



The Success Continues!

India Leather Days – Offenbach, Germany

November 18-19, 2015

■ A Report by T. Thanjappan and Sarmista Banerjee, CLE



Introduction

Germany has emerged as the largest buyer of Indian leather products, including shoes, Including Leather Handbags, Leather accessories leather garments and horse riding equipment. The major products being exported to Germany from India include complete shoes, sandals, shoe components, uppers, leather garments, handbags, travel ware and horse riding equipment.

During 2014-15, India's export of leather, leather products and footwear to Germany was to the tune of USD 800.25 million, accounting for 12.32% of total exports of USD 6494.41 million. In fact, the exports were USD 756.56 million in 2013-14 and grew to USD 800.25 million in 2014-15, growing by 4.52%

Germany's Import Potential

Germany's import of leather & leather products has increased from US\$8445.44 mn in 2009 to US\$11995 mn in 2013, growing at a CAGR of 9.16%. Out of the global leather import trade of US\$ 172 bn, Germany accounts for a share of 6.95%.

Global Import of leather & Leather products vis-a-vis imports by Germany

(Value in Mn US\$)

| Product | Global Import | Germany's Import | % Share of Germany |
|------------------------|------------------|------------------|--------------------|
| Finished Leather | 24284.27 | 871.41 | 3.59% |
| Footwear | 110184.85 | 8743.37 | 7.94% |
| Footwear Components | 7246.69 | 479.08 | 6.61% |
| Leather Garments | 3849.80 | 461.05 | 11.98% |
| Leather Goods & Access | 25844.03 | 1308.02 | 5.06% |
| Saddlery & Harness | 1269.18 | 132.06 | 10.41% |
| Total | 172678.80 | 11994.99 | 6.95% |

Source: ITC, Geneva

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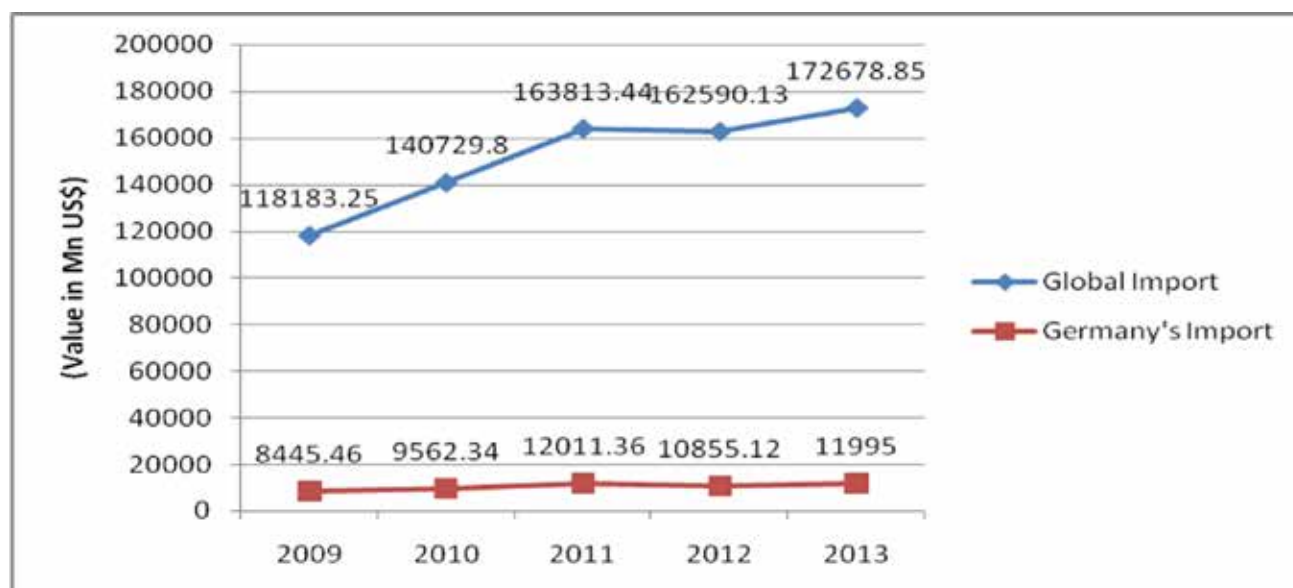
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- From the above table, it can be seen that Germany accounts for a major share of 11.98% in the global leather garments import trade.
- Likewise, Germany accounts for a share of 10.41% in the global saddlery & harness import trade
- Further, Germany accounts for a share of 5.06% in the global leather goods & accessories import trade

Global import of leather & leather products vis-a-vis Germany's import 2009 to 2013



Indo- German Trade in Leather Sector

India's export of leather & leather products to Germany has increased from US\$ 491.27 million in 2009-10 to US\$ 800.19 million in 2014-15, growing at a CAGR of 10.24%, accounting for a share of 12.32% in India's total leather & leather products export trade of US\$ 6494.41 million in 2014-15. Hence, Germany is a major market for Indian leather & leather Products.

Germany's Import of leather & leather products vis-a-vis India's export

(Value in Mn US\$)

