

Mixed market sentiment following ACLE 2019

Held in Shanghai on September 3-5, the 22nd edition of the All China Leather Fair (ACLE) hosted 1,056 exhibitors from 34 countries and regions and attracted more than 23,300 visitors.

casestudy : U.S. - China trade talks

U.S. Ambassador to China visits ACLE

Terry Branstad, U.S. Ambassador to China, visited the U.S. pavilion and held private talks with representatives of the Chinese leather industry (CLIA) during his visit to ACLE on September 3.

On arrival, the Ambassador was met by Stephen Sothmann, President of the U.S. Hide, Skin and Leather Association (USHSLA), and Michael Duck, Director, APLF, co-organisers of the ACLE. He then toured the U.S. pavilion in the fair grounds and met exhibitors from the U.S., including hide packers and traders, as well as leather chemical makers. During the tour, the Ambassador was presented with an image made from pigskin leather created by U.S. raw materials processors CK International.

Following the tour, the Ambassador attended a drinks reception at the nearby Jumeirah Himalayas hotel and held a private meeting with senior representatives of the China Leather Industry Association (CLIA). Both USHSLA and CLIA have publicly expressed their desire to resolve the trade dispute and reduce tariffs, which had been imposed on both sides.



From left: Li Yuzhong, CLIA President; U.S. Ambassador to China, Terry Branstad; Stephen Sothmann, President, USHSLA

Over 20,000 visitors to the ACLE were buyers from the major manufacturing provinces in China, according to the organisers. The 22nd edition covered an area of 92,000 sq m across the eight halls of the Shanghai New International Exhibition Center (SNIEC), where several exhibitors put forward the sustainable characteristics of leather as a material. Another noticeable trend was the growing number of vegetable tanned leather on offer.

Despite the general difficult business conditions for the leather industry, and in particular the first half of 2019, which Michael Duck, Director, APLF, the show's organiser, called "the most challenging since the launch of ACLE in Beijing in 1998", the general mood was defiant and relatively upbeat. Feedback from exhibitors was mixed, with some reporting good business and valuable contacts made throughout the three day event, while others noted that aisles were less busy and more spread out and that there was a general sense of consolidation. Despite the uncertainty with regards to where the market is heading over the next 12 months or so, the majority of exhibitors remained cautiously optimistic, anticipating a turnaround within the sector.

casestudy : Inaugural fashion show

USHSLA brings leather to Shanghai catwalk



Models showcasing the versatility of U.S. leather products in the Chinese market.

The inaugural Forever Leather Fashion Show, which took place on September 3 at the Jumeirah Himalayas Hotel in Shanghai and was hosted by the U.S. Hide, Skin and Leather Association (USHSLA) in conjunction with the All China Leather Exhibition (ACLE), was hailed a success, with over 200

invited guests, media and key representatives from across the leather industry in attendance.

The catwalk show aimed to highlight the beauty and versatility of U.S. hides, skins and leather products in the Chinese market and showcased a selection of designer leather fashion and accessory pieces to an audience made up of U.S. dignitaries and industry representatives, as well as high-profile Chinese media outlets, social media personalities and other important influencers in the fashion, footwear and consumer lifestyle sectors of the Chinese economy, with some of the largest and prominent media outlets represented at the event, in addition to major Chinese tanneries, leather manufacturers and leather finishers.



Despite the general difficult business climate, the mood at the 22nd ACLE was defiant and upbeat.

While factors such as the U.S. - China trade off and its impact on the industry were big topics of discussion, the general consensus appeared to be that it is short-term and something that will be resolved, though the frictions are expected to put greater pressure on the import and export of China's leather sector. "The leather industry in China is relatively stable, but of course the trade dispute is serious and the long-term

implications are difficult to predict", said Chen Zhanguang, Secretary General of China Leather Industry Association (CLIA).

According to Zhanguang, the performance of China's leather and footwear industries remained stable in the first half of 2019, with sales revenue generated by leather and footwear companies increasing 3.35% to RMB0.54 trillion (US\$76.3 billion) from the previous year. Exports of leather and footwear were US\$36.89 billion, decreasing 0.15% year-on-year. Imports of leather and footwear reached US\$6.4 billion, +1.26% over 2018. Imports of footwear and luggage grew rapidly,

while those of raw materials declined to a greater extent.

He outlined the key challenges for the industry in the future, including the rapid development of textile fabrics and synthetic materials, and highlighted CLIA's lead role in limiting the use of the English word 'leather' at this year's edition of ACLE, an industry first, enforcing stricter regulations of the word for non-leather suppliers to "provide a fair competition ground for both leather and synthetic materials", which was widely seen as a welcome and necessary move. "We are trying to guide these enterprises and educate the consumers", he said.

casestudy Future of leather forum

Call for innovation dominates Shanghai shake-up

Innovation was the central theme during a series of talks and discussions at the 'Shanghai Shake-up', held on September 4 as part of ACLE's events and seminar programme.

Under the motto 'Redesigning a Future for Leather', high-calibre speakers gathered to present and discuss the key development goals and necessary steps to keep leather relevant in the lives of the next generation of consumers, and what tanneries and other key players in the supply chain can do to future-proof their businesses. Innovation, communication and education emerged as key concepts running through all presentations.

Jeanete Jost Collet, owner of Jost & Collet Consultancy, kicked off the event and set the scene by acknowledging leather's heritage and tradition, but warning that this is not enough to maintain the relevance of leather in the future. "We can't rely on the fact that leather has been around for 4,000 years. We need innovation, and innovation should be a new process and approach to our market that people see value in. We need innovation to reach the next generation and make them want to go out and buy a leather jacket, a leather wallet or a leather shoe", she said.

Kerry Brozyna, Vice President and



Kerry Brozyna, Wolverine

General Manager, Wolverine, addressed the question of what tanners have to do to get leather to the forefront of designers' minds, using examples from his company's extensive branded footwear portfolio. He conceded that today leather is just one of many materials that are used in the footwear sector, and if leather is to regain its significance, tanners have to offer a winning combination of price, material innovation, trend awareness and ultimately an understanding of the changing needs and expectations of brands and consumers. "The question is, are we going to keep doing what we have always been doing but expect a different result? Our industry is changing, and we need to change too", he said.

The Shanghai Shake-up session

concluded with a panel discussion featuring Emma Zhang, founder of Beijing Leadership Consulting; Jacopo Pesavento, Managing Partner at marketing agency Branding Records; Li Nan, Creative Director, Yiin Fashion Design Centre; and Orietta Pelizzari, owner at Mattori Studio, who debated why designers, especially young designers, are moving away from leather and how to transform the role of the tanner in the context of this challenge. "Designers today have no knowledge of leather and what you can use it for. It's not because they don't want to use it. There needs to be a bigger focus on education and the industry needs to develop closer relationships with designers", said Li Nan. This was mirrored by Emma Zhang, who added that leather's misconceived, negative image around animal welfare exacerbates the problems the industry is facing. "The general perception by young people today is that leather is not eco-friendly and that in fact, it is cruel to animals. So there is a real need to educate consumers on this level. Young consumers, especially in China, are happy to pay for sustainable products and materials, and we need to get leather to be perceived as the eco-material that it is", she said.