

Leathertech Bangladesh, 2013

held at Bangbandhu International Conference Centre, Dhaka, during October 3 – 5, 2013

A report by R.K.SHUKLA, Assistant Director – CLE

An overview of Bangladesh Leather Industry :

Bangladesh has a good tanning industry base which produces around 2-3% of the world's leather from a ready supply of raw materials, as per information from 'Tanners Association of Bangladesh'. The leather industry is ideally suited to Bangladesh with its abundance of labour and natural resources at internationally competitive rates. The hides and skins (average annual output is 15m sq.m.) have a good international reputation. The fast growing sector is leather products. Local tanners produce four types of leather- rawhide, wet blue, crust and finished leather. Bangladesh exports mainly crust and finished leather. Bangladesh is becoming a reputed exporter of footwear made from local leather.

The leather industry that includes both the leather processing industry and the shoe and leather goods manufacturers is going through the preliminary level of boom. The base of the industry has already been established, now is the time to see the expansion. Considering the advantage of high quality leather and comparatively cheap manpower, the industry is on the verge of harvesting period.

The increasing growth of the industry and boosting investment in the sector would definitely make this sector the second highest export industry in the next five to seven years, that the annual production of 5000 crore taka from tanners and a further 1600-1800 crore taka from footwear and leather goods industries will automatically increase by seven to eight thousand crore taka in the coming years with the existing infrastructure in place.

Recent performance of the leather goods and footwear sector is highly encouraging. The data shows that the country earned \$83 million in the first seven months (July-January) of the current fiscal year 2012-13 by exporting leather products, with a growth rate of 102.12 per cent over

the corresponding period of last fiscal, when export of the products fetched only \$41 million. The country had earned a total of \$99.36 million from this single sector in the fiscal year 2011-2012. The government had projected an export earning of \$135.45 million from the leather sector for the current fiscal year. It shows that the leather goods and footwear sector may be a reliable source of export earnings if proper attention is given to it.

Leather and Leather Products contribute more than taka 3200 crore equivalent foreign currency annually to the Bangladesh Economy. It is a 100% agro-based export oriented industry. There are 206 tanneries with an annual installed capacity of processing of about 400 million square feet wet blue, 300 million square feet crust leather and 140.39 million square feet finished leather. Bangladesh exports about 200 million square feet of hides and skins in the form of leather and leather products, the bulk of which is crust leather. The value addition in producing finished leather is about 50% higher than that of crust leather, and the same is about 225% higher in the case of leather products. The present employment in the tannery including of Bangladesh is about 15,000 (including managerial and production staff), in footwear sub-sector 51,400 (15,000 in mechanized sub-sector and 36,400 in small and cottage level non-mechanized sub-sector) and in leather goods sub-sector 10,200 (1200 in mechanized units and 9,000 in non-mechanized units).

Main features :

As leather sector is a labor oriented industry and Bangladesh offers cheap labor, the industry is attracting the attention of foreign buyers and now they are moving towards Bangladesh rather than China or Vietnam. The buyers who were clients of China are showing their interest in Bangladesh leather market. Flourishing in this sector are finished leather

and leather goods. Government support in the form of tax holidays, duty free imports of raw materials and machinery for export-oriented leather market are aiding the rapid growth of the industry. Tariff and quota free access to major markets such as the EU is another advantage that the Bangladesh leather industry enjoys. Leather goods and footwear may be the second largest sustainable export earnings sector for Bangladesh that stands at a strategically advantageous location for leather production.

The leather sector in Bangladesh includes 220 tanneries, 3,500 MSMEs and 110 large firms controlling more than 90% of the export market. Most of the enterprises are located in Dhaka, followed by two big clusters at Bhairab and Chittagong. The sector generates direct and indirect employment for about 850,000 people including a significant number of women, particularly in the leather products industries. The larger enterprises like BATA, Gallerie Apex, Bay, Jennys are controlling the domestic market of high ended leather products but they are mostly dependent on imported products. So there is an immense opportunity for the MSMEs to provide up to USD 150 million in import substitution via becoming subcontractors for these very large global enterprises.

