

Overall Status of China's Leather and Footwear Industry in 2017

China Leather Industry Association

1. The performance of China's Leather and Footwear Industries maintained a growth trend in 2017.

The sales revenue generated by scaled leather and footwear companies was RMB1.37 trillion, increasing by 3.08% from previous year.

The exports of leather and footwear industry were USD78.7 billion, increasing by 3.11% year-on-year . Among them, leather goods contributed 2.09 percentage points, followed by shoes with percentage points.

The imports of leather and footwear industry reached USD9.8 billion, increasing by 10.7% from the previous year, in which footwear contributed 5.49 percentage points to the growth of imports, followed by handbags with 4.51 percentage points and dressed fur with 1.48 percentage points .

2. Tanning Industry

The statistics showed that the sales revenue generated by scaled tanneries was RMB159.16 billion, decreasing by 1.57% from the previous year.

The profit achieved a poor performance, decreasing by 6.23% year-on-year with a decrease of 1.98 percentage points in terms of growth rate.

The imports of raw hides and skins were 1.25 million tons in quantity and USD2.2 billion in value, up 0.4% and down 0.3% respectively.

The imports of semi-finished leather were 706,200 tons in quantity and USD1.46 billion in value, increasing by 5.5% and decreasing by 0.4% from previous year respectively.

Imports of finished leather amounted to 116,800 tons in quantity and USD1.99 billion in terms of value, down by 12% and 4.7% from previous year respectively.

3. Footwear Industry

The sales revenue generated by scaled footwear manufacturers were RMB773.8 billion, rising by 4.41% from previous year.

Exports of footwear were 9.62 billion pairs and USD45.59 billion in value, up 3.7% and 1.7% from 2016 respectively. At the same time, China imported 139 million pairs of shoes with USD3.20 billion in terms of value, up 23.8% and 18% than previous year respectively.

Among them:

The output of leather shoes reached 4.48 billion pairs, up 1.29% year-on-year, but down by 0.71% in terms of growth rate.

Exports of leather footwear were USD680 million pairs in quantity and USD9.30 billion in value, decreasing by 1.2% and 3.4% respectively, while imports of that were 37.48 million pairs and USD1.41 billion, showing a decrease of 10% and 6.5% respectively.

4. Challenges and opportunities in the forthcoming future

Now, China economic development has entered the middle stage of 13th Five-Year. The economy has been in transition and supply-side reform, which has achieved initial success. China's GDP growth in 2017 was 6.9%. In the new period, China leather industry faces new challenges as well as opportunities, mainly in the following aspects:

--- Due to slow recovery of globe economy, rising of trade protectionism and increasing of geopolitical uncertainty, the exports of China's leather industry faces great pressure.

--- with stricter requirements for pollution control especially in tanning and footwear making, much more upgraded cleaner and pollution control technologies and equipments are needed.

--- Explosion of new domestic sales channel.

Although there are big challenges and some turbulence in economy, the economic fundamentals including leather industry remain sound. The country has recognized the important role of mass entrepreneurship and innovation for its future growth.

As for leather industry itself, positive factors are increasing. Many companies have already invested a lot or are preparing to invest more in innovation, introduce upgraded technologies and machinery while make effort to contain industrial pollution and overcapacity. This aim to change the economic growth model and produce higher value-added products to cope with these challenges.

In addition, many enterprises are making an effort to fully utilise the Internet as an effective tool to transform from the old product-centric sales model to a new customer-oriented and services-based business model.

5. Forecast

For tanning industry, in next few years, automobile leather and furniture leather will still be the growth point, while the demand for shoe upper leather will remain relatively stable. But the demand for garment leather is going to reach the bottom. Because of the large stock of leather garments, the output of garment leather can hardly be improved.

For footwear industry: The development of footwear industry is going to recover slowly. The traditional shoes retail will slow warming. Sports shoes (especially sports casual shoes, elderly walking shoes etc.) will continue to maintain rapid growth. Fashion shoes made of synthetic materials will still occupy the market rapidly.