

2nd South Asian Countries Commodity Fair, Kunming, China, June 6-10, 2009

- A Report By O.P.Pandey, Regional Director (SR), CLE

► The 2nd South Asian Countries Commodity Fair was recently held at Kunming International Convention & Exhibition Center, China from June 6-10, 2009. Kunming is the capital of Yunnan Province in China's South-West region. The fair was held in an area of 5000 square meters with 300 standard booths. The fair was jointly hosted by the Chinese Ministry of Commerce, the Yunnan Provincial Government, and the trade ministries of Afghanistan, Pakistan, India, the Maldives, Bangladesh, Nepal and Sri Lanka.

The fair was inaugurated by **Mr. Cui Zhiatao**, Deputy Secretary General, People's Government of Yunnan Province, China.

The fair was part of a drive to encourage South Asian exporters to enter the Chinese market. Trade between China and South Asia has increased rapidly in recent years to 66 billion US dollars annually. The 2nd South Asian Commodities



Dignitaries on the dias during the inauguration of the fair



The Hon'ble Minister of Tourism Bangladesh (R) & Mrs. Sheela Bhide, CMD ITPO inaugurating the Indian Pavilion



Mrs. Sheela Bhide, CMD, ITPO visiting the stall of a woman entrepreneur



Mr. M. Kaushik, Consul General of India, Shanghai, addressing the gathering during the reception hosted in Indian Pavilion



Mr. Cui Zhiatao, Deputy Secretary General, People's Government of Yunnan Province, China addressing the gathering

Fair was held coinciding with the 17th Kunming Import and Export Fair. The Kunming Import and Export Fair had been held successfully for 17 years and is one of the top ten trade fairs in China. Hence, these two fairs complemented each other very well.

CLE Information Booth

The Council had an Information Booth in the fair in which the publicity materials of the Council were displayed and distributed to the business visitors. Besides this, the samples of leather products collected from member-exporters were also attractively displayed in the CLE Information Booth to showcase the high quality. The products displayed were well appreciated by the dignitaries.



Mr. O.P. Pandey, Regional Director (SR), CLE at the CLE Stall

Research Report on Entry into China's Leather Market (Published in 2008)

This report presents a full view of China's leather market, provides analysis and suggestions on how to enter the fast growing market in China. The report includes analysis on market shares, competition, key players, market segmentation, import & export changes, sales channel, buyer's behavior, entry barriers, industrial environment and policy trends; introduces the procedure for exporting products to China, Chinese inspection & standards system, a list of major importers & agencies, annual trade fairs in China; provides full forecast to 2010 and key statistical data.

Through this research report, readers will know who are the major players and supervisors in China's leather market, what are the market entry opportunities and barriers, where is the right place to sell products, how many countries / regions exporting their products to China and where they go...

Through years of development, the leather industry of China has initially formed district economic industry groups, such as the leather and leather garments of Haining in Zhejiang, the sheepskin garments of Xinji in Hebei, the leather goods of Shiling Town of Huadu District in Guangzhou, Quanzhou in Fujian and Baigou in Hebei, the raw material processing of fur and characteristic economic zones of Tongxiang of Zhejiang, Suning of Hebei, Sangpo

of Henan, as well as the shoe-making industry of Wenzhou in Zhejiang, Wuhou of Chengdu in Sichuan, Bishan in Chongqing and Guangdong.

The leading enterprises in the leather industry of China are forming and occupying certain market share. Famous enterprises, such as Belle International Holdings Ltd. and Aokang Group Co., Ltd., possess competitive advantages in terms of women's shoes and men's shoes respectively and have begun to expand to the neighboring fields. According to the relevant data revealed by the State Statistic Bureau, from January to November in 2007, large scale enterprises in the leather industry realized a total industrial output value of RMB 412.812 billion Yuan, a sales income of **RMB 394.581 billion Yuan and a profit of RMB 17.667 billion Yuan**. Besides, 6,377 engaging units of large-scale enterprises with 2.3373 million employees existed. And the concentration ratio of enterprise sales income and regional sales income of large-scale enterprises reached 9.25% and 94.79% respectively.

The large scale enterprises of leather tanning process industry, in that year, realized a total industrial output value of RMB 82.135 billion Yuan, a sales income of RMB 76.395 billion Yuan, and a profit of RMB 4.121 billion Yuan, up by 20.77%, 17.7% and 37.69% respectively over the same period of the last year, with 784 engaging large scale enterprises with 153.8 thousand employees existing; the large scale enterprises of leather goods manufacture industry realized a total industrial output value of RMB 330.677 billion Yuan, a sales income of RMB 318.186 billion Yuan, and a profit of RMB 13.546 billion Yuan, up by 26.88%, 28.05% and 31.12% respectively over the same period of the previous year, with 5,593 engaging large scale enterprises with 2,183.6 thousand employees existing.

The export of leather goods of China targets mainly the middle and low grade products and the products with lower added value. In addition, China's 1.3 billion populations and its extensive consumption market also decide that the leather products are mainly to meet the domestic demands. According to the statistic data revealed by the State Customs, the export of China's leather products has maintained a stable growing tendency in recent years but shown a decline tendency of growth rate of export value in recent two years. In 2007, China has exported leather products of **15.399 billion US dollars** in total, up by 8.73 percent point over the last year, 1.44 times of the export value in 2003. And the annual growth rate of export value of leather products in China from 2003 to 2007 was 9.62%.

China has become the process and trade center of global leather industry. From 2003 to 2007, the import of the leather products in China showed a continuously stable growth tendency. In 2007, the imported leather products in China were 6.471 billion US dollars, which was up by 9.2 percent point over the last year and was 1.66 times of the total import value of leather products in 2003. And the annual growth rate from 2003 to 2007 reached 13.71%.

The major origin places of imported leather products of China are America, Italy, Brazil, China, Korea and etc., among which, in 2007, there were leather products of 1.16 billion US dollars imported from America, ranking top in

the whole country and accounting for **17.93%** of the total import value of leather products in that year; 743 million US dollars from Italy, accounting for 11.48% in the total import value of leather products in the whole country; 624 million US dollars from Brazil, accounting for 9.64% in the total import value of leather products in the whole country. And the leather products imported from the above three countries were 2.527 billion US dollars in total, occupying 39.05% of that of total import value of leather products. Accordingly, America, Italy and Brazil are the major origin places of imported leather products of China.

In terms of the imported subdivided leather products, various leathers applied as raw material are the most major subdivided leather products imported into China, whose import value in 2007 reached 5.962 billion US dollars, occupying 92.14% of the total import value. The imported leather products in 2007 were **508 million US dollars**, occupying 7.86% of the total import value.

China is no doubt a major manufacturer of leather products and hence there is a large demand for the raw materials, especially for the high-grade leather. Compared with the European raw material of leather, China's raw material is worse in leather material, severe in disability, and rough in grain tightness; therefore, the produced leather products are mostly in middle and low grade. As a result, imported leather products possess an important position in the domestic market for high-grade products.

With the constant expansion of the demanding amount of the leather products both at home and abroad and the gradually transferring of the foreign advanced industry to China, the production technology and quality of the domestic leather products are continuous improved, and the level of the per capita income for residents is increased constantly, and thus the leather industry in China will step into a stable development period, and the market volume will also keep a steady growth. It is predicted that, by 2010, the apparent expenditure of leather products in China will reach about RMB 500 to 530 billion Yuan.

