

5.2 Details

(i) COUNCIL FOR LEATHER EXPORTS

Organisation : Council for Leather Exports

Objective : Leather Trade Delegation for export promotion activities in Latin America

Date : 15-28 November 2000 and 4-14 December 2001

Countries : Argentina, Brazil, Mexico, Peru, Chile, and Colombia

Summary Report

Export prospects of leather products vary country to country in the Latin American region. In Argentine market per capita consumption of leather jackets and leather goods is very high. This country finds import of products more attractive to meet the lower and consumer market rather than manufacturing in view of high labour cost. Since lot of semi-finished leather is being exported, Indian tanneries can enter into joint venture/tie-up to set-up semi-finished to finished stage tannery in Argentina.

Indian leather garment manufacturers should continue to make all efforts to keep their presence in Argentine market as it was observed that Chinese leather garments are being dumped in the market. The fashions and expectation in Argentina are similar to what is found in European countries, which may have to be kept in mind by Indian exporters.

Brazil is an important economy in the Latin American region. It is the gateway to penetrate Mercosur. It has a large well organised cattle

and live stock industry. Due to large availability of hides, footwear industry has developed well and footwear is one of its major item of exports. Brazil exports to India tannery and extracts used in leather processing.

The scope for export of Indian leather products specially leather goods, leather garments, saddlery & harness is pretty good as there is no significant manufacturing base. Tanneries can tie-up for regular supply of cow hides or setting-up tanneries for processing of leather up to wet blue stage for finishing in India according to local requirements. Sheep and goat skin can be exported to Brazil in view of limited availability in Brazil.

Mexico is the third largest market in the Latin American region for leather products. Being close to the USA and enjoying preferential access, Mexico has significant advantage of the best quality hides and skins from the USA and Canada at no significant additional cost. Similarly Mexico has the largest market like the USA and Canada for its leather products.

Mexico has got a strong footwear manufacturing base under the small and cottage industrial sector, which is being protected by conscious government policy measures. But it has no significant manufacturing base for other products like leather garments and leather accessories.

Peru has a limited market for leather products as its population is just 27 million. Scope for exports to this market is very limited as Peruvian leather industry is oriented basically to the domestic market.

Chile offers considerable scope for leather imports like leather garments and leather goods, particularly industrial gloves, wallets, bags, etc. It is because of high production cost in the country and price advantage to Indian products of low and medium consumer range. Buyers in Chile import leather jackets of medium and lower range and other goods like wallets, bags, industrial gloves, etc. for re-export not only to Canada but also to its neighbouring countries.

Colombia has a strong base of leather production, manufacturing good quality leather goods (accessories) which are available at retail outlets at prices much below of Indian export prices. As Colombia has large country-side and local people are fond of horse-riding, hence there is scope for saddlery and harness items.

Constraints wise Latin American region has been at disadvantage position due to logistic problem. There is no direct shipping line between India and Latin American region. Air freight is expensive by 70 per cent when compared to the cost to the US market. Shipment of goods by sea from India to Argentina is a time consuming proposition. Sea freight too is 20 per cent higher than sending the goods to the USA.

Import duties in this region vary country to country. In Argentina, import duty on leather products is a little on higher side. Basic import duty on leather jackets, leather goods, leather shoes, etc., is 23 per cent in addition to the specific duty of 0.5 per cent and value added tax of 21 per cent. In Mexico, high duty is levied basically to protect the indigenous footwear industry. Import duty on footwear works out to more than 100 per cent. Similarly, the basic import duty on

other products is 35 per cent in addition to the value added tax of 15 per cent, which again is a constraining factor for imports of leather products.

In Peru, basic import duty on leather products is around 15 per cent and on finished leather is only 13 per cent. There is high rate of import duty of about 20 per cent in Colombia, which along with 16 per cent VAT substantially increase the retail price of products.

