

Sourcing at Magic

August 14-17, 2016, Las Vegas

By Sunanda Santappa, Asst. Director, CLE

SOURCING
at **MAGIC**

Apparel Manufacturing, Component, Technology
and Services Providers from around the World

AUGUST 14-17, 2016
LAS VEGAS CONVENTION CENTER, NORTH HALL

About the Show – MAGIC (Men's Apparel Guild in California) is a 83-year-old international Trade Show covering Apparel, Accessories & Footwear, held in Las Vegas, USA biannually. The MAGIC Show which began as a domestic Retail Show for Apparel is today repositioned as an international trade event for the fashion industry with a display product profile comprising Apparel (of textile, leather, other natural or synthetic material) including casual wear, formal wear, sports wear, swim wear, lingerie etc and Accessories as Handbags, Purses, Belts, Briefcases, Scarves, Head wear, Sunglasses, Costume Jewellery and Footwear, with the last product category being a late entrant but now seen as one with enormous potential by the organizers.

MAGIC which was taken over by the UBM Group (which ranks as one of the world's largest B2B Events & Trade Fairs organizers), about a couple of years ago, has been adding more new shows under the MAGIC umbrella in recent years. In the last one year alone, 4 new shows were added, and today the MAGIC Show comprises 15 concurrent Trade Shows i.e PROJECT, THE TENTS, MRket, Vanguard's Gallery, THE COLLECTIVE, POOLTRADESHOW, PROJECT WOMENS, STITCH, Accessories, The Show, CURVENV, WWDMAGIC, FN PLATFORM, WSA @ MAGIC, FN PLATFORM, WSA@MAGIC, Children's Club MAGIC, SOURCING at MAGIC, and Footwear Sourcing at MAGIC.

The Sourcing Section is where manufacturers of apparel, accessories and footwear from predominantly Asian countries i.e China, Vietnam, India, Bangladesh, Pakistan, Honk Kong, Indonesia, Japan; and South & Central America i.e Colombia, Dominical Republic, Gaute-mala, Haiti, Mexico and Africa i.e. Egypt, Ethiopia, etc, exhibit, with the targeted buyers being US and international Brands, Wholesalers, Importers, Chain Stores etc. The MAGIC Show has a 'Sourcing Show' for Apparel &

Accessories and a separate Footwear Sourcing Show. While the Apparel & Accessories is co-located with other Shows under MAGIC with the same display product i.e Apparel & Accessories in the North Hall of the Las Vegas Convention Center; the Footwear Sourcing Show is co-located with Show for Footwear Brands i.e FN Platform and the WSA @ MAGIC a US Retailers Show for Footwear, in the South Hall of the Las Vegas Convention Center. The dominant exhibiting country at the Sourcing Halls in the MAGIC Show is China, with India following, having the second largest number of exhibiting companies.

US Market for Leather & Leather Products: USA is the world's largest importer of leather & leather products. USA's import of leather & leather products increased from US\$ 25369.58 million in 2010-11 to US\$ 33746.58 million in 2014-15, growing at a CAGR of 7.39%. USA accounts for a share of 17.98% in global leather import trade of US\$ 187.68 billion in 2014-15.

Out of USA's total leather import trade (2014-15), the import share of various leather product categories are as under:

- Finished Leather - 2.24 %
- Footwear (leather & non-leather and compts) - 80%
- Leather Garments - 1.69%
- Leather Goods & Accessories -14.64%
- Saddlery & Harness - 1.29%

India – USA Leather Trade - USA is the second largest importer of leather & leather products from India. During 2015-16, USA accounted for a share of 14.25 % in India's total leather products export of US\$ 5853.97 mn.