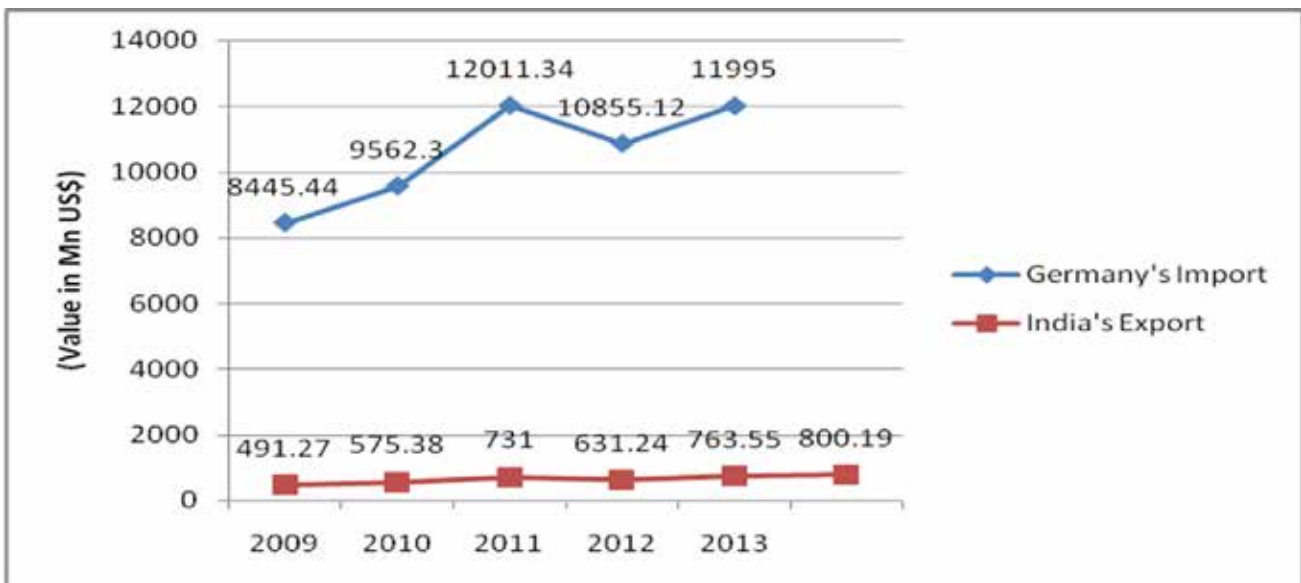
| DETAILS | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------|---------|---------|---------|---------|---------|--------|
| Leather | | | | | | |
| Import | 637.83 | 756.39 | 971.11 | 812.36 | 871.41 | -- |
| India's Export | 22.02 | 24.17 | 28.91 | 28.13 | 34.53 | 31.36 |
| % Share of India | 3.45% | 3.20% | 2.98% | 3.46% | 3.96% | -- |
| Leather Footwear | | | | | | |
| Import | 3580.52 | 3894.55 | 4836.79 | 4341.46 | 4733.24 | -- |
| India's Export | 182.68 | 239.23 | 285.80 | 226.78 | 278.56 | 316.58 |
| % Share of India | 5.10% | 6.14% | 5.91% | 5.22% | 5.89% | -- |
| Footwear Components | | | | | | |
| Import | 426.81 | 509.95 | 596.59 | 516.29 | 479.08 | -- |
| India's Export | 38.87 | 45.03 | 65.92 | 46.05 | 64.28 | 62.10 |
| % Share of India | 9.11% | 8.83% | 11.05% | 8.92% | 13.42% | -- |
| Leather Garments | | | | | | |
| Import | 449.97 | 471.10 | 561.21 | 436.12 | 461.05 | -- |
| India's Export | 109.18 | 110.72 | 153.96 | 130.65 | 138.5 | 129.29 |
| % Share of India | 24.26% | 23.50% | 27.43% | 29.96% | 30.04% | -- |
| Leather Goods | | | | | | |
| Import | 793.11 | 901.65 | 1223.17 | 1150.35 | 1308.03 | -- |
| India's Export | 117.75 | 135.34 | 172.24 | 174.89 | 215.21 | 224.9 |
| % Share of India | 14.85% | 15.01% | 14.08% | 15.20% | 16.45% | -- |
| Saddlery & Harness | | | | | | |

| DETAILS | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------|---------|---------|----------|----------|---------|--------|
| Import | 100.00 | 108.33 | 131.65 | 125.68 | 132.06 | -- |
| India's Export | 18.02 | 18.45 | 22.18 | 22.32 | 30.31 | 33.62 |
| % Share of India | 18.02% | 17.03% | 16.85% | 17.76% | 22.95% | -- |
| Non Leather Footwear | | | | | | |
| Import | 2457.20 | 2920.33 | 3690.82 | 3472.86 | 4010.13 | -- |
| India's Export | 2.75 | 2.44 | 1.99 | 2.42 | 2.16 | 2.34 |
| % Share of India | 0.11% | 0.08% | 0.05% | 0.07% | 0.05% | -- |
| Total | | | | | | |
| Import | 8445.44 | 9562.30 | 12011.34 | 10855.12 | 11995 | |
| India's Export | 491.27 | 575.38 | 731.00 | 631.24 | 763.55 | 800.19 |
| % Share of India | 5.82% | 6.02% | 6.09% | 5.82% | 6.37% | |

Source: Germany's Import - ITC Geneva / India's export DGCI&S

- From the above table, it can be seen that India accounts for a major share of 30.04% in the total leather garments import trade of Germany. This is followed by a share of 22.95% in Saddlery & Harness import trade and 16.45% in leather goods & accessories import trade
- Hence, Germany offers more import scope for Leather Garments, Leather Goods & Accessories and Saddlery & Harness for India.

Germany's import of leather & leather products vis-à-vis India's export 2009 to 2013



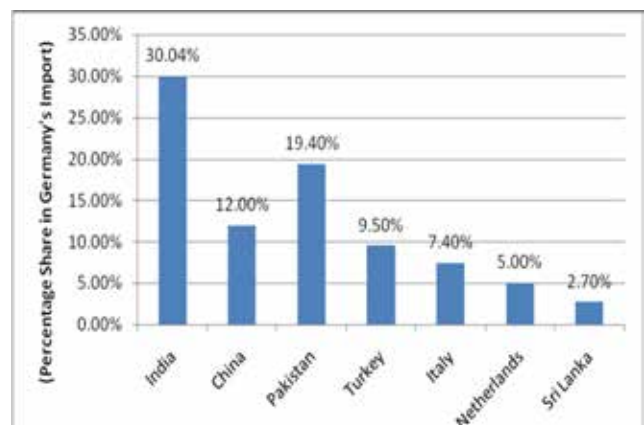
Major suppliers of Leather Garments to Germany

German's annual import of Leather Garments was to the tune of USD 461 million in 2013. Interestingly, India was the largest supplier with 30.04% share in German market as shown below.