Members of Delegation (15-28 November 2000)

1. Shri S. Audiseshiah, IAS, Executive Director, Council for Leather Exports, Chennai.
Leader of the Delegation
2. Shri Ramjee Yogasundaram, M/s Ramjee Leathers & Supplies, Chennai.
Leather garments
3. Shri Bharat Goenka, M/s Leather Crafts (India) Pvt. Ltd., Chennai.
Small leather goods, wallets, purses, cheque book covers
4. Dr. J. Joshi, M/s Jarosniv Exports (P) Ltd., Delhi.
Leather garments
5. Shri Biswanath Das, M/s Asian Leather Ltd., Kolkata.
Leather handbags, wallets, industrial gloves
6. Shri Runit Mahajan, M/s K.D. Orient Impex, Mumbai.
Leather garments
7. Shri Mohan Roy, M/s R.R. Leather Products Pvt. Ltd., Chennai.
Leather garments
8. Shri Rajavardhan, Chairman, Footwear Design & Development Institute, Ministry of Commerce, Government of India, Noida.
Member of the Delegation

Members of Delegation (4-14 December 2001)

1. Mr. S.H.A. Jamati, Regional Director, Council for Leather Exports, Mumbai.
Leader of the Delegation
2. Shri Runit Mahajan, M/s K.D. Orient Impex, Mumbai.

Leather garments

3. Shri A.K. Jain, M/s Fashion Club Global, New Delhi.
Leather garments
4. Dr. J. Joshi, M/s Jarosniv Export Pvt. Ltd., New Delhi.
Leather garments
5. Mr. H.S. Mukherjee, M/s Asian Leather Ltd., Kolkata.
Leather accessories (hand bags, wallets, gloves, etc.)
6. Mr. T.K Biswas, M/s Ajanta Leather Fashion Ltd., Kolkata.
Leather accessories (wallets, bags, other small leather items).

Conclusion

India's exports of leather goods and garments have vast market potential in the Latin American countries. Indian leather manufacturers should continue to make all efforts to keep their presence in these countries despite logistics problems. There are vast possibilities for joint venture or tie-up in tannery areas.

Organisation : Council for Leather Exports

Objective : Leather Trade Delegation for the market promotion of leather garments and leather accessories

Date : 25 February-2 March 2001

Country : Japan: Osaka, Tokyo

Summary Report

Japan is the seventh major importer of leather and leather products in world markets. The domestic production of leather and leather products is on the decrease particularly in view of high production cost. Hence there is scope for further increase in imports of leather products.

This report is based on Buyer-Seller Meet held in Osaka and Tokyo organised for India Leather Trade Delegation.

Japanese consumers have loyalty to branded products, particularly from Italy. They basically believe that the quality of the products is automatically ensured in the branded products. Since China and Italy are the major exporting countries to Japan, while Italian export to Japan meets the higher segment of the Japanese market whereas the China's export meets the lower segment.

Japanese buyers are impressed by the quality of Indian leather garments and leather goods, any switchover from Italian products to Indian products depends on the consistent marketing efforts of Indian exporters. Price factor of Indian products is found to be very attractive to the Japanese buyers.

Japanese buyers take a long time to get convinced about the product of a particular country or of a manufacturer and once they are convinced they keep a long time loyalty. That is to be kept in mind by the Indian manufacturers, even small volume orders would start in Japan. Even if higher cost is involved in producing best quality product, it will not be a constraint in the Japanese market. It is observed that Indian leather goods and garments have vast market potential in Japan.

Members of Delegation

1. Shri S. Audiseshiah, IAS, Executive Director, Council for Leather Exports, Chennai.
Leader of the Delegation
2. Shri Biswanath Das, M/s Asian Leather Ltd., Kolkata .
Leather handbags, wallets, industrial leather gloves, etc.
3. Shri Mohan Roy, M/s R.R. Leather Products Pvt. Ltd., Chennai.
Leather garments
4. Shri S. Suraj, M/s Leader Expressions, Chennai.
Leather garments/jackets/waist, coat and skirt
5. Shri Sanjay Leekha, M/s Alpine Apparels, Faridabad.
Leather fashion gloves, ladies bags, wallets, and leather goods
6. Shri Runit Mahajan, M/s K.D. Orient Impex, Mumbai.
Leather jackets, blazers, pants, shirts (L & G) Sheep Nappa, Goat Nappa, Goat Suedes
7. Shri Ravi Kappor, M/s Kapoor Industries, Mumbai.
Leather hand bags, wallets, pouches, ladies, bags, folders, diary covers, planners
8. Shri Mohan Goneka, M/s Leather Crafts (India) Pvt. Ltd. Chennai.
Small leather goods, wallets, covers, purses, agendas, cheque book covers, etc.
9. Shri Bharat Kumar, M/s Subha Exports, Delhi.
Jackets, pants, vests, parkas, skirts
10. Shri Ramjee Yogasundaram, M/s Ramjee Leathers & Supplies, Chennai.

