

All China Leather Exhibition, Shanghai, China,

September 3-5, 2014 – A Report by Suneita Das, AEPO, CLE, Kanpur



All China Leather Exhibition is known as the PREMIER EVENT for international companies seeking opportunities in China's huge markets. The exhibition provides the largest variety of leather, components & accessories, manufacturing equipment and tools, machinery and technology and business services. The fair is also renowned for the number of new products launched primarily by chemical suppliers and manufacturers evidencing the importance ACLE enjoys in the context of China's leather industry.

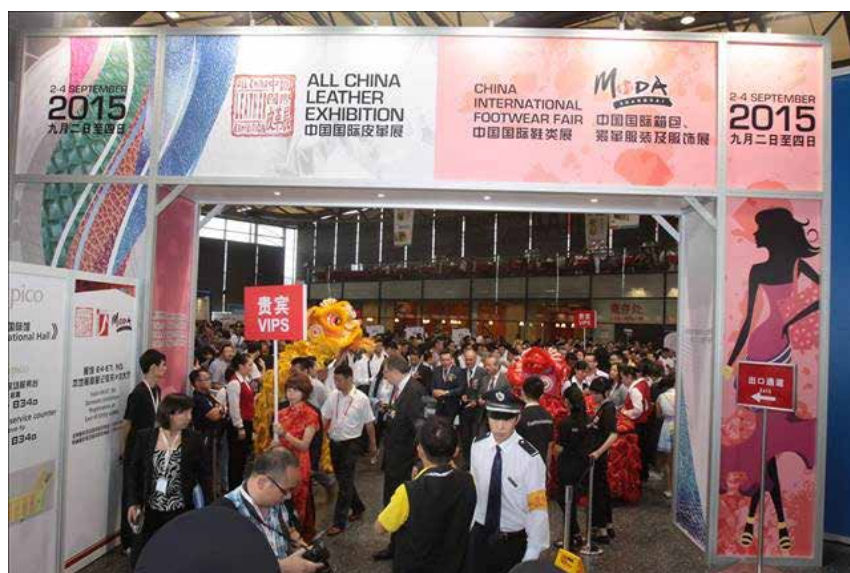
Since its inception back in 1998 ACLE has impressed exhibitors with the number and quality of buyers attracted to the event, while buyers have found an extraordinary variety of exhibitors, particularly from overseas. To complement the trade fair there are a series of seminars and special events aimed at keeping all participants conversant with fashion and technology developments.

ACLE CONSOLIDATES 17 YEARS SERVING LEATHER INDUSTRY

Now in its 17th year the combined 2014 event of The All China Leather Exhibition (ACLE), China International Footwear Fair (CIFF) and Moda Shanghai continues to be recognized as the leading business platform for the international and domestic China leather industry.

The growth of the fairs is a direct reflection of the expansion and increasing importance of China's highly successful leather industry which serves both its huge domestic market and exports billions of pairs of shoes, leather goods and leather to the four corners of the globe.

To maintain production levels China has to import around US\$7 billion of supplies – all types of leather, chemi-



cal products and components – as well as high value leather products to satisfy the needs of its burgeoning and demanding middle classes. For international companies exhibiting at ACLE, CIFF and Moda Shanghai the opportunities to consolidate and expand exports to China are excellent as more than 19,500 buyers from China's main manufacturing provinces visit the fairs. The investment in exhibiting and travelling to Shanghai are more than offset by the quality of buyer and can be enhanced by active pre-fair marketing and market research before the event.

Hence ACLE is a classic win-win event : Exhibitors "win" by receiving thousands quality buyers seeking new suppliers and products; Buyers "win" by having access to an extraordinary variety of exhibitors particularly from overseas.

Besides the international halls there are hundreds of Chinese companies at ACLE which form an integral part of the supply chain of the industrial oriented side of leather, footwear and leather goods production. Buyers come from the main manufacturing

provinces of China and can thus visit both international and domestic suppliers all under one roof.

