

CLE Participation in All China Leather Exhibition, August 31 – September 02, 2016, China

A Report by: M. Krishnaiah, Public Relations Officer, Council for Leather Exports



About All China Leather Exhibition (ACLE)

All China Leather Exhibition (ACLE) is known as the premier event for international companies seeking opportunities in China's huge market. Since its inception back in 1998, ACLE has welcomed hundreds of thousands of buyers from the main manufacturing provinces of China where leather is tanned and footwear and leather goods are manufactured. In fact, a majority of buyers come from China, making ACLE the hub of activity for the leather industry.

ACLE offers many "upstream" sources of semi-finished leather to Chinese tanners so that the leather can be finished in China. There are also finished leathers of high quality available from many leading western tanneries in the International tannery hall at ACLE aimed at local footwear and automotive leather manufacturers.

The exhibition provides the largest variety of leather, chemicals, components & accessories, manufacturing equipment and tools, machinery and technology.

About the Organizers of ACLE

ACLE is organized jointly by the China Leather Industry Association (CLIA) and APLF Ltd.,

CLIA is the only officially recognized representative body for China's vast and successful leather industry. CLIA has at its disposal the largest and most comprehensive databases of leather makers and manufacturers and finished products, suppliers and buyers.

APLF Ltd is a joint venture between SIC Group and UBM Asia. For over two decades, Hong Kong based APLF Ltd has been providing the global leather and fashion industries with its most important meeting and trading place.

Key Facts of ACLE

Fair Dates:	30 August - 1 September 2017 (Wed - Fri)
Opening Hours:	30 August 2017 (Wed) 09:30 - 17:00 31 August 2017 (Thur) 09:00 - 17:00 1 September 2017 (Fri) 09:00 - 15:30
Location:	Halls E1 to E7 and N5 Shanghai New International Expo Centre 2345 Longyang Road, Pudong Shanghai, 201204 PR China
Organizers:	APLF Limited China Leather Industry Association
Managers:	UBM China Ltd
Exhibiting Area	92,000 sqm
Number of International Pavilions	19 group pavilions from 15 countries and regions including: Australia, Brazil (2), China, Ethiopia, France, Germany, India, Italy, Japan, Korea, Pakistan, Spain, Taiwan (3) Turkey and USA (2)

Exhibiting Companies by Country and Origin

S. No.	Country/Region	No. of Exhibiting Companies	S. No.	Country/Region	No. of Exhibiting Companies
1	Australia	11	19	Mexico	2
2	Bangladesh	2	20	Netherlands	4
3	Brazil	27	21	New Zealand	5
4	Canada	1	22	Pakistan	9
5	China (Domestic)	710	23	Poland	3
6	China (International)	117	24	Portugal	1
7	Croatia	1	25	Russian Federation	1
8	Czech Republic	1	26	Rwanda	1
9	Ethiopia	6	27	Saudi Arabia	2
10	France	11	28	Singapore	1
11	Germany	17	29	South Africa (Rep of)	2
12	Hong Kong	24	30	Spain	15
13	India	23	31	Taiwan	16
14	Indonesia	1	32	Thailand	11
15	Italy	54	33	Turkey	20
16	Japan	16	34	UK	8
17	Korea	15	35	USA	27
18	Lithuania (Rep. of)	1	36	Zimbabwe	1
Grand Total					1,167



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Percentage of the Exhibiting Companies by Product Sector

S.No.	Product Sector	% of Exhibiting Companies
1	Semi-Finished / Crust Leather / Finished Leather	25.3%
2	Synthetic Materials	22.4%
3	Chemicals / Dye	17.7%
4	Shoe Components	12.5%
5	Tanning / Finishing Machinery	9.7%
6	Hides & Skins	5.9%
7	Technology / Services / Association / Trade Press	3.5%
8	Woven & Natural Materials	1.5%
9	Leather craft Machines / Tools / Supplies / Hardware / Fittings / Accessories	1.5%
	Grand Total	100%

China 's Export of Leather & Leather Products -2010-11 to 2014-15

Value in Mn US\$

PRODUCTS	2010-11	2011-12	2012-13	2013-14	2014-15
LEATHER	408.04	445.03	436.29	454.47	548.79
LEATHER FOOTWEAR	10451.20	10947.83	10925.48	12010.67	13749.75
FOOTWEAR COMPONENT	1968.74	2348.15	2448.11	2616.04	2412.15
LEATHER GARMENT	870.66	689.75	652.54	646.32	580.41
LEATHER GOODS	4064.44	4693.80	4696.45	5551.01	6012.24
SADDLERY & HARDNESS	270.71	353.45	415.31	436.16	468.68
NON LEATHER FOOTWEAR	23213.91	28426.35	33437.68	36134.61	40086.81
TOTAL	41247.70	47904.36	53011.86	57849.28	63858.83

Source : ITC / Geneva

Economic status of China's leather, leather goods and footwear Industries in the first half of 2016.

