structure and has generated a "zero" growth rate.
- The general climate of distrust has certainly discouraged the start-up of new entrepreneurial initiatives, also because of the objective lack of the necessary financial resources.
- Domestic Industry concerns have not had too much impact on employment due to growth in orders from abroad.
- Driven by Exports, production levels also increased in 2013. The estimated invoicing, before the actual figures, grew by 6.9% for a total value of EUR 5.6 billion, including foreign outsourcing.

- ▢ Luggage contributing to EUR 0.5 billion
- ▢ Leather goods contributing to EUR 3.6 billion and
- ▢ Small leather goods EUR 1.5 billion.

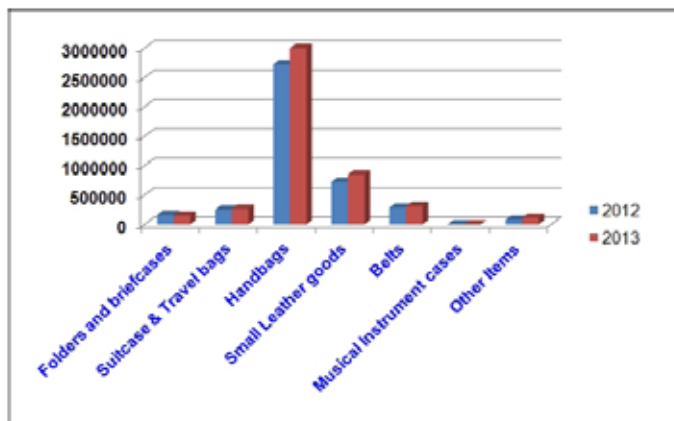
Domestic Consumption

- The analysis of leather goods consumption by Italian households shows
 - ▢ a significant drop in quantity (- 4.9%)
 - ▢ drop in value was limited (- 1.2%) due to the increase of the average prices in all the sectors, with the exception of luggage, where prices are in sharp decline.
- Total value of purchases at EUR 1.7 billion has gone back to that of 2009 and this is in spite of the fact that in these four years the average price has grown. On the other hand, in the same period the drop in quantity reached 10%, confirming that there are non-economic difficulties.
- The sales value of women's bags, which is also the leader article for domestic market purchases, was a little less than EUR 1 billion. Here, however, the trend, differently from that of the exports, is decidedly negative with – 4.6% in quantity and – 3.2% in value and this in spite of an average price that grew by + 1.5%.
- All product sectors closed the year with sales figures that were down, the biggest for travel bags of - 8% and a more limited one for wallets of – 2.7%. The prices increased by an average of 4 %.

Exports

- ▢ International demand that seems to know no bounds and is growing at the rate of 7% per annum, just as the average price is growing at +3.4%, confirming that is trend that is more and more oriented towards the high end offer of the range.
- ▢ Some markets have shown very big growth rates such as Brazil (+73%), the Arab Emirates (+34%), China and Turkey (+28%). Other countries have confirmed their traditional interest in products "Made in Italy", like the United Kingdom (+20%), Hong Kong (+19%), the United States (+18%) and Germany (+16%).
- ▢ Switzerland, France, USA, Hong Kong, Japan, UK, Germany, Korea, China, Russia, Spain, Holland, Singapore and UAE are the largest exports market for Italy.
- ▢ Foreign sales (Exports) done by Italy in 2013 have played a fundamental role in attenuating the drop in domestic consumption. Italy's exports of leather and leather goods grew to 11% in 2013 compared to 2012. Exports of leather goods grew by 14% in 2013 compared to 2012.
- ▢ The invoicing in the international markets came, for more than 60%, from the leader segment of the sector, which is women's leather bags and that grew by 14%. More than 32 million women's bags were sold in foreign markets, of which slightly less than half were in real leather, at an average price of EUR 144. Compared to 2012, this was an increase of more than 2 million pieces sold.