The Organisers of ACLE are the APPLF group of fairs with more than 30 years experience in the international leather industry partnered by co-organisers the China Leather Industry Association (CLIA) whose local expertise is key in keeping the fair in step with industry developments - especially in China. Currently, for example, the China leather industry is concentrating on enforcing new environmental regulations which has led to the closing of several tanneries in Hebei, Northern China. However, longer term, such regulations are aimed at making leather production more sustainable and less harmful to the environment, thus benefitting all participants from the tanneries themselves to locally based communities.

ACLE 2014 EDITION - Opening the Gate to China's Markets

The show covered 92,000 sq m of space (80,500 square metres for ACLE and 11,500 square meters for CIFF and Moda Shanghai - among them, 55,000 square metres for domestic

exhibitors) with 1,337 exhibitors from 38 countries and regions including 171 exhibitors from 6 countries and regions for The China International Footwear Fair and Moda Shanghai hosted over 23,000 visitors. There was a feeling that the walkways were larger inside the halls this year and gaps in the stands were noticeable.

EXHIBITORS :

The No. of Exhibiting Countries & Regions :

ACLE – 38 countries & regions includes Argentina, Australia, Bangladesh, Brazil, Canada, China, Colombia, Czech Republic, Egypt, Estonia, France, Germany, Hong Kong, India, Indonesia, Iran, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Pakistan, Poland, Portugal, Romania, Russian Federation, Singapore, Slovenia, South Africa, Spain, Taiwan, Thailand, Turkey, United Kingdom, Uruguay and USA

CIFF & Moda Shanghai : 6 countries & regions includes : China, Hong Kong, India, Korea, Pakistan and Thailand

In terms of exhibitors, the international halls E1-3 feature international tanneries, hide and skin suppliers and semi-processed leather makers in hall E1. The importance of ACLE can be judged from the number of leading chemical companies for the tanning sector that launch new products at ACLE underlining the weight of China's market in their sales ledgers. Chemicals companies took up the bulk of halls E2 (with some tanners) & E3. Many chemicals suppliers such as Stahl and BASF have taken larger stands in 2014 and for the leather chemicals makers the ACLE remains the most important show in the leather industry calendar.

INTERNATIONAL PRESENCE

In the limelight since last year, Brazil registered a record participation



with 24 exhibitors. Despite the absence of some tanneries, Turkey still boasted one of the largest pavilions. With total export numbers increasing by 12 per cent, especially towards Europe, and the 22 per cent increase of export of shoes in particular, Turkey has successfully managed its shift from being a supplier of semi-finished products to finished products.

One of the highlights of the Turkey Pavilion and definitely the most visual and photogenic booth of the whole fair was the Leather Age Anatolia Exhibition, an interpretation of the many ancient civilisations that prospered on these lands. Designed by Hatice Gokce, a pioneering figure in men's fashion wear in Turkey, the eight black leather-made, sculpture-like Anatolia warriors' costumes attracted a nonstop admiring crowd.

The growing role of chemical companies

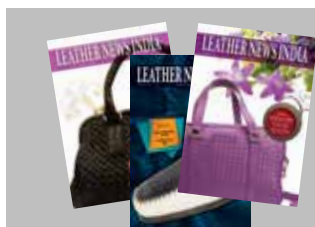
Most international chemical companies have been playing according to rules for years. New, stricter environmental regulations are an opportunity for them to push their products beyond the required standards. Some companies for example, do not restrict their efforts to making products less toxic but they also tackle

issues such as energy reduction and giving leather better durability.

"Environmental compliance is one of the main driving force of the development of the chemical leather industry", said Lamberti's Managing Director Asia Pacific, Giorgio Pagnoncelli. Lamberti's 100% solvent free water based products Nova free was launched during ACLE.

The challenge for chemical companies is to develop new environmental friendly technologies that do not affect the quality of leather, indeed technologies and processes that enhance it, such as Stahl's new Stahlite product that minimise the weight of finished leather while maintaining its full thickness. Stahlite allows a weight reduction of 15 to 35 per cent, depending on the leather article.

