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## China forced to source Indian leather

Sushma U N, Times of India

28 September, 2012, Chennai: From competitor to customer, from threat to opportunity - the leather trade between India and China has come a full circle. Rising production costs and labour issues are pushing the Chinese to look at sourcing products from other countries, including India since Indian products match the Chinese in quality. That's a complete role reversal from just a year ago when the country used to supply critical ingredients to the Indian leather industry.

"The first indication of this (trend) came during the Shanghai Leather Fair when Indian manufacturers managed to sell goods, especially leather garments, to China," said Rafeeqe Ahmed, chairman, Council for Leather Exports. Indian leather companies have been participating in the fair for the last two years and have seen a clear increase in sales to their Chinese counterparts, he said.

While Indian exporters are also looking at other markets such as New Zealand, Australia, Africa and Latin America, China promises to be the biggest in terms of volume. "Indian companies are now focusing on getting a foothold in China because it is a huge market," Ahmed said.

Companies are, for instance, focusing on high-end fashion garments and accessories, and footwear manufacturers are diversifying into newer areas like manufacture of women's and children's shoes. "Indian products are good; what we need to develop is marketing," Ahmed said.

Mohan Sreenivas of Orient Express, a manufacturer and exporter of leather garments, said, "China is a very important market for us and we are working towards understanding it." According to him, about 25% of his finished products go to China.

India's interest in China comes in the context of the need for the Indian leather industry to look at newer markets since its largest market, Europe, is in crisis. Warm winters in the European region have also affected Indian exports. China has, for long, been a major competitor for the Indian leather industry with Indian exporters in the past complaining that Chinese companies were killing their industry.

Lately, however, the Indian industry has been doing well despite Chinese competition.

In 2011-2012, the Indian industry exported leather products worth \$4.9 billion, the highest from the country ever. Though exports have slowed down in the last six months, the dip will be made good in the second half of the year which sees exports for the upcoming spring-summer 2013 season, according to Ahmed.

The issue for the industry, however, is availability of skilled manpower. The entire industry is reeling under shortage of skilled manpower and Tamil Nadu, one of India's largest leather producers, is facing manpower shortage of about 15%, Ahmed said.

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