

World Leather Congress and All China Leather Exhibition – UNIDO delegation from Kanpur

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UNIDO Kanpur Leather Development Project organized a study tour to Shanghai with an aim to participate in the 3rd World Leather Congress and All China Leather Exhibition from 29 August to 1 September 2017. The delegation comprised of the following: Mr. Mukhtarul Amin, Chairman, CLE, Mr. Ivan Kral, Industrial Development Officer, UNIDO, Vienna, Dr. Hema Patel, Technical Officer, National Mission for Clean Ganga, Government of India, Mr. O.P. Pandey, Executive Director, Kanpur Unnao Leather Cluster Development Company, Mr. M. Viswanathan, National Project Coordinator, UNIDO KLDLP, Mr. Faraz Amin, Product Manager, Super Tannery Representing U P Leather Industry Association and Mr. Arshad Jamal, Proprietor, Tej Industries, INNA Award Winner.

World Leather Congress

The 3rd World Leather Congress was organized by Taiwanese International Leather Association (TILA) and China Leather Industry Association (CLIA) in Shanghai on 29 August 2017 coinciding the All China Leather Exhibition (ACLE). The theme of the event was “The Leather Revolution: How the industry will respond”. Eminent speakers from leather fraternity comprising of trade associations, research institutions, large suppliers including raw materials and chemicals, some of large tanneries, print and electronic media, marketing companies, brand owners and support organizations spoke in the Congress. The topics addressed all aspects of the industry namely, global perspective, economic and market forecasts, consumerism patterns, modern marketing, strengthening the position of leather in markets, trade rules, modern manufacturing, private standards, challenges faced by the industry, trends in the manufacturing, restricted substances

and environmental management. The following is some of key learnings:

- The Congress was attended by more than 600 participants from all over the world. (Mr. Richard Pai, President, Taiwanese International Leather Association and President, International Council of Tanners). It is assumed that more than 300 participants are from overseas countries.

- The global leather production is about 1700 km² of finished leather, but still major portion of the hide materials are not used in the industry. The industry has to face the rigid offers from groups against the industry, though the fact that more than 95% of the leather are animal byproducts. On the final destination of leather, while the use in automotive was 5.1% in 2001 and the same was 15.2% in 2016. Use in footwear was 53.8% in 2001 and same was 48.8% in 2016. (Mr. Luca Boltri, Vice Director, Head of Economic Department, UNIC Italian Tanners Association)

- While there are different viewpoints of economic growth in China, GDP growth this year is estimated to reach 6.7%-6.8%, and this year will become the first year with growth rate that has not continuously declined since 2010. (Mr. Guo Keshu, Director, Policy Research Center of Chinese Academy of Social Sciences)

- World per capita meat consumption is likely to increase to 10.6 kg by 2030 as per FAO while cattle population is expected to increase beyond 400 million heads by 2025 as per ICHSLTA. In this background, China imports about 250 billion tonnes of salts. The shipment of salted hides needs to be stopped (Mr. Simon Yarwood, CEO, World Leather)

- The exports of leather and leather products dropped by about 7% compared to 2015 which may be attributed to more market pressure, however the trend seems reverting in the first half of 2017. The year 2016 saw that China, first-ever, the value of imported leather products accounted for 55.9% while the remaining raw materials. It could indicate that China is changing from production-oriented to consumer-oriented (Mr. Li Yuzhong, Chairman, China Leather Industry Association).

- An analysis by Ms. Erica Ng, Senior Editor, WGSN Insight Asia Pacific categories of trending consumers in China into three categories, namely, Experiential, Emotional and Individualistic.

- The largest retailer in China is JD.com has also largest e-commerce logistics infrastructure in China which covers 99% of the country's population. Through e-commerce, mens leather shoes grows by 110%, leather wallets by 95% and leather backpacks by 180% during H1 2017. Ms. Ding Xia, President, JD.com- Fashion Business Unit.