(Value in Mn US\$)

| Major suppliers | 2013 | % Share |
|-----------------|--------|---------|
| India | 138.50 | 30.04% |
| China | 56.43 | 12.00% |
| Pakistan | 89.25 | 19.4% |
| Turkey | 43.84 | 9.5% |
| Italy | 34.01 | 7.4% |
| Netherlands | 22.90 | 5.0% |
| Sri Lanka | 12.55 | 2.7% |

Major suppliers of Leather Garments to Germany - 2013



Major Suppliers of Leather Goods & Accessories to Germany

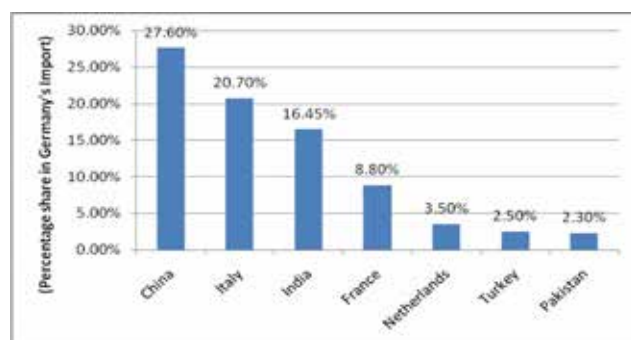
Germany's import of leather goods increased from USD 793.11 million in 2009 to USD 1308.03 million in 2013. China holds a major share of 27.6% and this may be predominantly volume exports. Italy, with a share of 20.7% comes second due to high value items exported. India is in 3rd place with 16.45% share, which shows that there is tremendous potential to increase our share in this important market.

(Value in Mn US\$)

| Major suppliers | 2013 | % Share |
|-----------------|--------|---------|
| China | 381.53 | 27.6% |
| Italy | 271.12 | 20.7% |
| India | 215.21 | 16.45% |
| France | 117.08 | 8.8% |
| Netherlands | 45.52 | 3.5% |
| Turkey | 33.28 | 2.5% |
| Pakistan | 29.88 | 2.3% |

Source: ITC Geneva

Major suppliers of Leather Goods & Accessories to Germany -2013



Major Suppliers of Saddlery & Harness to Germany

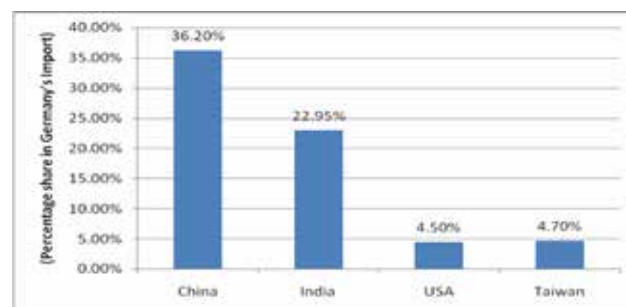
Though Germany's import of Saddlery & Harness items annually is to the tune of USD 132 million only, India has a major share of 22.95% in this segment. Aggressive marketing efforts of Indian exporters both individually and through participation in major Equestrian fairs like Spoga (held in Cologne) have helped in creating a niche in the Saddlery and Harness segment.

(Value in Mn US\$)

| Major suppliers | 2013 | % Share |
|-----------------|-------|---------|
| China | 47.75 | 36.2% |
| India | 30.31 | 22.95% |
| USA | 5.27 | 4.5% |
| Taiwan | 6.24 | 4.7% |

Source: ITC Geneva

Major suppliers of Saddlery & Harness to Germany-2013



Market Trends in Europe - Leather Goods and Accessories

An analysis of European Union's import data of Chapter 42 items (which includes Leather Goods, Leather Garments and non-leather items like travel goods, leatherware etc.,) reveals the following interesting facts

- Among non-European countries, China, India and Vietnam together hold a significant share of 76.33% in EU market.
- Significantly, exports from Switzerland (which is not a member of European Union) is at 6.19% but this may be re-exports i.e. re-exports of goods imported from other countries.

EU import of Products under Chapter 42 from non-EU countries

| S. No. | Country | Import (2014) | % share |
|--------|--------------------|--------------------|----------------|
| 1 | Bangladesh | 31002232 | 0.30% |
| 2 | China | 6143902759 | 59.39% |
| 3 | India | 1237287575 | 11.96% |
| 4 | Indonesia | 94571741 | 0.91% |
| 5 | Korea, Republic of | 43365863 | 0.42% |
| 6 | Morocco | 46235742 | 0.45% |
| 7 | Pakistan | 348315279 | 3.37% |
| 8 | Philippines | 33106790 | 0.32% |
| 9 | South Africa | 39326874 | 0.38% |
| 10 | Switzerland | 640725869 | 6.19% |
| 11 | Taiwan | 46727470 | 0.45% |
| 12 | Thailand | 96219340 | 0.93% |
| 13 | Tunisia | 84660081 | 0.82% |
| 14 | Turkey | 298390400 | 2.88% |
| 15 | United States | 126600178 | 1.22% |
| 16 | Vietnam | 515174995 | 4.98% |
| | Others | 520139491 | 5.03% |
| | Total | 10345752679 | 100.00% |

- Intra- EU Trade (i.e. import of Goods under Chapter 42 by one EU country from another EU country) is also significant, as may be seen from the following table.
- Italy, France, Germany (may be re-export of imported goods), Belgium (may be re-export of imported goods), Netherlands, Spain and UK are the top exporters of goods under Chapter 42 to other EU countries.

Intra EU import of Goods under Chapter 42

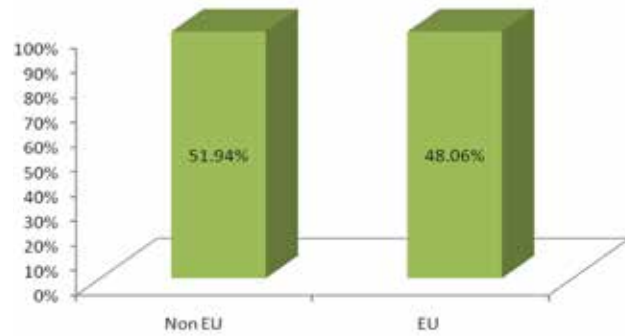
| Country | Import in Euro (2014) | % share |
|----------------|-----------------------|---------|
| Austria | 137584670 | 1.44% |
| Belgium | 879757575 | 9.19% |
| Bulgaria | 45577017 | 0.48% |
| Croatia | 45845266 | 0.48% |
| Cyprus | 1967405 | 0.02% |
| Czech Republic | 216392988 | 2.26% |
| Denmark | 105287021 | 1.10% |
| Estonia | 12366826 | 0.13% |
| Finland | 18673487 | 0.20% |
| France | 1628900369 | 17.01% |
| Germany | 1231904908 | 12.87% |
| Greece | 20718743 | 0.22% |
| Hungary | 185344411 | 1.94% |
| Ireland | 71489387 | 0.75% |
| Italy | 2211458703 | 23.10% |
| Latvia | 10292412 | 0.11% |
| Lithuania | 12780256 | 0.13% |
| Luxembourg | 5712126 | 0.06% |
| Malta | 1141890 | 0.01% |
| Netherlands | 875639386 | 9.15% |
| Poland | 207466837 | 2.17% |
| Portugal | 66657041 | 0.70% |
| Romania | 186044999 | 1.94% |
| Slovakia | 86789051 | 0.91% |
| Slovenia | 51713686 | 0.54% |
| Spain | 656528921 | 6.86% |
| Sweden | 111224586 | 1.16% |
| United Kingdom | 483721046 | 5.05% |
| Others | 1467604 | 0.02% |
| Others | 3755300 | 0.04% |
| Others | 1061 | 0.00% |
| Total | 9574204978 | 100.00% |