Italy's Exports of Leather Goods - By product group & material			
January - October 2013 . Value in Euros			
	Total		
	2012	2013	Variance %
Folders and briefcases	161561084	147475157	-8.72%
Suitcase & Travel bags	251239365	264759847	5.38%
Handbags	2721143157	2998023733	10.18%
Small Leather goods	720026256	847260859	20.81%
Belts	283204148	307338612	8.52%
Musical Instrument cases	643974	659865	2.47%
Other Items	77823487	110565468	42.07%
Total	4215641471	4676083541	10.92%

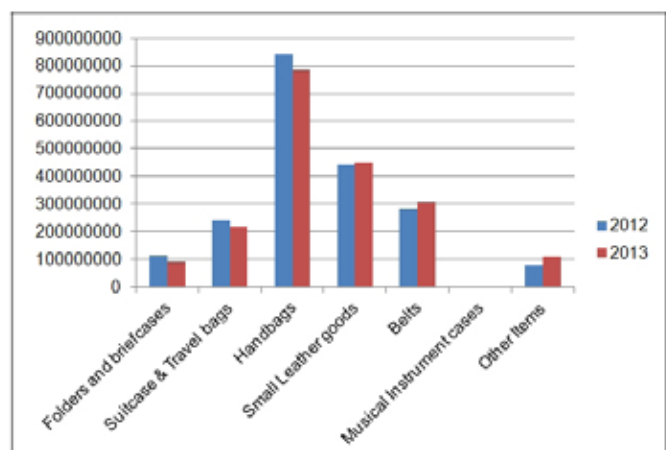


Italian Association of Leather Goods and Leather Substitutes Manufacturers

Imports

- Italy did an import of US\$ 2744 million of Leather Goods.
- Handbags contributing to 40% of Imports followed by small leather goods & Belts.
- China, France, India, Switzerland, Romania, Germany, Turkey, Holland, Belgium are the largest markets from where Italy imports Leather Goods.
- Compared to 2012, there was drop of 1.3% in Leather goods Imports in the year 2013.
- Folders , briefcases , Travel bags, Handbags seeing a negative growth.

Italy's Imports of Leather Goods - By product group & material			
January - October 2013 . Value in Euros			
Product	Total		
	2012	2013	Variance %
Folders and briefcases	113893248	92261556	-18.99%
Suitcase & Travel bags	242500313	216447161	-10.74%
Handbags	844118868	784989611	-7.00%
Small Leather goods	442553622	450230249	1.73%
Belts	283204148	307338612	8.52%
Musical Instrument cases	811128	925635	14.12%
Other Items	77823487	110565468	42.07%
Total	2004904814	1962758292	-2.10%



Italian Association of Leather Goods and Leather Substitutes Manufacturers

About the MIPEL Fair – The MIPEL has been an international point of reference for the leather Goods and Accessories Sector. The prominence of the fair is in being the largest leather goods and accessories show in Europe and acting as an important gateway position to the European Leather Accessories market. The 106th Edition of MIPEL-the Bag Show was held during August 31 - September 3, 2014 and concluded successfully with positive business note.

Ever since the year 1962, The MIPEL, the Bag Show has been the most important international showcase for leather goods. Organised by AIMPES twice a year, in a prestigious location –Fiera Milano, Rho an outskirts to the city of Milan, one of the fashion capitals in the world - the best creations and collections in leather, fabric and alternative materials, for all seasons of the year, are presented. 106th edition of MIPEL presented the collections for the next Summer 2015.

The MIPEL, was concurrently held with MICAM Shoe event. In this edition only 263 exhibitors had participated and this had resulted in decrease of number of exhibitors from 353 in March 2014. There was a considerable drop in the number of Indian exhibitors under CLE India Pavilion too which was due to participation organised in 106th edition under MDA from earlier pattern of MAIS funding. Thus non-availability of funding support under MAIS for this important fair for leather goods and accessories had not only reduced the India's presence from earlier status of second largest country participation with 36 Indian companies to a small size of 10 exhibitors under CLE India pavilion but also restricted MSME sector exporters who could not afford to pay the participation fee upfront and claim reimbursement thereafter as per MDA scheme guidelines.

Trade Visitors at the fair

As per report published by the MIPEL press office at the end of the fair, the overall visitor attendance fell by 13%,

with the greatest negative impact created by the forecasted drop in the number of ex-Soviet Union buyers who, in recent past years, have considered to be the large importers for all major brands of Italy. The reasons can be linked to the delicate international situation and the Ruble's lost purchasing power. Notwithstanding the drop in attendance, the Russian Federation continues to represent one of the major countries with the highest number of buyers in attendance at MIPEL, followed with the Japanese and Europeans.