In these times of austerity, softness and lightness, bright finishes, rich colors and patterns, that enlighten our daily lives were definitely the trends revealed at ACLE. Sappi's new collection of release paper includes textures of metal, concrete, stone and soil colors as well as all sorts of denim effects, while Henan Prospect's latest designs for sheep skins and crusts include porcelain like white blue lotus, camouflage and Leopard.



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LEATHER NEWS INDIA

PERCENTAGE BREAKDOWN BY PRODUCT SECTORS OF NO. OF EXHIBITORS IN ACLE 2014 :

1. Hides & Skins	- 15%
2. Process Dyes & Chemicals for Tanning	- 14%
3. Semi-Finished/Finished Leather	- 21%
4. Exotic Leather	- 2%
5. Tanning Machinery	- 8%
6. Equipments & Tools	- 2%
7. Shoe Machinery	- 2%
8. Components & Accessories	- 9%
9. Synthetic /Natural Materials	- 22%
10. Natural Fibres/performance Fabrics	- 5%
11. Technology & Cad Cam System	- 1%
12. Business Solutions/Testing & Consulting /Others	- 2%
13. Trade Associations	- 1%

VISITORS :

Despite many issues in the background such as the tension in Ukraine and the new environmental regulations in China, the first day of China's premier leather event lived up to expectations. Geopolitics which could have large implications on trade and business in general were discussed at the show but optimism in China's growth dominated.

Noteworthy were the stands of the chemical supply and manufacturing companies which attracted heavy footfall from the opening of the fair and were consistently busy for the rest of the day.

It was the view of many exhibitors attending the All China Leather Exhibition (ACLE) this year that the number of visitors seems lower than in recent editions of the show. The second day of the show ended on September 4 with generally higher

numbers than day one. A number of factors are possible for the lower visitor numbers. No official data is known and estimations are anecdotal.

It is understood that visitor numbers are lower this year so far which may be due to the close proximity of the show dates to the Micam footwear fair in Milan which was held earlier this week and the forthcoming Lineapelle show (September 10-12). Many visitors and exhibitors were bemoaning the closeness of the dates and that may have an impact on other fairs taking place in the next few weeks. Geopolitical problems in the Russia and the Middle East may also be having an impact, as is the current suspension of some tanning operations in the northern Hebei province around Wuji and Xinji. However, ACLE, CIFF and Moda Shanghai are all predominantly Chinese fairs and the visitor numbers are still expected to be significant.



INDIAN
LEATHER
INDUSTRY -
STRIDING
WITH
CONFIDENCE



PERCENTAGE BREAKDOWN: PRODUCT INTEREST :

14. Hides , Skins & Exotic Leather	30%
15. Dyes/Chemicals for Tanning/Footwear	16%
16. Semi-Finished/Finished Leather	14%
17. Upholstery leather/Automotive Leather	9%
18. Machinery Parts & Tools	9%
19. Components	8%
20. Synthetic Materials	7%
21. Natural Fibres/performance Fabrics	5%
22. Cad Cam System/Business Solutions/Testing & Consulting	2%

FEATURES OF THE 2014 EVENTS - ACLE, CIFF AND MODA SHANGHAI

The combined fairs of ACLE, CIFF and Moda Shanghai boasted a total of 20 National Pavilions. Several leading chemical companies have chosen ACLE to launch new products for the tannery. These include Lanxess, Smit Group, Stahl, Carpetex, TFL, Mimosa Group and Gruppo Biokimica and reflect how ACLE is a platform for competing companies to display their new technological developments before a targeted public.

Opening ceremony : The fair was opened on 3rd September, 2014 at the entrance hall.



Press Conference : A press conference was held on Opening Day




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Think India*

AWARD CEREMONY

Tannery of the Year 2014 – Day 1 at ACLE 2014 -

The climax of the fourth Tannery of the Year programme was held on September 3rd, at the Gala Dinner organized and hosted by World Trades Publishing in Shanghai after the first day of the 2014.