'Bangladesh Leather Industry has three main streams, they are i) Leather Tanning, ii) Leather Footwear, iii) Leather Goods. 90% of basic raw materials i.e. hide locally available. The sector is very much akin to the RMG sector, but there is far greater scope of value addition 90% as oppose to RMG where value addition scope is 40% as basic raw materials for leather sector are locally available. 50% of leather is being exported in the form of semi-finished and finished leather losing the value addition opportunity. Rest 50% is being converted into footwear and leather products for low-end market.

There is an enormous scope for

entrepreneurs and investors. The sector is still catering to the low-end export market. In order to advance it must move to the next levels. It needs more skilled workers and managers: Although there are unskilled competitive labour forces, there is shortage of skilled workforces, managers and entrepreneurs. Limited access to market - Bangladesh has a limited or small share in the global business, so there is a tremendous opportunity to grow to capture more market share around the world.

MSMEs themselves are unable to function as important market players due to the following reasons: • Absence of clustering strategy for joint production and retailing by MSMEs • Inefficiency in production • Lack of skills • Limited access to modern machinery • Competition from cheap/illegal imports, • Limited access to market information and market linkages • Lack of confidence by consumers about locally produced products • Unable to raise adequate financing .

Mainly there are three sub-sector(Bangladesh Tanners Association – BTA; Bangladesh Finished Leather and Leather Goods and Footwear Exporters Association – BFLFEA; and the Leather Goods and Footwear Manufacturers Exporters Association of Bangladesh – LFMEAB). Centre of Excellence for leather Skill Bangladesh Ltd (COEL) is the nation’s first institute of its kind. Objective of COEL is to increase and improve the overall skill level of the workforce of the leather sector.

There is a leather goods cluster at Bhairab in Kishoreganj. It is about 2.30 to 3.00 hours away from Dhaka city. It is a very good example of relocation of industries from Dhaka

city to a rural area. Presently, the Bhairab Shoe Cluster is one of the largest leather goods and footwear manufacturing clusters in Bangladesh. There are about 3,500-5,000 factories employing more than 30 thousand workers and supplying a large quantity of footwear to different areas throughout the country. Leather, paste, solution, foam, rubber and sewing thread are the major raw materials of this industry. Sewing

machine, bob machine, colour machine and knife are the main tools of production. Footwear is the major product, but keds and other leather goods like belt, bags, and ladies' hand bags are also produced here. Productions are based on orders from stores located in cities. Though not directly exported, a few entrepreneurs send their products to Saudi Arabia, Dubai and Bahrain through middlemen.

Export Scenario of Leather

Export of Leather, Leather Footwear and Leather Goods

Million US \$

Year	Leather		Leather Footwear		Leather Goods		Total
	Export	% of Total	Export	% of Total	Export	% of Total	
2002-2003	191.23	83.2%	35.06	15.3%	3.43	1.5%	229.72
2003-2004	211.41	79.50%	50.86	19.13%	3.64	1.37%	265.91
2004-2005	220.93	76.77%	59.51	20.68%	7.35	2.55%	287.79
2005-2006	257.27	71.50%	95.44	26.52%	7.12	1.98%	359.83
2006-2007	266.08	64.42%	135.94	32.91%	11.03	2.67%	413.05
2007-2008	284.41	61.44%	169.60	36.64%	8.87	1.92%	462.88
2005-2006	257.27	71.50%	95.44	26.52%	7.12	1.98%	359.83
2008-2009	177.32	46.52%	186.93	49.04%	16.89	4.43%	381.14
2009-2010	226.10	49.24%	204.09	44.44%	29.06	6.32%	459.25
2010-2011	297.83	45.75%	297.80	45.74%	55.42	8.51%	651.05

Export performance for the period of July, 2010-2011

Million US \$

Products	Export target for 2010-2011	Export Performance for 2010-2011	% Change of export performance over export target	Export performance For July-June. 2009-2010	% Change of export performance July -June. 2010-11 Over July-June. 2009-10
1	2	3	6	7	8
Leather	293.94	297.83	1.32	226.10	31.72
Footwear	235.00	297.80	26.72	204.09	45.92
Leather Products	34.87	55.42	58.93	29.06	90.71