- European Union's imports of goods under Chapter 42 is almost 50 : 50 from EU and non-EU countries as may be seen below.

Import of Goods under Chapter 42 by EU

| Region | Import Value | % share |
|--------------|--------------------|----------------|
| Non -EU | 10345752679 | 51.94% |
| EU | 9574204978 | 48.06% |
| Total | 19919957657 | 100.00% |

Import of Goods under Chapter 42 by EU



Import Duty in EU for Leather Goods and Leather Garments

| 4202 : Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper | |
|---|-------------------------|
| Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers : | |
| 4202 11 - With outer surface of leather or of composition leather | |
| 4202 11 10 - Executive-cases, briefcases, school satchels and similar containers | |
| Product | GSP duty rate for India |
| Executive-cases, briefcases, school satchels and similar containers - With outer surface of leather or of composition leather - Hand made - 4202111010 | 0% |
| Executive-cases, briefcases, school satchels and similar containers - With outer surface of leather or of composition leather - Other - 4202111090 | 0% |
| 42021190 - Other | |
| 4202 11 9010 - Handmade | 0% |
| 4202 11 9090 - Other | 0% |
| Handbags, whether or not with shoulder strap, including those without handle : | |
| 420221 - With outer surface of leather or of composition leather | |
| 4202 21 0010 - Handmade | 0% |
| 4202 21 0090 - Other | 0% |

| | |
|---|-------|
| Articles of a kind normally carried in the pocket or in the handbag | |
| 4202 31 - With outer surface of leather or of composition leather : | |
| 4202 31 0010 - Handmade | 0% |
| 4202 31 0090 - Other | 0% |
| 420191 - Other | |
| 42029110- Travelling-bags, toilet bags, rucksacks and sports bags | |
| 4202911010 - Hand made | 0% |
| 4202911090 - Other | 0% |
| 42029180- Other | |
| 4202918010 - Hand made | 0% |
| 4202918090 - Other | 0% |
| 4203 Articles of apparel and clothing accessories, of leather or of composition leather | |
| 420310 - Articles of apparel of leather | 0% |
| 420321- Sports Gloves | 5.5% |
| 42032910 - Industrial Gloves | 5.5% |
| 42032990 - Other Gloves | 3.50% |
| 4203300010 - Belts - Handmade | 1.50% |
| 4203300090 - Belts - Other | 1.50% |
| 420340- Other | |
| 4203400010 - Hand made | 1.50% |
| 4203400010 - Other | 1.50% |

About the India Leather Days

The Council has been organising the India Leather Days Event in Offenbach since November 2012. We have organized three successful editions of this Event which have helped in promoting the Country-Brand Image of India in Germany which is clearly reflected in our exports also. The response of these 3 editions are given below

Outcome of past India Leather Days

| Year | No. of Indian participants | No. of buyers |
|--|----------------------------|---------------|
| Nov. 2012 | 49 | 261 |
| Nov. 2013 * (*self financing basis) | 38 | 238 |
| Nov. 2014 | 49 | 231 |

Germany has always been an important and traditional market for Indian Leather Industry. Germany is also the "Gateway" to the European and CIS markets as leather products and footwear are distributed from Germany to markets like Scandinavia, Russia, CIS countries etc.

The 2014 Edition of the India Leather Days witnessed huge buyer turnout from Germany. Besides, there were visitors from UK, Switzerland, Belgium, Netherlands etc clearly underlining the increasing popularity about the India Leather Show outside Germany as well.

Marketing of the India Leather Days - 2015 edition

As in previous editions, the Council had engaged Messe Offenbach GmbH (a reputed trade fair organizer in Germany) as the Marketing Agency for the Event, who undertook both the marketing and the logistic arrangements like stand construction, stand security etc;

Further, in order to ensure maximum buyers turnout, the following extensive marketing activities were undertaken prior to the Event

- Advertising in Leading magazine like Lederwaren Report banner for four weeks and Textilwirtschaft banner for four weeks
- Invitation through post with individual letters to buyer database of more than 6500
- Distribution of brochures to exhibitors/visitors in ILM Summer Style Fair in Offenbach during Sept.12-14, 2015.
- Telemarketing

The Event

The 4th Edition of India Leather Days was held during November 18-19, 2015 at Hall A4 in Messe Offenbach Fair Ground. This edition witnessed the display of wide range of Leather Goods and Leather Garments of 49 Indian companies. These companies displayed their latest product designs / collections of leather wallets, purses, bags, belts, small leather goods, leather garments and leathers

Mr. Raveesh Kumar, IFS, Consul General of India, Frankfurt and Mr.Arnd Hinrich Kappe, Managing Director, Messe Offenbach participated in the inaugural session held at 09.00 a.m. on 18th November 2015, along with Mr. Tapan Nandi, COA Member & Convenor-Investment Promotion Germany. All the 49 exhibitors were present on this occasion.



Mr. Tapan Nandi, Member, COA, CLE (left) welcoming Mr.Raveesh Kumar, IFS, Consul General of India



Mr. Raveesh Kumar, IFS, Consul General of India inaugurating the event along with Mr. Arnd Hinrich Kappe, Managing Director, Messe Offenbach and Mr. Tapan Nandi, Member, COA, CLE

The Event was inaugurated by Mr. Raveesh Kumar, IFS, Consul General of India, Frankfurt and Mr. Arnd Hinrich Kappe, Managing Director, Messe Offenbach.