A. Chinese leather, footwear and leather goods industries maintained steady growth in the first half of 2016.

The sales revenue of these Industries, generated by those companies, whose annual sales revenue is no less than RMB 20 million or USD 3.00 million, achieved an increase of 4.6% to RMB 653.4 billion or USD 99 billion, but the growth rate declined by 1.9% compared to the previous year.

B. Exports and Imports all declined

The exports in the first half of 2016 totaled USD 36.7 billion, with a crease of 10.7% year-on-year, Imports reached USD 4.3 billion, with a decrease of 9.6.%

a. Leather

The total quantity of finished leather produced by over 560 medium and large sized tanneries in the first half of 2016 was 320 million sqm, an increase of 0.9% compared to the previous year

Exports of finished leather reached 21,000 tons valuing USD 300 million, an increase of 7.7% and a 1% decline respectively compared to last year.

346,000 tons of semi finished leather with a value of USD 760 million were imported, a decline of 10.8% in volume and 24.3% in value year-on-year.

67,000 tons of finished leather valued at USD 1.05 billion were imported, down 20.5% and 24.5% compared

to last year.

b. Footwear

In the first half of 2016, the quantity of leather shoes produced by medium and large sized manufacturers totaled 2.16 billion pairs with a year-on-year rise of 1%

Exports of all kinds of shoes totaled 4.74 billion pairs with a value of USD 21.8 billion, down by 5.7% and 11.7% respectively year-on-year. Imports reached 54.76 million pairs totaling USD 1.27 billion, up 19.1% and 13.7% respectively compared to last year.

Among the export figures, shoes with leather uppers accounted for 320 million pairs at a value of USD 4.45 billion, down 20.9% and 22.5% respectively while imports amounted to 13.97 million pairs and USD 570 million, a decline of 7.2% and 8.3% respectively.

c. Leather Garments

In the first quarter of 2016, the production of leather garments totaled 36.52 million pieces, a decline of 10.9% year-on-year.

The volume and value of leather garments exports were 2.5 million pieces and USD 109 million respectively, a decrease of 19.4% and 19.9% respectively compared to last year, imports reached 184,000 pieces, USD 36 million in terms of value and up 75.6% and down 0.6% respectively.

d. Luggage and Bags

The value of luggage and bag exports reached USD

12.5 billion, down 9.2% year-on-year. And the value of imports reached USD 890 million, an increase of 4.3%

The challenges and opportunities in the future

China is now going into transition period. The economy is shifting from export-led, investment-fueled growth to innovation and consumption-driven growth which brought new challenges to China's leather industry.

Although there are big challenges and some turbulence in the economy, the economic fundamentals including those of the leather industry remain sound. The country has recognized the key role of mass entrepreneurship and innovation for its future growth.

As for the leather industry itself, the positive factors are increasing. Many companies have already invested a lot or are preparing to invest more in innovation, introduce upgraded technologies and machinery, make efforts to contain industrial pollution and overcapacity, change the economic growth model and produce higher value-added products to cope with challenges.

Some of them are making the effort to fully utilize Internet as an effective tool to transform from the old product-centric sales model to a new customer-oriented and services-based business model.

Forecast

Car production and sales in China last year recorded a 3.3% and 4.7% growth respectively, it is anticipated that the sales of cars in 2016 will increase of 6% from last year. This will create good opportunity for the upholstery leather sector.

It is forecast that either production volume or number of tanneries in 2016 will remain the same level as in 2015 or slightly more in terms of output of light leather.

The major targets by the year 2020 set by the 13th Five Year Plan for China's Leather and footwear Industry.

- The annual growth rate of sales revenue: 7%
- The annual growth rate of input in Research and Development: 10%
- The market share of exporting to emerging countries : increasing to 55% from current 49%
- Discharge of COD, Ammonia Nitrogen and Total Nitrogen; decreased by 15%, 25% and 30% respectively.