Source: Export Promotion Bureau of Bangladesh (EPB)





During inauguration ceremony - Mr. Dilip Barua, Hon'ble Minister, Commerce & Industry, Govt. of Republic of Bangladesh
Also seen is Mr. Pradeep Agrawal, President, IFCOMA (3rd from left) &
Mr. Vipin Seth, CLE Panel Convenor - Footwear Component.(extreme right)

The following dignitaries were also present on dais : • Mr. Mohd. Abu Taher, Chairman - Bangladesh Finished, Leather-goods & Footwear Exporter's • Association (BFLFEA), •Mr. Nasir Khan, Vice President – Leather Goods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) • Mr. Md. Mominul Ahsan, Secretary General & CEO – Centre of Excellence for Leather Skill Banglades Ltd. (COEL) • Mr. Pradeep Aggarwal, President – Indian Footwear Component Manufacturers Association (IFCOMA) • Mr. Vipin Seth, Convenor – Footwear Component Panel – CLE • Mr. Nand Gopal K, Director – Ask Trade & Exhibition P.Ltd.

Leathertech Bangladesh, 2013

Bangladesh Govt. has identified 'Leather Sector' as a thrust sector for export and to exploit full potential of this sector. Bangladesh is a potential offshore location for leather, leather goods & footwear products manufacturing with competitive cost. More than 200 tanneries are producing

crust leather & finished leather. As per information from Industry / Association of Bangladesh, there are 74 mechanized leather product enterprises, the details are as under :

- 10 are engaged in producing leather goods i.e. bags, wallets, belts etc.
- 64 are footwear enterprises with an annual production capacity of 32.2 million pairs, with an approximate average of 2.7 million pairs per month.

Major Brands in Bangladesh :

APEX adechi

R F Footwear

Keeping in view the potential in Bangladesh, M/s Ask Trade & Exhibition Pvt. Ltd. in close association Council for Leather Exports (CLE) & Indian Footwear Component Manufacturers Association (IFCOMA) organized the 1st Edition of "Leathertech



Mr. R K Shukla, Asstt. Director - CLE (left) during the inauguration ceremony of the fair.

Bangladesh 2013" in Bangbandhu International Conference Hall, Dhaka during October 3 – 5, 2013.

The fair was inaugurated by Mr. Dilip Barua, Hon'ble Minister, Ministry of Industries, Govt. of People's Republic of Bangladesh. The representatives of the prominent Industry / Associations alongwith leather fraternity of Bangladesh & the exhibitors from India, China, Italy, South Africa, Sri Lanka, U.K., Singapore, Egypt & Taiwan were present during the inauguration.

'Leathertech Bangladesh 2013' was a comprehensive "International technology & allied products tradeshow" for the Bangladesh Leather & Footwear Industry. Approx. 100 exhibitors from India, China, Turkey, Japan, Italy, Singapore, Sri Lanka & Bangladesh from the leather tanning, machinery, Footwear Components, Dyes & Chemicals, Spare & parts participated in the show, out which more than 50% from India alone, a Pavilion by CLE & IFCOMA.



Mr. Saleem Basha, Director - Ask Trade & Exhibitions (left) presenting 'Momento' to Mr. Pradeep Agrawal, President - IFCOMA for their support



Mr. Saleem Basha, Director - Ask Trade & Exhibitions presenting " Momento' to Mr. R K Shukla, Asstt. Director for support of CLE

It is the first time in the history of Bangladesh that a 'technology trade show' of this kind involving international participation at the entire leather industry value chain of Bangladesh was organized in the country.

A VIEW OF SOME STANDS IN THE FAIR



CLE Info Booth :

The Council for Leather Exports organized participation of its 18 member – exporter (manufacturers & exporters of Footwear components) in an area of 189 sq.meters. Shri R. K. Shukla, Assistant Director was the Stand In-charge of CLE India Pavilion & organized the participation of members in the fair. He met the business visitors in the fair & attended their relevant queries. CLE publications were displayed & presented to the visiting customers in the fair.