Welcoming the exhibitors Mr. Raveesh Kumar, IFS, Consul General of India conveyed his best wishes for the success of the event and also appreciated the Indian exporters for their overwhelming response to participate in the India Leather Days. In his brief inaugural address Mr. Raveesh Kumar, IFS, Consul, Consulate General of India, said that the main objective of the event was to display and promote the leather & leather products of India in European market and also to create strong brand image of India. European buyers have demands for the high quality leather, Leather products and footwear produced in India.

After inauguration of the event, Mr. Raveesh Kumar, IFS, Consul General visited 49 exhibition stalls along with Mr. Tapan Nandi, COA Member & Convenor-Investment Promotion Germany and Mr. D.K Acharya Regional Director, CLE –WR and interacted with all participants. The Consul General appreciated the style, colour, design and texture of the products displayed in exhibition.

INTERACTION OF CONSUL GENERAL WITH PARTICIPANTS



INTERACTION OF CONSUL GENERAL WITH PARTICIPANTS



The Consul General along with Shri Tapan Nandi, Member, COA ; Shri D.K.Acharya , Regional Director (West), CLE and Messe Offenbach officials

List of Indian Participants at the Event

| S.No. | Company | Products |
|-------|---|--|
| 1 | AD Regency Exports Pvt. Ltd, Kolkata | Men's and Ladies wallets, Leather Bags and Accessories. |
| 2 | Alignz Exports Pvt. Ltd, New Delhi | Leather Goods |
| 3 | Amit Leather Wears, New Delhi | Leather Garments |
| 4 | Ayman Tanning Co Pvt. Ltd, Kolkata | Handbags-Men's and Ladies, Wallets, Purses, Card Holders, Backpacks, Diary and Pad Covers |
| 5 | Barrina Impex (India) Pvt. Ltd, New Delhi | Mens & Women Leather Wallets, Waiter Wallets, Coin Purse, Card Holder, Biker Wallets etc. |
| 6 | Beroza Handcrafted Leather, Chennai | Ladies Handbags & Small Leather Accessories |
| 7 | BKS Leather Exports Pvt. Ltd, Kolkata | Hand Bags, Wallet, Purse, Coin Case, File Cover, Folio |
| 8 | Classic International, Mumbai | Leather Bags, Ladies purse/Gents Voilets etc |
| 9 | Creation, Kolkata | Leather Bags, Wallets, Jackets |
| 10 | D2 International, Kolkata | Leather Handbags & Small Leather Goods |
| 11 | Dee Maroquinier, Kolkata | Gents Wallets, Card Holders, Clip Cases, Ladies Wallets, Passport Holders, Key cases |
| 12 | Elahi Exim India Pvt. Ltd, Kolkata | Bags and Small Leather Goods |
| 13 | ENN Leather, Kolkata* | Leather Handbags |
| 14 | Feather Touch Impex Pvt. Ltd, Kolkata | Hand Bags, Wallets, Portfolios, Files, Folders, Purses etc. |
| 15 | Globe Tanners, Kanpur | Leather Belts |
| 16 | IGT Exports Ltd, Kolkata | Leather Handbags and Wallets |
| 17 | Jalan Exports Pvt. Ltd, Kolkata | Leather Bags, Wallets & Other Leather Goods |
| 18 | Java Plum Leather & Accessories, Gurgaon | Leather bags, Belts, Wallets & Briefcases |
| 19 | JC Fenasia Exports Pvt. Ltd, Kolkata | Handbags, Wallets, Small Leather Goods |
| 20 | Jiwanram Sheoduttra Industries P Ltd, Kolkata | Leather Goods, Industrial Leather Gloves |
| 21 | Jiya Exim Pvt. Ltd, Kolkata | Leather Bags, Wallets, Card Case, Mobile Pouches, Passport Cover and Other Accessories items. |
| 22 | Kapoor Industries, Mumbai | Leather Bags, Wallets, Pouches, Backpacks etc. |
| 23 | Klodennex, Kanpur | Leather Hand Bags, Wallets |
| 24 | Leatherman Fashion Pvt. Ltd, Kolkata | Wallets and Handbags |
| 25 | Mapletree Leather Goods Pvt. Ltd, Kolkata | Leather Goods & Accessories |
| 26 | Mariam Fashions, Kolkata | Leather Bags and Wallets |
| 27 | Mrignayani Cosmetics Pvt. Ltd, Kolkata | Ladies' & Men's Bags, Briefcases, Wallets, Planners, Corporate Gifts etc. |
| 28 | Munai's Creation, Kolkata | Ladies Fashion Bags, Handbags, Crossover Bags, Clutches, Men's Portfolio, Postman Bags, Pouches, Folders, etc. |
| 29 | Nadeem Impex. Kolkata | Leather Goods |
| 30 | Nav International, Chennai | Leather Goods & Accessories |
| 31 | Osman Shariff, Kolkata | Leather Goods |
| 32 | Paramount Niryaat Pvt. Ltd, Kolkata* | Leather Wallets and Bags |
| 33 | Planet Inc, Kolkata | Wallets, Ladies Bags, Leather Goods |
| 34 | Podder Son's Ex. L. Pvt. Ltd, Kolkata | Ladies and Men's bag, Folders, Organizers, Wallets, Different types of small leather goods. |
| 35 | Pristine Leather Fashions, Kolkata | Leather Handbags , Leather Wallets and purse |
| 36 | Quero India Fashions LLP, Gurgaon | Leather Goods & Accessories |
| 37 | R.N.R International. Kolkata | Leather Bags, Wallets, Portfolio, Rucksac, Small Items |
| 38 | R.S.Lederwaren Pvt. Ltd, Kolkata | Wallet, Bags, Card Case, Passport Holder, Key Ring |

