

Leather & Footwear: Industry, Process & Benchmarking Country Selection

Leather, one of the first man-made materials, has transformed from a necessary product into a luxury item, especially in the developed world. Leather is employed in varied applications due to its wind resistance and exceptional abrasion quality features. The prime factors driving the demand for leather over the years include the higher disposable income of women, rising fashion consciousness, influx of innovative designs, affordable prices, and greater exposure through modern retail.

Segments selected for benchmarking under Leather and Footwear Sector are **Leather Footwear, Leather Goods and Leather Apparel**. All these segments were selected based on their huge potential in exports. Leather Footwear has grown at a CAGR of 9.5% from 2005-10 while Leather Goods and Apparels have shown a CAGR of 3.4%. Similarly these three segments contributed maximum in India's overall leather sector exports.

Countries selected for benchmarking for Leather Footwear include **China and Vietnam**. China was selected as it is the market leader contributing to 36% of world's leather footwear exports. Vietnam showed the highest CAGR of 22% for the period of 2005-10 and its footwear contribution to overall leather sector exports stood at 92%.

Countries selected for benchmarking for Leather Apparel include **China, Pakistan and Italy**. Pakistan has leather exports dominated by leather apparels with 38%. Italy contributed 13% of world's leather apparel exports.

Countries selected for benchmarking for Leather Goods include **France and China**. China was selected as it is the market leader contributing to 19% of world's leather goods export. France has leather exports dominated by leather goods with 29% of overall leather exports coming from leather goods.

Segments	India's Exports(US\$ mn)					
	2005	2006	2007	2008	2009	2010
Footwear	1,044.355	1,190.806	1,412.031	1,581.190	1,481.173	1642.895
Finished Leather	634.673	707.092	777.090	790.018	543.962	785.12
Saddlery and Harness	74.841	81.658	98.957	103.195	80.197	83.58
Leather Apparel & goods	1,003.173	1,027.845	1,092.485	1,338.737	1,194.202	1,183.275

Source: ITC

Segments	World Segment Exports (US\$ mn.)	Percentage contribution to India's total Leather sector exports	CAGR of Exports (2005-10)	Indian Exports as % of world segment exports
Footwear	83,666	44.46%	9.48%	1.96%
Leather Apparel & goods	42,024	32.02%	3.36%	2.82%
Finished Leather	16,448	21.25%	4.35%	4.77%
Saddlery and Harness	865	2.26%	2.23%	9.67%

Source: ITC, D&B Analysis

World Export Scenario for the selected segments

Country	Footwear					
	Exports data for Footwear segment		Exports data for sector Leather Sector	Footwear exports as % of country's Leather sector exports	Country's Footwe as % of world segment exports	CAGR of exports (2005 - 2010)
	US \$ mn					
	2005	2010	2010			
China	19,053	35,634	44,374	80.30%	35.89%	13.34%
Vietnam	3,079	8,190	8,892	92.10%	8.25%	21.61%
Belgium	1,864	3,742	4,131	90.59%	3.77%	14.96%
Indonesia	1,429	2,502	2,989	83.69%	2.52%	11.86%
Netherlands	1,525	2,443	3,220	75.87%	2.46%	9.88%
Germany	2,530	3,739	6,473	57.76%	3.77%	8.12%
Italy	9,138	9,842	24,778	39.72%	9.91%	1.49%
Spain	2,189	2,593	4,094	63.34%	2.61%	3.44%
France	1,518	2,082	7,588	27.44%	2.10%	6.52%
Hong-Kong	6,144	5,577	14,549	38.33%	5.62%	-1.92%
Portugal	1,600	1,780	1,982	89.82%	1.79%	2.16%
Brazil	1,984	1,632	5,247	31.09%	1.64%	-3.84%
Romania	1,589	1,476	1,872	78.82%	1.49%	-1.47%
UK	845	1,286	2,247	57.22%	1.30%	8.76%
USA	727	1,104	3,743	29.49%	1.11%	8.72%
Slovakia	463	916	1,234	74.19%	0.92%	14.59%
Thailand	892	821	2,006	40.95%	0.83%	-1.64%
Austria	791	758	1,904	39.82%	0.76%	-0.85%
Denmark	386	659	927	71.08%	0.66%	11.29%
Turkey	184	396	1,069	37.02%	0.40%	16.58%
Switzerland	130	223	877	25.44%	0.22%	11.33%
Pakistan	90	93	1,542	6.01%	0.09%	0.55%

Source: ITC, D&B Analysis



Decide with Confidence

Country	Leather Apparels					
	Exports data for segment		Exports data for sector	Leather Apparel exports as % of country's Leather sector exports	Country's Leather Apparel exports as % of world Leather Apparel exports	CAGR of Segment exports (2005 - 2010)
	US \$ mn					
	2005	2010	2010			
Pakistan	621	591	1542	38.30%	7.56%	-0.99%
China	3465	2217	44374	5.00%	28.37%	-8.55%
Italy	796	998	24778	4.03%	12.77%	4.63%
Netherlands	116	202	3220	6.28%	2.59%	11.81%
France	239	381	7588	5.02%	4.88%	9.78%
Germany	317	403	6473	6.23%	5.16%	4.91%
Spain	119	152	4094	3.71%	1.94%	4.95%
Turkey	239	221	1069	20.67%	2.83%	-1.56%
USA	218	205	3743	5.48%	2.63%	-1.19%
Hong-Kong	736	572	14549	3.93%	7.32%	-4.92%
Belgium	92	112	4131	2.71%	1.43%	4.09%
UK	97	100	2247	4.44%	1.28%	0.54%
Indonesia	67	97	2989	3.25%	1.24%	7.61%
Denmark	73	82	927	8.86%	1.05%	2.29%
Switzerland	95	78	877	8.85%	0.99%	-3.92%
Vietnam	37	68	8892	0.77%	0.88%	13.01%
Thailand	42	56	2006	2.80%	0.72%	5.78%
Austria	21	44	1904	2.29%	0.56%	16.18%
Romania	38	41	1872	2.17%	0.52%	1.21%
Slovakia	8	13	1234	1.02%	0.16%	9.85%
Portugal	7	10	1982	0.50%	0.13%	6.39%
Brazil	6	2	5247	0.05%	0.03%	-15.59%

Source: ITC, D&B Analysis