A Statement showing USA's Import of leather & leather products, India's export and it share during 2010 to 2014 is given below:

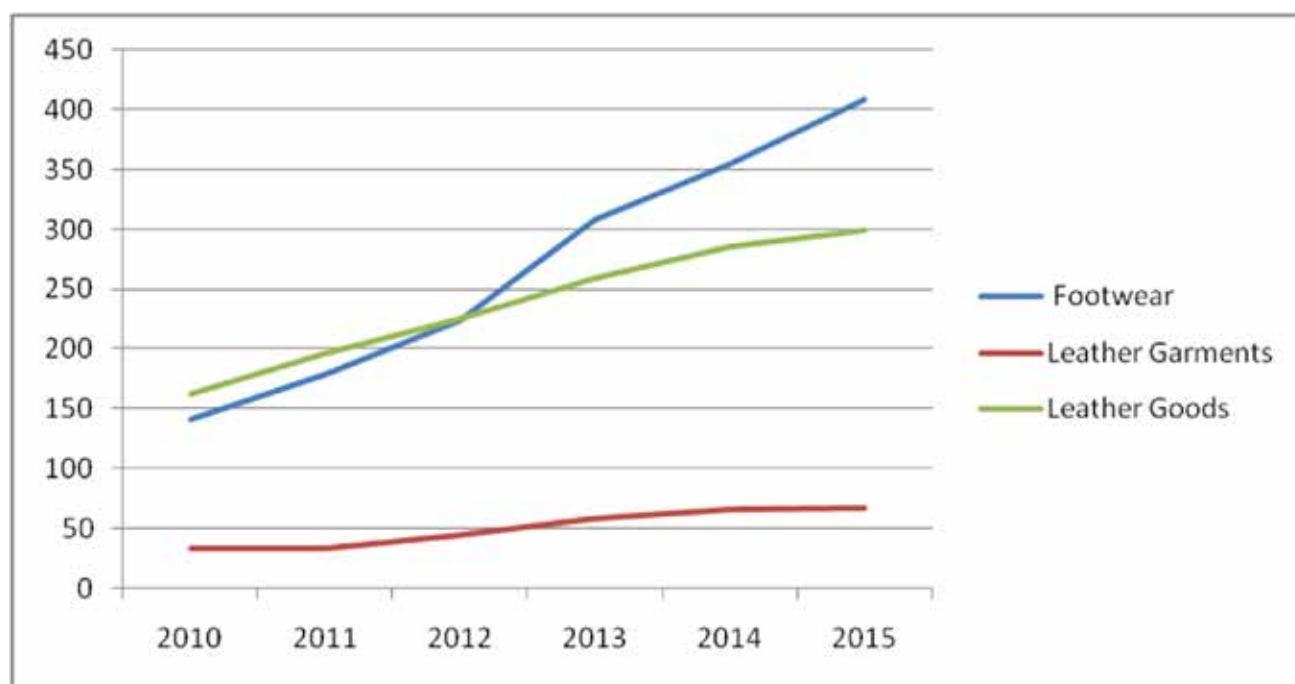
USA'S IMPORT OF LEATHER & LEATHER PRODUCTS AND INDIA SHARE 2010-2015

| DETAILS | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | CAGR |
|-------------------------|--------------------|--------------|--------------|--------------|--------------|--------|--------|
| Leather | (Value in Mn US\$) | | | | | | |
| Import | 544.27 | 566.55 | 633.33 | 666.66 | 755.27 | NA | 8.54% |
| India's Export | 8.86 | 14.01 | 13.85 | 14.33 | 31.73 | 29.87 | 27.51% |
| % Share of India | 1.63% | 2.47% | 2.19% | 2.15% | 4.20% | | |
| Leather Footwear | | | | | | | |
| Import | 11067.15 | 11382.85 | 11830.32 | 12352.85 | 13316.38 | NA | 4.73% |
| India's Export | 139.60 | 177.92 | 222.3 | 305.51 | 348.07 | 403.11 | 23.63% |
| % Share of India | 1.26% | 1.56% | 1.88% | 2.47% | 2.61% | | |
| Footwear Components | | | | | | | |
| Import | 378.78 | 386.29 | 446.03 | 449.68 | 40.31 | NA | 4.42% |
| India's Export | 0.98 | 3.22 | 3.21 | 3.86 | 6.49 | 4.68 | 36.71% |
| % Share of India | 0.26% | 0.83% | 0.72% | 0.86% | 1.44% | | |