| S.No. | Company | Products |
|-------|---|--|
| 39 | Radiant Leather Solutions Pvt. Ltd, Kolkata | Wallets, Handbags, Ringh Binders, A4 Folders, Pen cases, Visiting card holders, Passport holders |
| 40 | Ramjee Leathers & Supplies, Chennai | Leather Garments & Leather Bags |
| 41 | Ransack Design Solutions, Kolkata | Full vegetable, eco-collection Tumble ranch leather bags & wallets, fashion collection |
| 42 | Ratha Worldwide Leathers Pvt Ltd, Chennai | Leather Bags, Leather Wallets, Leather Belts, Ladies Clutch & Hand Bags |
| 43 | S.K.Exports, Mumbai | Ladies Leather Handbags & Wallets |
| 44 | Saluza Exports, Kolkata | Leather Wallets, Keycase, Card Case, Pouch, Men's Bags and Women's Hand Bags |
| 45 | Sayee Leathers, Chennai | Ladies/Men's Accessories, Travel Accessories, Office Accessories & Personal Accessories |
| 46 | Sheela Overseas Pvt. Ltd, New Delhi | Leather Garments / Leather Goods |
| 47 | Shiven Impex Pvt. Ltd, New Delhi | Leather Jackets |
| 48 | Usha Overseas, New Delhi | Wallets, Purses, Bags, Pouches, Belts, Small Leather Goods |
| 49 | Wallets Plus, Kolkata | Handbags and Wallets |
| 50 | Weblec International, Kolkata | Leather Goods & Accessories |
| 51 | Zenith Impex, Kolkata | Leather Wallets, Small Leather Goods & Bags |

* These two companies could not participate due to unavoidable circumstances

Shri Subash Chand, Consul, Consulate General of India, Frankfurt also visited the event and interacted with the participants.



Shri Subash Chand, Consul, Consulate General of India, Frankfurt interacting with a participant



Welcome Board at the entrance

BUSINESS MEETINGS



BUSINESS MEETINGS



Mr. T. Thanjappan, Asst. Export Promotion Officer, CLE HO and Ms. Sarmistra Banerjee, Upper Division Clerk from CLE-Eastern Region coordinated the Member participation in the India Leather Show, Germany and distributed the Export Promotional Materials on Indian Leather & Leather Products Industry to the Business Visitors who attended the India Leather Days in Germany. A colourful profile booklet of the participants was also distributed to the buyers along with other publications like brochure on leather industry, LEATHER NEWS INDIA monthly magazine etc.,



From left to right : Mr. T. Thanjappan, AEPO ; Mrs. Sarmista Banerjee, UDC, CLE, Kolkata ; Mr. Tapan Nandi, Member, COA, CLE and Mr. D.K.Acharya, Regional Director (West), CLE

BUSINESS MEETINGS



BUSINESS MEETINGS



Business Generated

245 buyers attended the event, thereby reflecting the huge success in terms of buyer turnout.

According to the feedback of Indian Exporters, the show generated Spot business orders worth Euro 1,96,000 and Future business Orders worth Euro 21,51,000/-.

The Indian participants praised the quality of stand construction and marketing initiatives undertaken by the Council through Messe Offenbach, which has resulted in high turnout of potential buyers. The participants appreciated the efforts made by the Council for enhancing India's share in the European market in general and in Germany in particular.

Investment Seminar, by FrankfurtRheinMain GmbH International Marketing

FrankfurtRheinMain GmbH International Marketing is the inward investment agency of the FrankfurtRheinMain region. The agency's business is to inform international companies about the region's benefits and to attract them to the area. Their main service of the agency is to give personalized facilitation service, arranging individu-

alized scouting visits, site identification across the entire region. Bridge the connection between Industry and business networks, giving a brief idea of international tax and labour law. Assisting with work/residence permit applications.

On 18th November evening FrankfurtRheinMain GmbH International Marketing organized a seminar on investment opportunities in association with CLE, the Messe Offenbach and also invited 49 Exhibitors of the show.

The Welcome addresses was given by Mrs. Sibylle Yaakov, Head of Global Marketing, FrankfurtRheinMain GmbH. There were three presentations: Dr. Johannes Weisser, LL.M. (USA), Partner, Avocado Lawyers explained legal aspects of "Setting up business in Germany". Tax relevant aspects were covered in the second lecture by Mr. Oliver Biernat, Managing Partner, Benefitax German Chartered Accountants. Mr. Jan Kristan Hannes, Attorney and Managing Director of CDH Mitte Wirtschaftsverband für Handelsvermittlung und Vertrieb e.V. was invited as the third speaker with the topic "Finding Agents and Distributors". After the presentation, question answer session was held.



LEATHER NEWS INDIA





Participants at the Investment Seminar



Frankfurt region – Investment Opportunities

With its state-of-the-art logistics infrastructure and an ideal location to operate from, the Frankfurt region is the preferred choice for investors. The FrankfurtRheinMain region, named after its core city Frankfurt am Main and the rivers Rhein and Main, offers a very strategic location to companies looking to expand their operations in the European market. Some 35 million people – all of

them potential customers – live and work within a 200 kilometre radius of this metropolitan region. The region accounts for 10% of the total German manufacturing output and also has a purchasing power that is 11.5% higher than the national average. Many companies, both national and international, have recognized these various geographical, economical and operational advantages of having their businesses in this region; thereby establishing their European base here and making it a truly global business location. The reasons for an increasing number of Indian firms choosing to establish themselves here are many: The Frankfurt airport serves as the “Gateway to Europe”. As an international city, Frankfurt attracts cosmopolitan Indians. And the region has one of the strongest economies in Europe and enjoys a reputation of being a business centre open to new ideas and ventures.

A commercial and cultural hub Located in the heart of Germany, the FrankfurtRheinMain region is an important commercial and cultural hub. FrankfurtRheinMain has 5.5 million inhabitants and ranks seventh worldwide on the list of cities with highest Quality of Life indices

(Mercer Quality of Living Index, worldwide rankings for 2011). Moreover, the region is well attuned to the needs of its international residents and offers world class education to expat kids through its 31 international schools. With more than 8,000 Indians living in the FrankfurtRheinMain region, the Indian community here is one of the strongest in Europe. India is a strategic focus area for the international activities that take place in FrankfurtRheinMain. At the start of 2012, FrankfurtRheinMain GmbH opened its first India office in Pune. Headed by Mr. Richard Kirchberg, the office assists Indian businesses to realize their expansion plans in the greater Frankfurt region.