ACLE - a busy fair in changing times

According to the Secretary General of the CLIA, Mr Chen Zha n Guang, "The (Chinese) tanning industry will develop in a more and more orderly way in all aspects." This quote was made in one of the busy seminars running in conjunction with ACLE and typifies the changes going on in our industry at this time. China is seeing reduced growth in most areas and even declines in some.

Perhaps over time this may mean a smaller slowdown but from the evidence of the first day the business and conversations will be more important.

The exhibitors in ACLE, both international and domestic, are all serious players. Press conferences have been packed, seminars have been full and stands have been busy with serious visitors. The significance of ACLE has been further underlined on the first day by the announcement that the 3rd World Leather Congress will be held in conjunction with the 2017 ACLE.

leather trade may be living in interesting times. To understand what that means key industry players come to Shanghai to exhibit, to trade and converse.

ACLE 2016: Opportunities beckon in challenging times

Trade fairs are more important in difficult times and these are without doubt both difficult and changing. The news from the second day of the 2016 edition of the All China Leather Exhibition (ACLE) is that meetings have been more positive than expected and that visitor numbers overall and from China are up compared to last year. China has not come to a stop and a maturing market offers new opportunities which in reality might be easier for the tanner to achieve than one driven by cheap labour and low cost. Arguments were presented on the first day of the fair indicating that China is now a country that has developed strong environmental and financial regulations. This means that for many it remains an excellent place to do business and that wealthier, more sophisticated customers make a great target for quality leathers.

Now with the automobile industry in the lead the Chinese market continues to excite alongside the steadily rising importance of countries such as Vietnam, Cambodia, India, Pakistan and Bangladesh. All have a chance to take market share as companies rethink their programmes

Add to this the new offers from the chemical companies. New vegetable tanning offers for automobiles and the Lanxess launch of their total process putting an end to chrome shaving and using the protein back in the leather. An outstanding piece of out-of-the-box thinking - all being offered in two boxes - or two container sized units to be precise.

India - China Leather Trade:

China is an important market for leather and leather products, China's import of leather and leather products increased from US\$ 5585.70 million in 2010 to US \$ 8530.40 million in 2014, growing at a CAGR of 8.84%. China with its large Footwear and Leather Products Industry is also a big market for Leather, Components, Chemicals etc.,



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LEATHER NEWS INDIA

CHINA'S IMPORT OF LEATHER & LEATHER PRODUCTS AND INDIA SHARE 2010-2014

Details	2010	2011	2012	2013	2014	2015
Leather						
Import	3906.11	4061.32	4111.05	4457.76	4828.52	
India's Export	69.02	98.05	98.97	123.29	152.15	109.02
% Share of India	1.77%	2.41%	2.41%	2.77%	3.15%	
Leather Footwear						
Import	573.13	901.42	1053.33	1208.38	1351.4	
India's Export	2.42	5.00	8.10	14.51	22.21	30.23
% Share of India	0.42%	0.55%	0.77%	1.20%	1.64%	
Footwear Components						
Import	272.45	264.53	262.88	245.58	248.75	
India's Export	0.11	0.16	0.01	0.05	0.38	0.80
% Share of India	0.04%	0.06%	0.00%	0.02%	0.15%	
Leather Garments						
Import	66.94	127.53	143.18	125.82	119.13	
India's Export	0.22	12.47	8.29	4.63	2.45	9.00
% Share of India	0.33%	9.78%	5.79%	3.68%	2.06%	
Leather Goods						
Import	493.73	863.68	1131.7	1216.43	1301.65	
India's Export	3.48	8.65	8.51	10.61	16.30	12.74
% Share of India	0.70%	1.00%	0.75%	0.87%	1.25%	
Saddlery & Harness						
Import	0.66	0.99	1.23	1.52	1.81	
India's Export	0.19	0.27	0.40	0.29	0.61	0.35
% Share of India	28.79%	27.27%	32.52%	19.08%	33.70%	
Non Leather Footwear						
Import	272.69	387.69	468.85	501.3	679.14	
India's Export	0.05	0.17	0.09	0.20	0.25	0.07
% Share of India	0.02%	0.04%	0.02%	0.04%	0.04%	
Total						
Import	5585.71	6607.16	7172.22	7756.79	8530.40	
India's Export	75.49	124.77	124.37	153.58	194.35	162.21
% Share of India	1.35%	1.89%	1.73%	1.98%	2.28%	

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

Value in Mn US\$



Opening ceremony of 19th edition of All China Leather Industry (ACLE)



The 19th edition of ACLE opening ceremony held on 31st August 2016 at 10.00 a.m. in the main hall of Shanghai New International Expo Centre, Pudong, Shanghai, China.