- Postmodern marketing cannot ignore the dominance of digital technologies and giants. The leather industry has to face the challenge from vegan diaspora. Leather Naturally in coping with the challenges from propaganda on vegan-styled and similar organizations (Mr. Mike Redwood, Director, Claytons Leather Group of Chesterfield).

- While the leather footwear imports from Asian countries other than China to USA continue to increase since 2011, the space is provided lesser imports from China and rest of the world and similar trend in non-leather footwear also. Canada

and Mexico are the most important trade partners for over half of U.S. states. (Mr. Thomas Crockett, Director, Government & Regulatory Affairs, Footwear Distributors and Retailers of America (FDRA).

- Tyson Fresh Meats Beef Enterprises accounts for about 24% of beef supply in US and has six beef production facilities combined with tanneries. Tyson Foods have animal well-being commitment based on 4 guiding principles, namely, external animal well-being advisory panel, industry best practices, scientific research and external audit.

- The ecosystem is adjusting to regional supply shifts, flexibility to handle complexity and speed to market. Transparency in terms of traceability, third party accreditation, timelines, chemical management and definition of quality. Efficiencies, compliance and stakeholder confidence are important aspects in leather eco-system (Mr. Jon Clark, CEO, Prime Asia).

- Transparency and risk management in supply chain is necessary to maintain the leather as a material for future, consequently delivery time of products to the consumers under the modern digital retailing possibilities (Mr. Gareth Brooks, Managing Director, VF Asia Limited).

- ZDHC was initiated by 6 signatory brands in 2011, currently ZDHC Contributors includes 23 Signatory Brands, 33 Value Chain Affiliates and 14 Associates (70 in total). The ZDHC programme has three key areas, MRSL & research, wastewater quality and audit protocol. Now it is moving towards aligning on one harmonized ZDHC MRSL and ZDHC Wastewater Guidelines as a Global standard for the industry. The criteria involve for chemicals used and present in the leather and chemicals released to environment are addressed under this ZDHC (Ms. Lydia Lin, Asia Director, ZDHC Foundation).

- India accounts for 16% of world's bovine meat exports which is 3rd largest next to Brazil. The JBS Group has initiated cattle improvement

programmes in Brazil including animal handling.

- Mr. Dietrich Tegtmeier, President, IULTCS, in his presentation on "Alignment on realistic and scientific sound restriction of chemicals" mentioned that leather can't be made without chemicals and no chemicals is not an option. He called for realistic and scientific restriction of chemicals and joint MRSL and RSL approach and separation of textile specifications from leather.

- At the concluding remarks, Mr. Michael Shih, President, Tung Hong Tannery spoke on the issues presumably faced by tanneries in Asia.



Mr. Mukhtarul Amin, Chairman, CLE at WLC, Shanghai



UNIDO delegation in WLC, from L-R: Mr. Arshad Jamal, Dr. Hema Patel, Mr. O.P. Pandey, Mr. Faraz Amin, Mr. Mukhtarul Amin, Mr. Ivan Kral and Mr. M. Viswanathan



A view of participants at WLC, Shanghai

All China Leather Exhibition

The 20th edition of All China Leather Exhibition by APLF Ltd was conducted in Shanghai from 30 August to 1 September 2017 and the event was coincided with the 3rd World Leather Congress. Some information on the ACLE:

- Number of exhibitors: 1081
- Number of participating countries: 39
- International pavilions: 21
- Expected visitor count: 23000 of which 19000 Chinese
- Area: 92000 m²



Zero discharge by Richina Shanghai Leather

Some key learning in ACLE:

- **Tannery of the future:** The tannery of future has developed a questionnaire for self-evaluation by tanneries to ascertain their position related to environment, health and safety and social aspects.
- **Oekotex Leather Standard:** The Oekotex organization which has developed textile standards has introduced a new leather standard focusing on the restricted substances in leather. The standard requirements, certification process and past experiences were presented.
- **Chrome recovery:** Italprogetti has made a presentation on the upgraded chrome recovery and reuse technology which has been adopted in Santa Croce Italy as common chrome recovery centre. It was reported that a polishing treatment of the chrome slurry makes the recovered chrome is free from fats and other impurities and can be reused in any type of leather.
- **Shanghai Richina Leather** is moving towards Zero Discharge for its solid and liquid wastes in the tannery operations. The move is based on reverse osmosis combined with evaporation and complete recycling and safe disposal of solid wastes.