A global logistics and transportation hub No other location offers such a well-integrated, multi-modal transportation system as FrankfurtRheinMain. More than 500 million consumers can be reached within a short span of three hours at most, making the region an outstanding gateway to the European market. Frankfurt am Main Airport plays the biggest role in the region's outstanding transportation infrastructure. It is Europe's largest cargo airport, boasting a recorded total cargo volume of more than 2 million metric tonnes in 2011. The Frankfurt Airport is connected to the ICE (Intercity Express Train Network; 170 trains daily), making it easy to reach from points far and wide. The Cargo City at Frankfurt Airport serves as a major hub for the international distribution and cargo industry. But air transport is not the only reason that the Frankfurt Rhein Main region serves as a logistics hub. From the area's inland harbours, Europe's principal waterways in Belgium, France, the Netherlands and

Switzerland can be reached, as can overseas ports around the globe via the harbour at Rotterdam. Moreover, the Frankfurt Central Station is one of Europe's largest railway stations and offers fast, direct connections to all major cities across Germany and Europe. Setting up business in Germany After the introduction on the region by Mrs. Sibylle Yaakov, Head of Global Marketing, FrankfurtRheinMain GmbH, there were three presentations: Dr. Johannes Weisser, LL.M. (USA), Partner, avocado lawyers explained legal aspects while "Setting up business in Germany". Tax relevant aspects were covered in the second lecture by Mr. Oliver Biernat, Managing Partner, Benefitax German Chartered Accountants. Both speakers have extensive experience in dealing with clients from India; therefore, the presentations were very precisely tailored to the present audience. Since some foreign companies are looking for an agent or distributor to be present on the German market in a first step, Mr. Jan Kristan Hannes, Attorney and Managing Director of CDH Mitte Wirtschaftsverband für Handelsvermittlung und Vertrieb e.V. was invited as the third speaker with the topic "Finding Agents and Distributors".

The number of Indian firms in FrankfurtRheinMain is increasing sharply. Under the guidance of FrankfurtRheinMain GmbH, the region has committed itself to streamlining the immigration process for foreign specialists and executives. FrankfurtRheinMain GmbH offers support for the application of residence and work permits. They

can be available within four weeks of submission of complete documents, subject to the approval of immigration authorities.

Services of FrankfurtRheinMain GmbH

- A personalized facilitation service
- Arrangement of individualized scouting visits
- Site identification across the entire region
- Industry and business networks
- Access to international tax and labour law experts
- Assistance with work/residence permit applications
- Sector and industry insights

For more details on investment in FrankfurtRheinMain, please contact: Mrs. Marita Strubelt, Director India, FrankfurtRheinMain GmbH International Marketing of the Region E-mail: marita.strubelt@frm-united.com Website: www.frm-united.com

WANT TO BE CLOSER TO YOUR CLIENTS IN GERMANY?

(Source : FrankfurtRheinMain GmbH)

Set up your Office in Frankfurt Rhein Main!

If you are thinking about a presence in Germany, take advantage of tailor-made services, like:

- A personalized facilitation service
- Arrangement of individualized scouting visits
- Site identification across the entire region
- Industry and business networks
- Access to international tax and labour law experts
- Assistance with work/residence permit applications
- Sector and industry insights

DOING BUSINESS IN GERMANY

The below information is for foreign investors to give them an initial introduction to the tax and accounting environment in Germany.

A. METHODS OF DOING BUSINESS IN GERMANY

When foreign companies operate in Germany, they either prefer to start through a representative office, a branch or a subsidiary company.

1. Representative Office

As under German law there is no such thing as a representative office. Such an office can be operated either by an external self-employed person (e.g. a commercial representative) or as a part of the foreign company's own business organization in Germany.

The German tax authorities will decide whether the activity is a permanent establishment within the meaning of the German general tax code or the applicable Double Taxation Treaty (DTT), or not. In order to avoid a permanent establishment, one should not have a fixed place of business or plant in Germany that has a certain degree of organizational and effective independence or is for more than merely a temporary purpose.

In case the rep office is not considered as a permanent establishment, it will not be liable to taxes on in-

come in Germany. Profits and losses will be included in the books and financial statements of the foreign entity in its home country. Nevertheless, the German activities might be liable to Value Added Tax, pay roll tax, social security contributions (for employers) or income tax (for employees) working in Germany. Input VAT might be refundable under certain conditions and within tight time limits.

2. Branch

A branch can take the form of a business branch (dependent branch office) or an autonomous registered branch office. A business branch can be settled without establishing a new legal entity in Germany and without having to be entered in the commercial register. An autonomous branch office is not an independent legal entity but needs an entry in the commercial register. It should be noted that a (foreign) corporation has unlimited liability for all actions of its branch.

If the branch is registered in the German commercial register or the operational decisions (e.g. closing contracts with customers) are usually made in Germany, a permanent establishment will almost always be assumed by the fiscal authorities. This means that it is liable to taxes on income earned in Germany. Profits have to be calculated according to German tax law which required bookkeeping according to German standards.

If there is a Double Taxation Treaty, profits taxed in Germany can be exempt from taxation in the parent company's home country or are subject to tax there and the tax paid in Germany can be offset against the amount of tax imposed by the home country. If no DTT has been concluded, taxes paid in another country often can be deducted as costs from the taxable income. It is of particular importance that all intercompany activities are made at arm's length, being accurately documented because this is often subject to critical review in tax field audits. Should taxable services be rendered by the branch, VAT would have to be remitted to the German tax office and refund of input VAT could be reclaimed.

Foreign employees working in Germany are not subject to German payroll tax and social security contributions if the employment with the foreign parent company continues and if the employees are seconded to the German branch under this employment contract for a very limited period of time, which is often 183 days. If these requirements are not complied with, the branch will be obligated to withhold payroll tax and social security contributions from the gross monthly salary and any other non-cash taxable benefits (e.g. company car, company flat, insurance contributions, stock options, free meals), and to report and remit this tax to the German tax office, starting from the first day of activity in Germany. In these cases, the employees of the branch will normally also be treated as being resident in Germany for income tax purposes as long as they work in Germany.

3. Subsidiary company

For companies, which may like to use the German stock market or for which size is important, an AG (public company) might be the best solution. An AG requires

a nominal share capital of 50,000 € minimum and is subject to many formal obligations.

The type of corporation favoured most by foreign investors in the GmbH (private limited company) because it is much easier to handle than an AG. The minimum nominal share capital is 25,000 €.