| DETAILS | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | CAGR |
|-------------------------|--------------|--------------|--------------|--------------|---------------|--------|--------|
| Leather Garments | | | | | | | |
| Import | 466.53 | 469.84 | 479.09 | 569.67 | 569.59 | NA | 5.12% |
| India's Export | 21.96 | 31.92 | 42.19 | 56.33 | 60.64 | 63.21 | 23.55% |
| % Share of India | 4.71% | 6.79% | 8.81% | 9.89% | 10.65% | | |
| Leather Goods | | | | | | | |
| Import | 3125.91 | 3736.86 | 4112.71 | 4557.78 | 4941.02 | NA | 12.13% |
| India's Export | 162.90 | 196.83 | 225.83 | 259.91 | 286.29 | 299.46 | 12.95% |
| % Share of India | 5.21% | 5.27% | 5.49% | 5.70% | 5.79% | | |
| Saddlery & Harness | | | | | | | |
| Import | 330.24 | 362.00 | 389.93 | 393.51 | 436.17 | NA | 7.20% |
| India's Export | 11.38 | 13.77 | 16.63 | 26.37 | 29 | 28.9 | 20.49% |
| % Share of India | 3.45% | 3.80% | 4.26% | 6.70% | 6.65% | | |
| Non Leather Footwear | | | | | | | |
| Import | 9456.7 | 10884.4 | 11610.22 | 12008.71 | 13277.84 | NA | 8.85% |
| India's Export | 2.44 | 1.88 | 2.12 | 2.84 | 5.73 | 4.69 | 13.96% |
| % Share of India | 0.03% | 0.02% | 0.02% | 0.02% | 0.04% | | |
| TOTAL | | | | | | | |
| Import | 25369.58 | 27788.79 | 29501.63 | 30998.86 | 33746.58 | NA | 7.39% |
| India's Export | 348.12 | 439.55 | 526.13 | 669.15 | 767.95 | 833.92 | 19.09% |
| % Share of India | 1.37% | 1.58% | 1.78% | 2.16% | 2.28% | | |

Source: USA's Import : ITC Geneva / India's Export : DGCI&S

| India's Exports to USA | | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Footwear | 142.04 | 179.86 | 224.42 | 308.35 | 353.8 | 407.8 |
| Leather Garments | 33.34 | 33.8 | 44.31 | 59.17 | 66.37 | 67.9 |
| Leather Goods | 162.9 | 196.83 | 225.83 | 259.91 | 286.29 | 299.46 |



NB: Footwear includes Leather & Non Leather Footwear and Footwear Components

Highlights –

- India presently accounts for a share of 2.28% (2014-15) in USA's total leather import trade.
- India accounts for an import share of 11% in USA's total leather garments import trade. Likewise, India holds a share of 5.79% and 6.65% in USA's leather goods & accessories import and saddlery & harness import.
- India accounts for a share of 1.44% in USA's footwear imports (leather and non-leather footwear) totaling US\$ 26.5 billion!
- The Compounded Growth Rate of India's Exports to USA far surpasses the similar Growth Rate of US Imports for all Product Segments, which is indicated in our growth in Market Share in USA for our products, from 1.37% to 2.28%.