At ACLE: from L-R, Mr. Ivan Kral, Mr. Arshad Jamal, Mr. Faraz Amin, Dr. R Aravindhan, Mr. M. Viswanathan, Dr Hema Patel and Dr. Raghava Rao

Statistics about China leather industry

A. Chinese leather, footwear and leather goods industries maintained steady growth in the first half of 2017. The sales revenue of these industries, whose annual sales revenue is > RMB 20 million or USD 3 million, achieved an increase of 6.6% to RMB 692.4 billion or USD 103.5 billion, the growth rate increased by 2.1% compared to the previous year.

B. Exports and imports all increased.

The Exports in the H1 2017 is USD 38.4 billion with a decrease of 8.2% year-on-year. Imports reached USD 4.7 billion with an increase of 10.7%.

Leather

The total quantity of finished leather produced by over 560 medium and large sized tanneries in the first half of 2017 was 350 million sq.m, an increase of 0.1% compared to the previous year.

Exports of finished leather reached 24,000 tones valuing USD 300 million, an increase of 17.8% and 4.1% respectively compared to last year.

385,000 tons of semi-finished leather with a value of USD 780 million were imported, an increase of 11.2% in volume and 3% in value year-on-year.

Footwear

In the first half of 2017, the quantity of leather shoes produced by medium and large sized manufacturers totaled 2.27 billion pairs with a year-on-year of 3.2% increase.

Exports of all kinds of shoes totaled 4.94 billion pairs with a value of USD 22.5 billion, up by 6.3% and 6.4% respectively year-on-year. Imports reached 54.71 million pairs amounted USD 1.26 billion, increased 25.7% and 17.7% respectively compared to last year.

Among the export figures, shoe with leather uppers accounted for 330 million pairs at a value of USD 4.35 billion, up 6.2% and 1.3% respectively, while imports amounted to 13.97 million pairs and USD 580 million, a decline of 0.4% and 1.6% respectively.

Leather garments

In the first quarter of 2017, the production of leather garments totaled 34.91 million pieces, an increase of 0.03% year-on-year.

The volume and value of leather garments exports were 2.37 million pieces and USD 90.8 million respectively, a decrease of 5.5% and 16.4% respectively compared to last year., imports reached 128,000 pieces, USD 18.36 million in terms of value, decreased 30.1% and 15.5% respectively.

Luggage and bags

The value of luggage and bag exports reached USD13.3 billion, up 11.2% year-on-year and the value of imports reached USD 890 million, an increase of 20.8%.

Indian participation organized by CLE

Council for Leather Exports has organized participation of 14 Indian companies. They have displayed quality hides and skins. The list of participants are as under:



CLE Participation in ACLE Aug 30-Sep 1 2017 :The Council has participated in the All China Leather Exhibition August 30-Sep 1 2017 with 14 member-companies on self-financing basis, without any funding support. The list of CLE Member participants in the Fair is given below:

S.NO	COMPANY NAME	PLACE
1	Allied Exims	Kanpur
2	Amulya Leather Impex	Chennai
3	Calico Trends	Kanpur
4	Calico Impex	Kanpur
5	Enayat Overseas	Kanpur
6	Everest Tannery	Kanpur
7	GG Organics Exports Private Limited	Chennai
8	Globe Tanners	Kanpur
9	Harsha Impex	Chennai
10	Jama Corporation	Kanpur
11	Model Exims	Kanpur
12	Model Tanners	Kanpur
13	Saba Exports	Kanpur
14	Tantech Lederchem Private Limited	Chennai

CLE Member-Participants displayed Shoe Leather, Upholstery Leather, Goat & Sheep Finished Leather, Shoe Uppers, Leather Garment & Accessories. Participants have reported they received visitors in fair numbers and reported Future Expected Business worth US\$ 1.89 million.

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