The 19th edition of ACLE is continuing to serve China's leather industry by being an integral part of it. The combined experience of APLF Ltd., with more than 30 years experience organizing such events in Asia and that of the China Leather Industry (CLIA) ensures a top-class, professional event customized for leather buyers, designers, manufacturers and professional technicians.

This year's fair covered an area of 92,000 sqm occupying hall of the New International Export Centre in Pudong. There were 1,167 exhibitors from 35 countries with 19 group pavilions from the world's most important leather producing countries as well as chemical companies and equipment supplies with their latest technological developments.

CLE India Pavilion and CLE Information Stand @ All China Leather Exhibition:

India is a significant player in the global trade of Finished Leather. India has amongst the largest livestock population in the world, providing a strong raw materials base in goat, buffalo, cow and sheep leather. The Indian Finished Leather Industry has made rapid strides and produces a wide range of quality leather for export. Indian leather is highly rated and much sought after world-over. Considering the major market potential for finished leather in China, CLE organized member participation in ACLE fair.

As approved by Department of Commerce, Ministry of Commerce & Industry, Govt. of India, the Council organized CLE India pavilion with substantial funding support under MDA with participation of 14 member companies and a CLE Information Stand. The CLE -India Pavilion was set up in a total area of 159 Sq.Mt. which includes an Information Booth of CLE.

In all, about 20 trade visitors visited the Council's information stand and collected the publicity and promotion



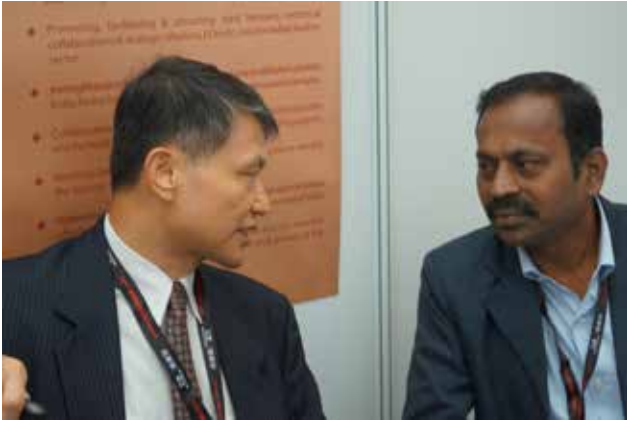
Mr. Peter T. Mangione, Managing Director, Global Footwear Partnerships LLC, M. Krishnaiah, PRO, CLE and Mr. Ajay Lal, Business Development & International Sales Manager, UBM India Pvt. Ltd., at CLE information Stand.

materials which highlighted benefits about Make in India programme of the Government of India and other publicity and promotional effectors undertaken by the Council for the growth of Indian Leather Sector. The Group participation of member-exporters at the fair ground was coordinated by Mr. M. Krishnaiah, Public Relations Officer, CLE.



Mrs. Daniel Yim, Project Executive, Top Repute Co. Ltd., (Exhibition & Conference Services) collecting CLE's publications

Mr. M. Krishnaiah, PRO, CLE discussing with trade visitors at CLE information Stand.



STANDS IN CLE INDIA PAVILION





List of Participants & Display Products @ in All China Leather Exhibition under CLE India Pavilion

S. NO.	Name of the Company	Place	Booth No.	Product displayed
1	Allied Exims	Kanpur	E2/B07a/IN	Leather & Shoe Uppers
2	Amulya Leather Impex	Chennai	E2/B06b/IN	Leather Garments & Finished Leather
3	G.G.Organics Exports Pvt. Ltd.,	Chennai	E2/C07a/IN	Leather & Leather Chemicals
4	Globe Tanners	Kanpur	E2/B05b/IN	Finished Leather & Belts
5	Harsha Impex	Chennai	E2/B06c/IN	Finished Leather
6	KKSK International	Erode	E2/B07c/IN	Finished Leather
7	Mirza International Ltd.,	Kanpur	E2/B06a/IN	Finished Leather
8	Model Exims	Kanpur	E2/B05c/IN	Finished Leather
9	Nadeem Impex	Kolkata	E2/B08a/IN	Finished Leather & Industrial Gloves
10	Nadeem Leatherware Exports	Chennai	E2/B07d/IN	Finished Leather & Leather Gloves
11	Pacific Exports	Kanpur	E2/B04c/IN	Finished Leather, Leather Goods, Shoe & Shoe Uppers
12	Penza Exports	Kanpur	E2/B05a/IN	Finished Leather
13	Saba Exports	Kanpur	E2/B04a/IN	Finished Leather
14	Viralli Enterprises	Chennai	E2/B07b/IN	Finished Leather & Leather Garments
15	Council for Leather Exports	India	E2/B04b/IN	Publications / Brochures