The winning tannery for Innovation of the Year is Couro Azul from Portugal.

The other winners by Region were :

Africa : Dire Tannery, Addis Ababa, Ethiopia

Americas : Bojos Tanning, Santiago, Dominican Republic

Asia excluding China : Saigon Tan Tec, Binh Duong Province, Vietnam

China : Zhejiang Mingxin Automotive Leather Company, Jiaxing Zhejiang Province

Europe : Wollsdorf Leather, Austria

The successful conclusion to the Tannery of the Year programme 2014 culminated after an extremely busy first day at ACLE 2014.



CLIA'S 7TH NATIONAL CONFERENCE AND THE 8TH INTERNATIONAL LEATHER FORUM 2014 :

APLF invited leading industry figures to offer informative seminars which gave participants a value-added opportunity to be enlightened on topics related to leather technology, quality control & inspection, business solutions and fashion trends.

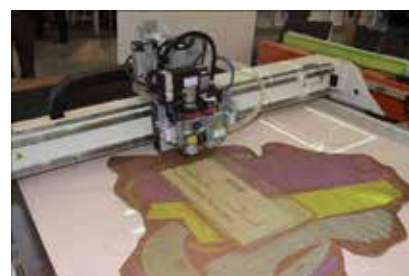
• "Fashion Corridor of Products with Genuine Leather Mark" and "Chinese Shoes Culture" which received good feedback last year, returned this year as well.

• Outstanding brands with Genuine Leather Mark also hosted a product display and fashion shows to showcase their signature exhibits.

• The "D-together" display zone also showcased creative pieces from winners of the shoe competition.

• The Spring/Summer 2015-2016 Colour trends of Leather Materials was revealed concurrently.

• Environmental analysis & Waste Water Index (WWI) by Dr. Jean Claude Cannot, CTC Group



AUTOMOTIVE - THE OUTLOOK FOR AUTOMOTIVE LEATHER REMAINS STRIKINGLY UPBEAT



Car seat leather by Arlei from Argentina

As per Market Intelligence report into the leather pipeline - most in the market are still optimistic about a strong leather performance in the last quarter of 2014. In the automotive industry, order booked were still pretty full. In automotive, companies operate longer-term budgeting and none of the big automotive brands is likely to risk changing existing forecasts and budgets. "The big car companies have already given their target numbers for the entire year 2014," it says. "Whatever they do in 2015, for this year they will just fulfill their predictions. These predictions are high and productions will run almost full, with leather demand remaining high accordingly."

For other sectors the situation remains uncertain, the Market Intelligence report continues. The luxury market is still talking about growth, however the anti-corruption policy in China is making its mark on consumption levels, while tourism shopping from China is still good but far from the growth rates many were hoping for. Even if it is flat versus 2013, business is still pretty good and leather demand for luxury products will be too.

What has to be watched carefully is how the big brands deal with the record prices for leather they may have to pay when negotiations begin again at the end of the summer holiday.

CHINA LEATHER INDUSTRY CONTINUES TO GROW

Since its launch in 1998 ACLE has

shown 17 years of steady growth both in terms of the number of exhibitors (domestic and international) and more significantly in terms of buyers passing through the fair. The quality and importance of the exhibitors attracts equally influential Chinese buyers looking to make fresh supplier contracts for, leather chemicals and machinery.

The 2013 event was no exception with a record number of exhibitors – 1400+ – and more than 24,000 visitors. However, since last year, China's leather industry has been facing fresh challenges as the government seeks to clean up the industry and protect the environment while promoting sustainable production practices.

This has caused a shake-up in northern China, especially in Wuji and Xinji in Hebei province, as polluting tanneries that have not complied with new environmental regulations have been closed.

Such actions sparked rumours of falling production and some sort of crisis in the China leather industry. All what the authorities were doing was imposing new regulations for the benefit of local communities and in order to promote safe, sustainable production resulting in larger leather production units operating within the law.

