

Overall performance

The whole industry chain in 2016 achieved a steady growth in sales revenue, while a decrease in exports.

The sales revenue in 2016 rose by 3.2% year-on-year to USD212 billion, but the growth rate down 2.9 percentage point.

The exports closed at USD76.4 billion, down by 11.3% compared with last year while the imports decreased by 7% year-on-year to USD8.9 billion.

Tanning industry

The production of finished leather from the medium and large sized tanneries, in which the annual sales revenue is not less than RMB20 million, increased by 3.3% from last year.

The imports of hide/skin was 1,245,346 tons and USD2.2billion, down by 8.8% and 27.7% respectively, and the imports of semi-finished leather was 668,974 tons and USD1.5billion, down by 9.6% and 19% respectively, while finished leather 131,987.2 tons and USD2.1billion, decreased by17.9% and 21.1% respectively.

Footwear industry

According to statistics, the sales revenue generated from medium and large sized footwear enterprises (the minimum sales revenue per year is as same as tanneries) in 2016 reached USD117.9 billion rising 4.9% year-on-year.

With regard to leather shoes, total volume produced by Large and medium sized companies (the minimum annual sales revenue is as same as above) rose by 0.9% compared with same period last year.

Footwear exports totaled 9.3billion pairs and USD44.9 billion by value, down by5.9% and 12.2% respectively year-on-year.

The imports of footwear in 2016 reached 112.4 million pairs and USD2.7 billion, up by 15.9% and 11.3% year-on-year.

Footwear consumption

E-commerce has become as the new point of growth.

According to CLIA's statistics, on line consumption of man shoes in 2016. was USD3505.4 million in value, increased by 16.3% than last year, while lady shoes reached USD5820.2 million, increased by 12.3% .

Challenges and opportunities

As CLIA mentioned before China has undergone a double- digit growth in economy over last 20 years, it is impossible for China to maintain such high speed growth in the future as internal and external situation have been changed a lot.

China is now going into transition period. The economy is shifting from export-led, investment-fueled growth to innovation and consumption-driven growth which brought new challenges and opportunities to China's leather industry.

--- Shifting from quantity oriented to technology and innovation driven model, which needs a lot of investment.

--- Dealing with stricter requirements for pollution control, where much more upgraded cleaner technologies and equipment are needed.

--- As labor cost is going up quickly which has brought high pressure to tanneries and footwear producers, the automatic, digital and intelligitized machineries are much needed by enterprises to replace labors and improve production inefficiency.

--- The Chinese young generations have moved their purchasing behavior to on line consumption, which forces manufacturers to develop new sales and promotional channel quickly.

Prediction for 2017

China tanning industry will keep stable in 2017, especially for auto leather. The car production and sales in China last year recorded a 14.5% and 13.7% growth respectively, it is anticipated that the sales of cars in 2017 will increase

5% from last year and keep growth in 2018 according to China Auto Association. This will create good opportunity for automotive leather sector.

It is forecasted that either production volume or number of tanneries in 2017 will remain the same level as the year 2016 or slightly more in terms of output of light leather.