US FOOTWEAR IMPORTS : JANUARY – JUNE 2016

| Rank (By Value & By Volume) | Country (2015/2016) | Pairs (Million) | % Change In Volume | Value (Million US\$) | % Change In Value | Unit Value | Percent Share by Volume* in US' Footwear Imports | |
|-----------------------------|---------------------|-----------------|--------------------|----------------------|-------------------|------------|--|------|
| | | | | | | | 2015 | 2016 |
| 1 & 1 | China | 909.2 | -11.1 | 7,092.9 | -13.4 | 7.8 | 77.3 | 73.2 |
| 2 & 2 | Vietnam | 188.2 | 11.4 | 2,392.6 | 11.5 | 12.71 | 12.8 | 15.2 |
| 3 & 3 | Indonesia | 55.7 | 3.2 | 760.3 | 0.3 | 13.65 | 4.1 | 4.5 |
| 4 & 6 | Italy | 10.0 | 4.2 | 674.8 | -2.8 | 8.4 | 0.7 | 0.8 |
| 5 & 4 | India | 13.6 | 17.2 | 226.2 | 12.0 | 16.63 | 0.9 | 1.1 |
| 6 & 7 | Mexico | 9.1 | -5.4 | 167.9 | -18.5 | 67.48 | 0.7 | 0.7 |
| 7 & 9 | Dom Rep | 6.0 | 18.9 | 145.4 | 18.7 | 18.45 | 0.4 | 0.5 |
| 8 & 11 | Spain | 2.7 | 12.6 | 124.3 | 8.7 | 14.97 | 0.2 | 0.2 |
| 9 & 5 | Cambodia | 13.4 | 20.7 | 112.5 | 17.2 | 24.23 | 0.9 | 1.1 |
| 10 & 8 | Brazil | 7.4 | 19.9 | 110.8 | 14.5 | 12.92 | 0.5 | 0.6 |
| 11 & 10 | Thailand | 3.6 | -8.0 | 46.5 | -11.9 | 46.04 | 0.3 | 0.3 |
| 12 & 12 | Bangladesh | 1.7 | -2.1 | 42.9 | 3.4 | 25.23 | 0.1 | 0.1 |
| 13 & 13 | Portugal | 1.3 | 16.7 | 52.3 | 10.7 | 40.23 | 0.08 | 0.1 |
| 14 & 14 | Ethiopia | 1.0 | 28.8 | NA | NA | NA | 0.07 | 0.08 |
| 15 & 15 | Nicaragua | 0.6 | -17.9 | NA | NA | 11.75 | 0.07 | 0.3 |
| | World -Total | 1,241.2 | -6.3 | 12,316.5 | -5.9 | 9.92 | | |

*Pairs

Source: Courtesy of Global Footwear Partnerships, USA

It can be seen from the above Table that:

- India is the 4th largest Exporter to USA by value and 5th largest by Volume.
- India's footwear exports to USA during the first 6 months of 2016 have grown by 12% by value and 17.2% by volume, as compared to our exports in corresponding period last year.
- US imports of Footwear have decreased by 6.3% in terms of volume and 5.9% in terms of value in the first 6 months of current year as compared to last year.
- China though the dominant supplier, has dropped market share by over 4%.
- Cambodia & Ethiopia have recorded the maximum growth at 20.7% and 28.8% by volume, respectively; though Ethiopia is on a very low base.

CLE's Focus USA Programmes – The huge untapped potential of the USA market is the factor which led to the Council to initiating the "Focus US Program" for promotion of exports to USA in the year 2002 under the Market Access Initiative Scheme (MAIS) of the Government of India. The Focus USA Program comprised engaging US based Consultants, participation in successive editions



Mr. Sunanda Santappa, Asst. Director, CLE with Mr. Peter Mangione in CLE Stall

of the leading Footwear Fair in the USA ie the WSA Show, holding stand-alone Buyer Seller Meets for Leather Garments & Accessories in New York, and more recently participations in the MAGIC Show. The Council has also renewed the Consultancy Program last year for Leather Apparel & Accessories. The same is being sought to be continued this year for both Product Groups i.e Leather Garments & Goods, and Footwear.

CLE Participation in MAGIC Show August- 2016 edition - CLE's participation in the August 2016 edition of the MAGIC Show is a continuation of marketing efforts

in USA. Interest in the US market has been buoyed by the positive trade data during the current and previous years as indicated in Tables above in this Report, which showed Indian leather products including footwear exports to USA was increasing despite a slowdown in most other global markets.

A total of 19 Member-Companies participated in the MAGIC Show, August 2016, with 10 companies displaying Footwear in the Footwear Sourcing Show and 9 displaying Leather Garments & Accessories in the Sourcing at MAGIC Show.

STANDS IN CLE PAVILION



List of Participants & Display Products
Footwear Sourcing at Magic, August 14-17, 2016, USA

| SI.No | Name of the Company | Place | Category | Booth No |
|-------|----------------------------------|---------|----------|---------------|
| 1 | Ahmad International | Kanpur | Footwear | 91702 |
| 2 | Calico Trends | Kanpur | Footwear | 91807 |
| 3 | Gupta H.C.Overseas (I) Pvt. Ltd. | Agra | Footwear | 91605-606-607 |
| 4 | I.A Leather (India) Pvt. Ltd. | Kanpur | Footwear | 91704 |
| 5 | Imza Scm | Chennai | Footwear | 91707 |
| 6 | Indian Tanning Industries | Kanpur | Footwear | 91703 |
| 7 | K.G.Shoe Exports | Kanpur | Footwear | 91705 |
| 8 | N.M. Zackriah & Co | Chennai | Footwear | 91706 |
| 9 | Pyramid Exports | Delhi | Footwear | 91604 |
| 10 | Torpedo Shoes (Pvt Ltd) | Kanpur | Footwear | 91907 |