A complete set of publications was firstly presented to the Hon'ble Minister, Ministry of Industries, Govt. of People's Republic of Bangladesh immediately after the inauguration.



Mr. R K Shukla, Asstt. Director CLE (right) presenting a set of publications to Mr. Dilip Barua, Hon'ble Minister, Commerce & Industry, Govt. of Republic of Bangladesh.

The following companies participated & exhibited their respective products in the fair :

S.N.	Name of the company	City	Product
1	BACO METALLIC INDUSTRIES	NOIDA	Moulded counters, Steel shanks, safety midsoles etc.
2	C&E Ltd.	Chennai	Finished Leather
3	Classic Polymers	Delhi	Footbeds, Shoe Inserts, Sockliners, EVA Foam, Laminated Foam
4	G.G. Organics Exports P.Ltd.	Chennai	Orgtan and Orgoil
5	Gheli International P.Ltd.	Gurgaon	Heel, Wedges, Platform & Soles
6	Kenda Farben India P.Ltd.	Delhi	Adhesives, Varnishes for Synthetic soles & heels, PU Dosing Pigments etc.
7	L.R.Moulds Pvt. Ltd.	Kanpur	Aluminium Shoe Moulds
8	R Y Gaitende & Compnay	Chennai	Finished Leather in Cow, Goat and Sheet
9	Sandeep Rubber Industries	Agra	All kinds of Rubber Sheets and soles. TR Soles and Heel and Rubber Welts
10	Sanghavi Shoe Accessories P.Ltd.	Mumbai	Plastic Shoe Lasts
11	Sant Rubbers Ltd.,	Jalandhar	Soles
12	Sperry Plast Limited	New Delhi	Thermoplastic Rubber Granules (TPR)
13	Unifab Industries	New Delhi	Laminated Fabrics with EVA, Moulded Insocks, Aftifical fur linings
14	Unisol India P.Ltd.	Noida	PU, TPR & Rubber Sole
15	Versatile Enterprises P.Ltd.	New Delhi	Foam Laminated Fabrics, Interlinings, Mesh linings, Fleece, Air mesh, Bonded Check Fabrics, Woolen Fabrics, Knitted Ribs, Canvas articles
16	Vikas Globaone Ltd.	New Delhi	Thermoplastic Rubber Compound, Thermoplastic Elastomer Compounds
17	Wilhelm Textiles India P.Ltd.	Gurgaon	Interlining, Linings, Textiles Upper materials, Warm linings & waterproof membrane laminates
18	Zahonero India (P) Ltd.	Noida	Fates Foam, Lates Foam with Fabric, PU Roam, PU Footbeds, Gel Footbeds

VIEW OF STANDS IN CLE PAVILION



VIEW OF STANDS IN CLE PAVILION



From left to right : Mr. Ketan Sanghavi, Mr. R K Shukla, Mr. Gaurav Malik, Mr. Nand Gopal K & Mr. Vipin Seth at CLE info booth

Good footfall of the visitors were noticed during the fair. As per feedback from our participants, the M.D.s / CEO of following prominent footwear brands of Bangladesh visited the fair :

1. APEX Adelchi
2. BAY Footwear
3. RIMEX
4. JENNY'S
5. FORTUNA Bangladesh
6. MEGUMI

7. FB Footwear
8. BATA

The above Brands visited the Indian exhibitors & discussed about the various footwear components being displayed by them in the fair.

Conclusion

Bangladesh has sizeable numbers of footwear manufacturing units. Accordingly, there is good potential for footwear components. Many of our exhibitors informed that they are al-

ready exporting their components to Bangladesh.

As per feedback of our exhibitors, confirmed business worth apprx. US\$ 35750.00 and expected business worth apprx. US\$ 7,46,625.00 were booked during the fair.

Most of the exhibitors confirmed their participation through CLE in the next edition of the fair. Keeping in view the business potential, CLE should continue its participation in this fair for exploring the market.