Quote: "Giorgio Cannara, President of Mipel and Aimpes" stated that "Notwithstanding the drop in number of visitors, I did hear positive feedback from a number of exhibitors and sources: through the number of buyers has fallen, but the quality has risen considerably, allowing companies to do business with buyers who were genuinely interested in the collections", comments Giorgio Cannara, President of Mipel and Aimpes, who further added that "The recent embargo on imports regards public companies and not the purchases made by the private parties, who are the close business associates of our companies".

The general perception about the fall out in the number of trade visitors was due to the recent sanctions imposed by USA and European Union on Russian Federation, the Russian buyers were not keen in bulk sourcing from countries like Germany, UK, Italy, France etc. However the Russian buyers are looking for alternative sourcing destinations, which is an opportunity for India to enhance our market share in Russian Federation.

Organisation of CLE INDIA PAVILION @106th MIPEL under MDA funding Dept. of Commerce, Govt of India

Considering the huge participation charges, the CLE India pavilion in MIPEL had been organised earlier by the Council from September 2009 until March 2014 under MAI scheme. This measure had helped the members representing MSME segment to participate in this important exhibition which serves as a gateway to European Market for leather goods and accessories. However the September 2014 edition of CLE India Pavilion was organised under MDA scheme with participation of 10 members with an area of 132 square meters in Hall 12 in Panorama section. This Panorama is the soul area of MIPEL where international participants showcased their collections for next Summer 2015 trends. A list of participants in CLE India Pavilion at Mipel is appended below

S.No.	Name of the Company	Place
1	D.R. International	Delhi
2	Fashion folio Delhi	Delhi
3	Kloddex	Kanpur
4	Anushree Accessories Pvt Ltd	Delhi
5	Saluja Exports	Delhi
6	Indkraft Exports	Meerut
7	Bharat Enterprises	Delhi
8	Leatherman Fashion Pvt Ltd	Kolkata
9	XL Enterprises Limited	Kolkata
10	Classic Leather Craafits	Chennai

CLE's Information Stand and Publicity Materials @ 106 MIPEL

To facilitate group participation of member exporters, the Council had set up a coordination point which also served during the fair days as India information stand. The Publicity and promotional materials namely Leather News India, Members Directory, Information on Indian Leather Sector and MIPEL cum MICAM exhibitors profile booklet were displayed along with publicity posters about Indian leather sector. Publicity and promotional booklets were distributed to the trade visitors visited the CLE Information stand. In all about 30 trade visitors visited the Council's information stand from countries like Bulgaria, Croatia, France, Germany, Italy, Japan, Russian Federation, Spain, Switzerland, Tunisia, and The USA have collected promotional materials. The publicity posters displayed at CLE information stand were of note worthy to many trade visitors who had taken some time to read the information published therein and appreciated the same.

Business Generated and Members Feedback

As per the feed back obtained from the members at the end of the fair, it was reported by the members that 121 business visitors had meetings with our exhibitors under CLE India Pavilion and firm orders for Euro 0.11 mn was booked by them during the fair days and expects future order worth about Euro 0.40 mn out of enquires generated during the fair.

Glimpses of CLE India pavilion @ 106 MIPEL



A Business Visitor Mr. Tarek Baghdadi, President of Scooter Fashion from Switzerland Collecting Publicity and Promotional Material from Mr. M.J.Jamal Md. Mohideen, Assistant Director at CLE information stand.



Few Snaps of Business Meeting in Progress @ CLE India Pavilion



Mr. Tarek Baghdadi, President of Scooter Fashion from Switzerland looking at samples at M/s. Classic Leather Crafts and Exhibitor at CLE India Pavilion



A business meeting in progress at M/s. Bharat Enterprises.



Another business meeting in progress at M/s. Leatherman Fashion Pvt. Ltd.

About Next MIPEL, February 2015

The Council will organise the CLE India Pavilion in the 107th edition of MIPEL under Market Development Assistance scheme of the Department of Commerce, Government of India per the dates notified which will be held between February 15-17, 2015 (Sunday to Wednesday) for presentation of Autumn-Winter 2015 collections. The interested members are requested to approach the Council's offices