Leather garments, jackets for men and ladies

11. Shri N. Theagarajan, M/s Indo Skins Garments (P) Ltd., Chennai.
All types of leather garments for gents, ladies and children
12. Shri K.V. Rafeeq Ahmed, M/s Rabia Leather Industries Ltd., KH House, Chennai.
Leather garments, men's and ladies leather bags, portfolios, travelware, backpacks, etc.
13. Shri V.K. Shrivastava, M/s Eastern Leather Products Pvt. Ltd. New Delhi.
Leather garments and goods

Conclusion

There is enormous scope for increasing the export of branded leather goods and garments to Japan as the consumers are keen to procure branded products. The Japanese market offers great scope for export of middle price ranges of shoes, garments and other accessories because the higher and lower segment are met by Italy and China respectively. Supply of quality branded products backed with consistent marketing efforts would go long way in capturing a substantial market in Japan.

- Organisation** : Council for Leather Exports
- Objective** : Buyer-Seller Meet for export promotion of leather goods
- Date** : 9-13 May 2000
- Countries** : Tel Aviv (Israel); Athens (Greece); Madrid (Spain); Portugal

Summary Report

Israel is not a strong market for leather garments due to warm weather. Despite this fact, there is a huge potential for the high quality leather wallets, travel goods, and shoes.

Greece is a potential market for leather garments and goods despite their own strong manufacturing base. Services of a marketing expert should be taken for better business results.

Spain is a good market for leather garments, particularly in a good quality goat and sheep nappa leathers. Spain is the gateway for entering into the Latin American markets, with its strong hold due to Spanish language and cultural similarities.

Portugal has a strong manufacturing base for leather garments and leather goods. There is good opportunity for Indian leather garments and goods because Portuguese cost of production is much higher as compared to India.

All the four countries, viz. Israel, Greece, Spain, and Portugal are having good market potential for leather accessories and leather garments except Israel, which is a very small market for the import of leather garments.

Services of professional marketing experts should be taken for optimising business. Trade Associations of these countries along with selected buyers may be invited to the Chennai India International Leather Fair, Delhi International Shoe Fair and the International Leather Goods Fair with the help of APICCAPS and other industry associations of such countries who have assured their full cooperation.

Members of Delegation

1. Shri V.K. Shrivastava, M/s Eastern Leather Products Pvt. Ltd., G-5, Community Centre, Naraina Vihar, New Delhi-110 028.
Leader of the Delegation and Chairman, Leather Garment Panel.
2. Shri Abdul Hasan Khasimi, M/s Hasan Footwear Pvt. Ltd., 37, V.V. Koil Street, Periamet, Chennai-3.
Leather garments
3. Shri. R. Yogasundaram, M/s. Ramjee Leather & Suppliers, 113/4, General Patters Road, Chennai-2.
Leather garments
4. Shri. P.K. Das, M/s. Das Kollektion, 17 Behari Doctor Road, Kolkata-700025.
Leather garments
5. Shri R.K. Kapoor, M/s Kapoor Industries, 54A, Nariman Bhawan, Nariman Point, Mumbai-400 021.
Leather garments
6. Shri. Bhaskar Ganguli, M/s. Khattu Resources Pvt. Ltd., 32, Abinash Sashmil Lane, Kolkata.
Leather garments
7. Shri. R.K. Pandey, Regional Director, Council for Leather Exports, 6-G, Gopala Tower, Rajendra Place, New Delhi.
Member Secretary

Conclusion

All the four countries, namely Israel, Greece, Spain, and Portugal are having good market potential for leather accessories and leather garments except Israel, which is a very small market for the import of leather garments. In these countries, services of professional marketing experts should be taken for optimizing business.