In order to establish a GmbH various documents from the parent company are needed. A German notary has to notarize the articles of association (normally prepared by a lawyer) and registration is needed in the commercial register. After establishment but before final registration, a German bank account has to be opened in the name of the GmbH and at least 50% of the share capital has to be paid in. The share capital can be used to buy fixed assets after registration of the company. Registration with the local trade office and fiscal authorities of the municipality where the company is located is necessary in a special format.

The establishment of GmbH up to registration can be done in one or two weeks. If non EU-shareholders are involved, it will usually take much longer because of the time needed to get all necessary documents from abroad translated, certified or legalized with apostille and to satisfy the client identification procedures when opening the bank account. Fees for the notary, court and legal and tax consulting will normally amount to several thousand Euros. As an alternative to individualized articles of association one-page standard minutes (Musterprotokoll) which cannot be changed at all can be used if a company does not have more than one managing director and not more than three shareholders. We recommend not to use standard minutes if there is more than one shareholder because they do not cover a number of important topics that can normally be found in individualized articles of association and therefore will probably be very unpredictable when shareholders disagree or sell their shares.

For those investors who have a problem with raising the minimum share capital and for whom it is not important to have a good reputation in Germany any "Unternehmergesellschaft (haftungsbeschränkt) or short "UG which means entrepreneur-company with limited liability may be an alternative. The UG is a kind of small GmbH with a minimum share capital of 1 €, which has to be paid in cash. The shareholders are obliged to allocate 25% of their annual profits to retained earnings. As soon as 25,000 € are reached, the company can be turned into a normal GmbH, which has to be checked and certified and causes more costs than establishing a beginning.

Corporations should receive a German tax ID number after the fiscal authorities have checked the questionnaire for fiscal registration, the opening balance sheet according to German GAAP, notarized articles of association in German, rental agreement for the office premises in Germany, detailed information on the foreign shareholder(s) and other documents. An ID number will sometimes be refused for non EU-shareholders if not all requirements are met. All tax relevant data that is computerized has to be in a format electronically accessible

for the German tax authorities upon demand. It may cause problems if such records are only stored abroad.

4. Other forms and publication

There are other types of business entities like partnerships which are rarely used by foreign investors. Foreign Private Limited Companies (Ltd) with very little share capital that only act via a German branch do not make sense anymore due to the German UG. Annual publication (or deposit for small corporations) of financial data is mandatory for all corporations and for such partnerships exceeding certain size limits or without a natural person as shareholder with unlimited liability. Choosing the right form of business in Germany and processing registration requires detailed legal and tax knowledge.

B. TAXATION OF CORPORATIONS

Corporations with a registered office and/or its central place of management in Germany are liable to unlimited taxation in Germany. The following rules will be applicable:

i) Taxes on income

Depending on the location, 23%-33% of the income is paid for Municipal Trade Tax, Corporate Income Tax and Solidarity Surcharge.

ii) Dividends

The 25% withholding-tax can be exempted or refunded according to EU Parent/Subsidiary Directive or when a DTT allows this.

iii) Losses of the German corporation

- a. Loss carried backwards: limited to one year and 511,500 €, not granted for trade tax.
- b. Loss Carried forward: unlimited in time and amount. The first 1 million € can be fully deducted, with any excess losses being relieved at 60%.
- c. Fiscal unity: It is possible to add profits and losses of several corporations registered in Germany if all requirements for group relief are met beforehand. The willingness of German tax authorities to accept losses of foreign subsidiaries is still very limited although EU court decisions put them under pressure.

iv) VAT

The normal tax rate is 19%, the reduced tax rate is 7%. VAT liability depends on the kind of services rendered. Especially when there are cross-border deliveries and services, VAT problems often arise and previous study of the tax situation is recommendable in order to avoid problems.

v) Transaction and wealth taxes

- Buying land and buildings – 3.5% - 6.5% of purchase price, depending on the federal state, with a tendency to increase rates.
- Lease of land and buildings – none
- Stamp duty – none
- Shares – none
- Immaterial goods – none
- Stock-exchange transfer tax – none
- Wealth tax – none

vi) Transfer pricing

Companies exceeding certain limits for intragroup deliveries or sales must provide detailed documentation and proof that transfer prices meet the arm's length principle upon request within a 30 day (for extraordinary items) or 60 day time-limit. If not or not properly presented, higher profits, imputed dividends or contributions can be assessed by the tax authorities.

C. TAXATION OF INDIVIDUAL PERSONS

i) Domicile

People who are resident or stay more than 183 days per year in Germany will be liable to be taxed on their worldwide income in Germany, even if this income is also taxed in other countries. Relief is possible if stated in a DTT. Other foreigners who receive income from German sources are liable to German income tax on their German income only.

ii) Income tax rates in 2015

The top income tax rate of 45% is reached at a taxable income of 250,731 € for singles and at 501,462 € for joint assessment of married couples. For investment income a flat tax rate of 25% is applicable. Solidarity surcharge of 5.5% and, if applicable, 8% or 9% for church tax, each of them on the income tax amount, will be added.

iii) Payroll taxes

Payroll tax will be deducted at source by the employer. The tax rate depends on the income. A personal income tax return may have to be filed by the employee for each calendar year. Payroll tax amounts withheld by the employee are credited to the payable income tax.

iv) Social security contributions

Employer and employee pay about 20% of wage income each, up to the upper limit which is 49,500 € annually for health insurance and 72,600 € (62,400 € in Eastern Germany) annually for statutory pension and unemployment insurance in 2015. Exemptions are possible for foreigners working in Germany for a limited period of time, managing directors who hold a majority of the share capital and employees whose wages exceed the above mentioned limits.

v) Inheritance/Gift tax

This tax applies if there is an acquisition by reason of death, gifts inter vivos, earmarked gifts or endowments and the testator, donor or foundation is resident in Germany or domestic German property is accessioned by foreigners. There are exemptions/different evaluations for certain kinds of assets like business assets and real estate property and personal exemptions up to 500,000 € for relatives. Tax rates range from 7% to 50%.

Conclusion

On the whole the 2015 edition India Leather Days event once again proved that it is the best platform for promoting India Brand Image, by ensuring participation of 245 buyers. The Investment Seminar provided an opportunity to the Indian exporters to gain insight into the investment opportunities in Germany and options for setting-up business in Germany.