

Council for Leather Exports at MIPEL

2-5 March 2014, Milan

"Preview of the Autumn / Winter 2014 Collections"

A Brief Report on Council's Participation in 105th MIPEL



A Brief Insight about the MIPEL, the Bag Show

The 105th edition of MIPEL, a bi-annual event was organized from March 2-5, 2014 (Sunday to Wednesday) at "Fiera Milano" in Rho which is an outskirt area from the Milan City. The 105th MIPEL, was concurrently held with MICAM Shoe event and successfully concluded with participation of 353 exhibitors thereby resulting in a marginal increase in number of exhibitors as compared to 334 exhibitors in the previous edition of September 2013. Participation of Italian companies increased from 219 to 247 whereas overseas companies decreased from 115 to 104. India was the 2nd largest exhibiting country with participation of 36 companies of which 28 members participated under CLE India Pavilion. As per report published by the MIPEL press office at the conclusion of the event, it was reported that there was a decline in the number of business visitors by 6% more particularly from the domestic market while the overseas visitors remained more or less to previous level.

The MIPEL has been an international point of reference for the leather Goods and Accessories Sector. The prominence of the fair is being the largest leather goods and accessories show in Europe and acts as an important gateway position to the European Leather Accessories market. MIPEL – The Bag Show, the international trade fair for handbags and leather goods ended on a positive note. Visitor numbers were 6% less than last season. This edition was saddled with gloomy international economy and recent tension in Ukraine besides Public Transport Strike on the in Milan on the 5th March 2014 which had affected the entire accessories segment. Notwithstanding the above, the MIPEL has reaffirmed its assurance of business opportunities for exhibitors stated by Mr. Giorgio Cannara, President of MIPEL and AIMPEL.

India-Italy leather goods and accessories trade-An overview

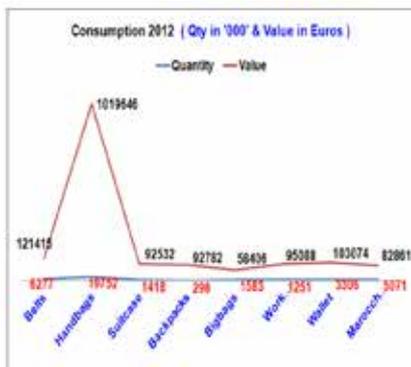
India's export of leather and leather products has grown at a CAGR of 8.54% over the last 5 years and India's export of leather goods and accessories has also grown at a CAGR of 7.78%. Considering the positive growth rate, it is evident that the Global demand for leather and leather products has been 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\$ 11025.68 Million (2011). Italy has a strong traditional trade relationship with India in Leather sector. Italy is the fifth largest importer of Indian leather and leather products, accounting for 8.77% of its export share during 2012-13. India's export of leather goods and accessories to Italy has been increasing during last 5 years and reached US\$ 62.67 million in 2012-13. But India's Share in Italy's global import of leather goods and accessories accounts for about 6% and thus there is considerable scope to further enhance our exports and markets share. Italy's total import of leather and leather products grew at a CAGR of 3.22%. Italy's import of leather goods grew at a CAGR of 5.63%.

Italy is the sixth largest importer of leather goods and accessories in the world with total imports to the tune of US\$ 1112.29 million, accounting for a share of 5% in the global imports of leather goods and accessories valued at US\$ 22216.93 million in 2011. India's export of leather goods and accessories to Italy increased from US\$ 56.96 million in 2007 to US\$ 62.67 million in 2012-13. Also India's share in Italy's total import of leather goods & accessories is about 6% 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%)

Product	Jan-Dec 2012		Product	Jan-Dec 2013	
	Quantity	Value		Quantity	Value
Belts	6277	121415	Belts	5933	116259
Handbags	19752	1919648	Handbags	18839	987388
Suitcase	1418	92532	Suitcase	1353	83248
Backpacks	296	92782	Backpacks	2835	97998
Bigbags	1583	58406	Bigbags	1458	56239
Work items	1251	95088	Work items	1215	11072
Wallet	3306	103074	Wallet	3217	114674
Marocchineria	5071	82881	Marocchineria	4885	83252
Total	41618	1965802	Total	39714	1848777



Italian Association of Leather Goods and Leather Substitutes Manufacturers

- 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 the 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%.

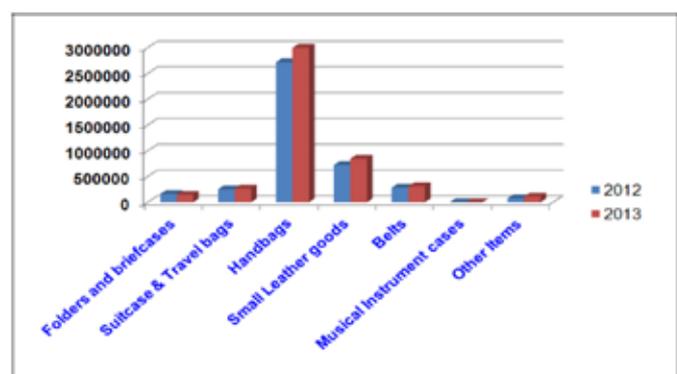
- The prices increased by an average of 3.8%.