In the first eleven month of 2013 China imported a total of US\$7,74 billion of shoes, travelware and bags, semi-finished leather, finished leather and tanned hides. Foreign

chemical companies have established subsidiaries in China so as have easy access to the local market.

It is against this transitional backdrop that the 2014 edition of ACLE will take place and as China's leading commercial platform for the industry, the event looks set to be an excellent opportunity. Western companies can prosper and sell more finished leather to Chinese manufacturers as the internal production of light leather had fallen by 23.2% in 2013 compared to 2012 according to the China Leather Industry Association's (CLIA) own figures.

ECONOMIC STATUS OF CHINA'S LEATHER INDUSTRY

As reported by Mr. Su Chaoying, China Leather Industry Association (CLIA) the development of China's Leather, Fur, Leather Goods and Footwear Industries has slowed down in H1 2014 compared to the same period of the previous year.

a) Steady growth witnessed in the annual sales revenue :

Sales revenue from China's leather sector in H1 2014 reached 97.83 billion , a year –on-year increase of 10.4% and a decline of .07% in growth rate.

b) Industry exports and imports remained modest growth yet with a declining growth rate :

The exports of H1 2014 totalled US\$ 39.7 billion, increased by 5.7% year on year where as growth rate declined by 6.6% the imports reached

US\$ 4.5. billion , up 12.1% with the growth rate increasing 6.1%.

LEATHER :

- The total output of light leather totaled 285 million sqm, down 1.6% compared to the previous year, with the decline rate rebounded 18.2%.
- The exports of semi-finished leather reached 5,070 tons valued USD 16.1 million, an increase of 3.6% and 25.1% respectively, while imports totaled 421429 tons valuing USD 925 million, an increase of 2.5% and 13.5% respectively.
- The exports of finished leather reached 15060 tons valued at US\$233 million, increased by 3.3% and 23.1% respectively compared to last year. A total of 88165 tons of finished leather valued at US\$1.5 billion were imported, 1.5% down and 7.7% up respectively year on year.

So, despite a fall in leather production trade continues to grow which is vital for western exporters and their local fans.

With raw material and leather prices still close to record levels across the board at the time of writing it is in the above import figure of US\$1.5 billion that opportunities lay for the major international tanneries that exhibit at ACLE year-in and year-out. Rising prices and steady demand equal handsome profits and an improved bottom line for enterprising tanneries producing quality leather for their China clients.

FOOWEAR :

The sales revenue of shoes in H1 2014 with a year on year rise of 9.6%, and decline of .08% in growth rate. Exports of shoes totaled 5.3 billion pairs, with a value of US\$ 24.5 billion, up 0.2% and 12.2% respectively year on year. Imports reached 34.6 million pairs totaling USD 927 million , up 28.3% and 19.5% respectively compared to last year.

Among the export figures, upper leather shoes accounted for 438 million pairs at a value of US\$ 5.9 bil-

lion, up 15.3% and 19% respectively, while the imports amounted to 12.3 million pairs valuing USD 577 million, increased by 18.8% and 13% respectively.

LEATHER GARMENT :

In H1 2014, the output of leather garments totaled 34.1 million pieces , an increase of 3.8% year on year and a declines of 4.5% in the growth rate. The volume and value of leather garments exports were 4.2 million pieces and US\$ 217 million respectively, down 3.7% and up 1% compared to last year, the volume of import reached 99926 pieces valuing USD 44 million, increased by 5.9% & 1.8 % res.

LUGGAGE & BAGS :

The value of luggage and bag exports reached US\$12.5 billion, down 5.6% year on year, whereas the imports reached US\$826 million, up 12.3% year on year.

The CLIA's latest report notes: "Given the recovery of developed economies and the reform of China's leather industry, we project that the industry will continue to grow steadily in the second half of 2014. Although import and export volumes might be subject to slight fluctuations due to market factors, we believe such fluctuations will not be too strong."