Sourcing at Magic, August 14-17, 2016, USA

| SI.No | Name of the Company | Place | Category | Booth No |
|-----------|------------------------------------|--------------|------------------------------|---------------------|
| 1 | ASG Leather Private Limited | Kolkata | Hand Bags & Wallets | 62808 |
| 2 | Caliber India | Delhi | Leather Garments & Hand Bags | 62908 |
| 3 | Everest Tannery (P) Ltd | Kanpur | Leather Belts | 62907 |
| 4 | Larimar Exim Pvt. Ltd | Delhi | Hand Bags & Wallets | 62709 |
| 5 | Leder Pointe | Chennai | Small Leather Goods | 62708 |
| 6 | Manovin International | Kolkata | Small Leather Goods | 62807 |
| 7 | Maria Exports International | Kanpur | Accessories | 62711 |
| 8 | Sarah Garments Pvt. Ltd. | Delhi | Bags | 62710 |
| 9 | Super Tannery Limited | Kanpur | Bags, Belts & Footwear | 62707 |
| 10 | Council for Leather Exports | India | | 62712-91706A |

Report on the Footwear Sourcing Show - The Total Number of Inquiries reported by 9 participants was 89. As per the Feedback Forms submitted by members, almost 50% of Visitors were large & small Retailers. The remaining Visitors were almost equally distributed between Wholesalers, Brands, and Boutiques. One member-company has reported receiving visitors from South American countries Peru, Venezuela, and Brazil. Firm Orders reported totaled \$750,000 and Expected Future Business is \$ 2.65 million. Over 90% of the participants have stated they will participate again in the next edition of Fair with CLE. All participants have stated that the potential in US is Very Good and that there is Excellent Opportunity for India.

STANDS IN CLE PAVILION



STANDS IN CLE PAVILION



Report on Sourcing Show (for Accessories & Apparel): The 9 participants have reported a total of 122 Inquiries. A mix of Retailers, Designers, Distributors, online businesses, Boutiques, Brands are reported to have visited the CLE Stands. One company has reported regarding interest of a US Company in a partnership with them. Business Results include Firm Orders worth \$8500 and Future Expected at \$70,000. 7 of 9 participants have stated they will participate with CLE again and 2 have stated that they are yet to decide.

Visitors at CLE Pavilion- The President of the US Accessories Council Ms Karen Giberson visited the CLE Pavilion in both the Sourcing at MAGIC Show and Footwear Sourcing Show. Mr Peter Mangione of Global Footwear Partnerships and former President of the US' Footwear Distributors & Retailers Association (FDRA) visited the CLE Pavilion at the Footwear Show. Representatives from the Ethiopian Ministry of Industry also visited the CLE Stand to elaborate about the investment opportunities in Ethiopia, and sought CLE's help to disseminate the information to our member-companies.

Focus Ethiopia at Footwear Sourcing – Ethiopia was highlighted as a country with enormous potential for being the next Sourcing 'hotspot' by the organizers of the MAGIC Show and by the FDRA. The availability of raw material, cheap labor (at between US\$ 30 to US\$ 60 per month), land being made available on 99-year lease basis to investors and above all duty-free imports from this country ranked under 'Least Developed' category were factors emphasized at a Seminar organized by FDRA on August 15 2016 at the Footwear Sourcing Show. As per information given at the Seminar, a delegation of US Footwear Brands under the aegis of FDRA is due to visit Ethiopia shortly.

Conclusion - The MAGIC Show is a key trade event for accessing the US Market for Apparel & Accessories and Footwear. This is also validated by the member-participants, majority of whom have stated they wish to participate again in the coming edition of the Show with CLE. With the continuing robust increase in exports of Leather Products including Footwear to USA, it is an opportune time for members to participate in the MAGIC Fair.