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%).
- France , UK, Germany, Switzerland , USA, Spain, Holland, Japan, Russia, Hong Kong and Austria 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.
- Growth in the first ten months (Jan - Oct) of 2013 took the absolute value of foreign invoicing to slightly less than EUR 4.7, with an increase of 11%, compared to the same period of 2012.
- The quantity of exports also grew, even if not as much, by +3.7%, above all due to leather products alone that grew by +9.6%.
- 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 euro. Compared to 2012, this was an increase of more than 2 million pieces sold.

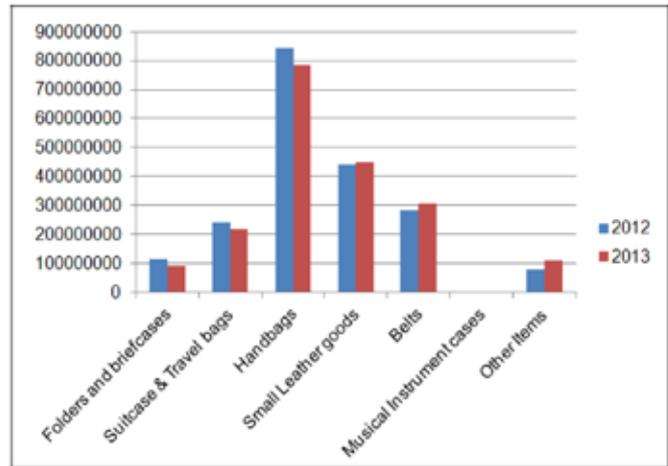
Italy's Exports of Leather Goods - By product group & material			
January - October 2013 . Value in Euros			
	Total		
	2012	2013	Variance %
Folders and briefcases	161561084	147475157	-8.72%
Suitcase & Travel bags	251239365	264759847	5.38%
Handbags	2721143157	2998023733	10.18%
Small Leather goods	720026256	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



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

Imports

- Italy did a imports of 1.96 Bn of Leather Goods.
- Handbags contributing to 40% of Imports followed by small leather goods & Belts.
- China, France, Switzerland, Romania, Germany, Holland, Belgium, Spain, India are the largest markets from where Italy imports Leather Goods.
- Compared to 2012, there was drop of 2.1% in Imports in the year 2013.
- Folders , briefcases , Travel bags, Handbags seeing a negative growth.

Organisation of 105th MIPEL under MAIS funding through Dept. of Commerce, Govt of India

CLE India pavilion in MIPEL was organised by the Council since Sep-

tember 2002 under MDA scheme till the year March 2009. Due to considerable increase in the number of participants and expensive fair, the Department of Commerce, Ministry of Commerce and Industry, Government of India has been supporting CLE's participation since September 2009 under MAI scheme. This measure had helped the members representing MSME segment to participate in this important gateway fair to European Market for leather goods and accessories in March 2014 edition too with participation of 28 members in an area of 352 square meters in Hall 12 in Panorama section.

CLE's Information Stand and Publicity Materials at MIPEL

At CLE's information stand Publicity and promotional materials namely Leather News India, Members Directory, Information on Indian Leather Sector and MIPEL participants pro-

file booklet etc were distributed to the trade visitors. In all 30 business visitors have visited the Council's information stand and collected these publications. A drive for mobilising buyers for India International Leather Goods Fair, Kolkata has been attempted. The publicity posters displayed at CLE information stand were of note worthy to many trade visitors.

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 282 business visitors had meetings with our exhibitors under CLE India Pavilion and firm orders for USD 0.43 mn were received by them. The group participants have also expressed that they are confident of getting future order to the tune of USD 1.53 mn out of enquires generated during the fair.

Few Snaps of CLE India pavilion at MIPEL, The Bag Show, March 2-5, Milan, Italy

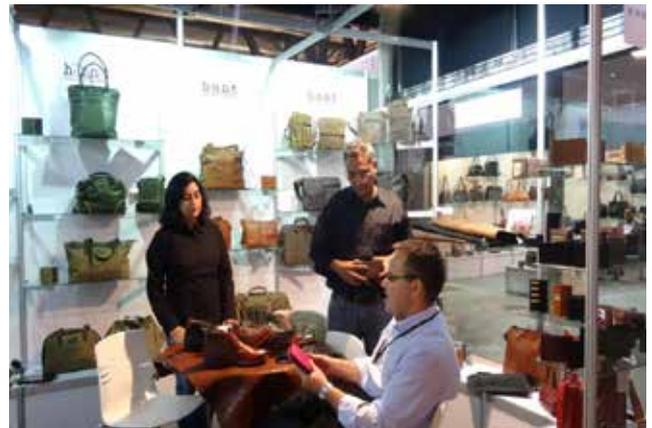


A Business Visitor Collecting Publicity and Promotional Material from Mr. M.J.Jamal Md. Mohideen, Assistant Director and Mr.Raja Basak, AEPO at CLE information stand.



Few Business Visitors from South Africa interacting with Mr. M.J.Jamal Md. Mohideen, Assistant Director gathering information about Indian Leather Industry

Few Snaps of Business Meeting in Progress at CLE India Pavilion



The dates for 106th MIPEL edition has been officially notified to be held between August 31 and September 3, 2014 (Sunday to Wednesday) for presentation of Summer 2015 collections.