This is a positive message for the leather industry as a whole from the CLIA as reforms are implemented within China and recessionary pressures in developed economies recede after almost seven years as world stock markets continue to rise in anticipation of "better times ahead".

The Growth of China's Leather Sector and ACLE

With China's leather industry going through a transitional period as outlined above ACLE 2014 was a hive of activity and information for companies exporting to China and looking for new contacts to develop. Business will continue to be transacted and deals closed but it is important to be there so as to gain a firsthand understanding of the changes taking place in China—information which will serve

exporters well in the future when the environmental transitional period is over.

As the leading commercial and business platform for the leather industry in Mainland China, ACLE has kept pace with the times and changes in the rapid and dynamic expansion of the leather industry in China this century.

To quote APLF Director, Michael Duck, on this point: "The constant expansion of the fair is a direct result of the response by the China market's growth and hence need for quality materials, chemicals and technology. It is the success story of ACLE as it has succeeded in introducing suppliers from a growing number of countries to leather goods and footwear manufacturers located in Mainland China."

With fashion being the main driver behind innovation, styles and in the use of leather, ACLE has played a key role in introducing high class leather from China for luxury products and automotive applications in China where the number of world class tanneries has increased in number.

With China being the world's biggest auto market by far, selling more than 23 million vehicles in 2013, 40% of which have some form of leather upholstery, this amounts to a great deal of hides and finished leather -- and this is without even mentioning the billions of pairs of leather shoes and leather goods produced in the country.

As the major consumer and producer of leather as well as being the biggest importer of hides, semi-finished and wet blue it was a question of time until the government of China would enforce strict rules and regulations for the tanning industry in order to protect the environment. This has now come to pass with the closing of many smaller tanneries in northern China, in Hebei and Wuxi, until they are able to comply with strict environmental standards.

On the other hand, the closure of tanneries in China also means that less finished leather will be produced

in China (after last year's 23% drop according to the CLIA) opening up an even greater opportunity for western tanneries to export more high value-added finished leather to the Chinese manufacturing sector. This is precisely where ACLE comes into its own as the

ideal business platform for the international and China leather industry.

INDIAN PAVILION ORGANIZED BY THE CLE

Council for Leather Exports (CLE) has been organizing the Indian Pa-

vilion in this fair for the past many years. This year Council has booked space in the Hall no. E 2 in the area of 159 sqm. About 30 exhibitors participated in the exhibition from India, out of which 15 companies participated through CLE.

S.No	Company Name	Booth No.	Product Displayed
1	Almighty International	E2/A 03h/IN	Sheep skin for fashion gloves, Cabretta leather for golf gloves, Goat leather for batting gloves/ Ski gloves/Motorcycle gloves
2	Best Tanning Industries Pvt. Ltd	E2/B 25b/IN	Finished Leather & Shoe Upper
3	Bharat Tanning Industry	E2/C27a/IN	Finished Leather & Shoe Upper
4	Enyat Overseas	E2/B27c/IN	Finished Leather
5	Globe Tanners	E2/C27c/IN	Finished Leather
6	Harsha Impex	E2/B28a/IN	Goat Seude Finished Leather for Garments, Shoes & Leather Goods
7	Hijaz Leathers Pvt Ltd	E2/A 03g/IN	Sheep and Goat Finished Leather
8	Homera Tanning Industries Pvt Ltd	E2/C27b/IN	Finished Leather
9	Model Tanners (India) Pvt Ltd	E2/B27a/IN	Finished Leather
10	Nadeem Leatherware Exports	E2/B28d/IN	Finished Leather
11	Pacific Exports	E2/B27b/IN	Furniture Finished Upholstery Leather
12	Prakash Impex	E2/C28c/IN	Finished Leather
13	Reliance Tanning Industries	E2/B28a/IN	Buffalo Finished Leathers for Safety Shoe and Furniture and Finished Safety Shoe Uppers
14	Ruksh Exim Pvt Ltd	E2/B28c/IN	Finished Leather
15	Upper India Tanners	E2/B28b/IN	Finished Leather

VIEW OF STANDS IN CLE PAVILION





Council's Information Booth

Council's Information Booth was of 9 sqm at E2/C28b/IN where information related to Indian Leather Industry provided to the business visitors. Ms. Suneita Das, Asst.