Business Outcomes :

As per feed back received from CLE – India Pavilion member participants, about 350 meetings with overseas buyers were held and spot order of to the tune of US \$ 2,74,000 and future expected order to the tune of US \$ 8,75,000 approximately were generated during the fair.

STANDS IN CLE INDIA PAVILION





ACLE – Post show report of Organisers - The Leather Industry Still in Transition

Transition was definitely the underlying theme of the 19th All China Leather Exhibition (ACLE) held in Shanghai from 31 August to 2 September 2016. The event was also a demonstration that when this industry decides on a goal, it has the capacity to bring its sectors together and work collaboratively towards it. Hence, the significant presence of chemical suppliers and leather manufacturers taking advantage of ACLE to launch new products and applications and at the same time benefit from the flow of professional buyers from China and overseas. The exhibition was held in the context of the upcoming G20 Summit scheduled over the following weekend in Hangzhou, which not only provided pleasant “G20 blue skies” in Shanghai, but also generated high expectations from the exhibition’s participants. At a time of stagnating growth and protectionist backlash across the world, defending free trade is key to the future of all industries

including that of leather.

As the fair got underway the official press conference was held and the highlight was the presentation on the status of China’s leather industry by Mr Su Chaoying, Honorary Chairman of the China Leather Industry Association (CLIA).

First half results for the imports of semi-finished leather in 2016 showed a decline of 10.8% in volume and in the case of finished leather the decline was even sharper at 20.5% compared to the same period in 2015. These two figures are evidence of weak demand from Chinese tanneries and manufacturers as China’s leather industry is in a transitional phase which will take two to three years to complete, according to Su’s presentation.

Thus, with ACLE taking place with the backdrop of weaker demand for imported leather in the world’s biggest user country and weak consumer demand in developed nations hitting even the results of luxury brands, it was hardly surprising that the fair did not live up to expectations of some international exhibitors.

The perception was a lower flow of visitors in the international halls (E1 – E3) although this was compensated somewhat by more Chinese buyers in the domestic halls which had seen a solid increase in local exhibitors (+22.4%) compared to 2015.

Comparative Exhibitor Numbers 2015 v.s. 2016:

	Domestic Halls	International Halls	Total	%
2015	580	457	1,044	—
2016	710	464	1,167	+11.8%

Overseas visitors decreased in number by 405 compared to 2015 but were more than compensated by visitors from Mainland China's principal manufacturing provinces that rose by 3.07%. This indicates that China has not come to a standstill but at worst is in an economic slowdown as has been widely reported in western media for many months.

Another reason for the increase in Chinese visitors could be the steady rise in business confidence of the private sector during the last six months as reported by the BBC a few days after the 2016 edition of ACLE had closed its doors. The result was that the negative economic backdrop did not deter local buyers whose numbers increased by 8% on Day 1 of the fair and provoked favourable comments from Chinese exhibitors interviewed.

Despite slower economic expansion in recent months the commitment of China's leather industry to remain a reliable engine of growth has not wavered, according to Su Chaoying. The major targets set for the year 2020

outlined in the 13th Five Year Plan for China's leather and footwear industry include an annual growth rate of 7% in sales revenue; an annual growth rate for R&D investment of 10%, and an increase in market share of exports to developing countries of 55% - up from the current 49%. Optimism also prevails in the automotive upholstery leather sector with 6% growth in car sales anticipated this year.

"The economy is shifting from export-led, investment-fueled growth to innovation and domestic consumption-driven growth which has brought new challenges to China's leather industry, but the footwear and leather industry is ready to give answers to its highly demanding consumers," he said, quoting as an example the Chinese brand "Saturday" which invests significant amounts in innovation and design.

"The industry is in a period of transition but is already on its way to normalisation and I expect the situation to stabilise over the next two to three years," Su concluded.



Think Leather
Think India