EPO, Council for Leather Exports was in attendance to co-ordinate the group participation of the members through Council. Mr. Ajay Lal, Manager, UBM India Pvt. Ltd. coordinated with the CLE official in regard to the Indian Pavilion organization throughout the Fair Days



CLE Representative with Trade visitors

The Council's publicity & promotional materials namely Leathers News India magazine, CLE's brochures, Member-Exporter's Directory'14 and Participant's catalogues were displayed in the booth and distributed to the trade visitors.



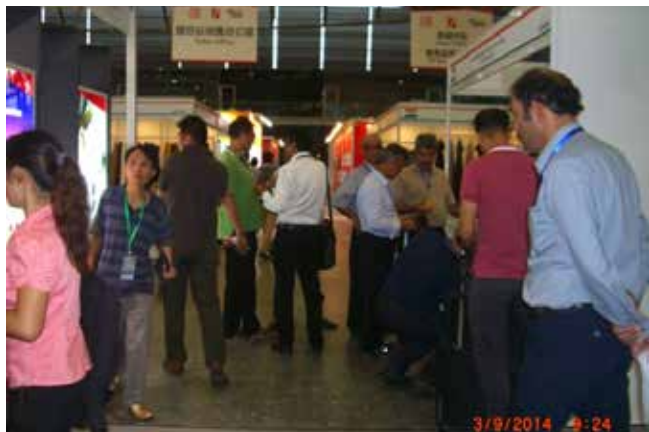
Trade visitors from Japan

VIEW OF STANDS IN CLE PAVILION



Visitors at Indian Pavilion:

In general this year the fair witnessed a substantially decreased number of visitors in comparison to previous year. On the opening day of the fair, the pavilion was flooded with the visitors which went little sluggish each day passed on. However our participants were busy with a lot of overseas interest all the three days and had a good show with a lot of good quality contacts and export opportunities with the potential buyers.



On the second day of the fair, Shri N. Shafeeq Ahmed, Vice-Chairman, CLE visited the Indian Pavilion and had an interaction with the participants.



Shri N. Shafeeq Ahmed, Vice Chairman, CLE at Indian Pavilion



CLE Representative met various trade visitors throughout the fair period. Some important Trade Journalists from renowned publications & Personnel from Fair Organisers like Ms. Oya Akgun , Project Group Direc-

tor, of IDF Leather Fair, Turkey, Mr. Massimo Cipolloni , IRM of MODA Pelle, Mr. Martin Ricker, Content Director of International Leather Maker (ILM), Mr. Simon Yarwood, Publisher & CEO of World Trade Publishing Ltd.

also visited the information booth . Representative met all the enquiries and disseminate the requisite information to them accordingly upto their satisfaction.



CLE Rep. with Ms. Oya Akgun, Project Group Director, of IDF Leather Fair, Turkey,



Mr. Dennis Lam, Project Manager, Top Repute Co. Ltd., Exhibition & Conference Services. H.K



Mr. Yves Morin, CEO of CTC and President of International Union of Shoe Industry Technicians

Mr. Yves Morin, CEO of CTC and President of International Union of Shoe Industry Technicians from France met CLE representative. As per his statement on the fair "This fair

appears to be more and more international and an excellent place for business and networking. We made unexpected business encounters which allowed us to progress on several issues in addition to the usual business".

PARTICIPANTS FEEDBACK

Business Orders Booked :

As per feedback received from our exhibitors, the export order booked on-spot is worth approx. US\$ 12.04 million and expected order approx. US\$ 24.35 million.

CONCLUSION :

The participants were very positive and interested to participate next year as well. As per feedback, they have fetched very good business orders, therefore, Council may consider to participate in the next edition of the exhibition.



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