

2018

Trade Analysis Series

Pakistan Leather Garments Sector (2017-18)



Turn Potential into Profit!



Small and Medium Enterprises Development Authority (SMEDA)
Ministry of Industries and Production
Government of Pakistan

www.smeda.org.pk

UAN: 111 111 456

1. Product Description

The articles of apparel made from tanned hides and skins of various animals are called Leather Garments, which are broadly classified into three main categories, i.e. Leather Jackets, Leather Coats and Leather Trousers.

The Harmonized Commodity Description and Coding System (referred as HS Codes) designated for trade of Leather Garments is 420310. The brief description of sub categories falling with-in product category of HS 420310 is provided in the following table:

Table 1: Product Details of Leather Garments

Product Category HS Code	Product Description
42031010	Leather Jackets
42031090	Leather Coats
42031020	Leather Trousers
42031030	Other Articles

2. Global Trade of Leather Garments

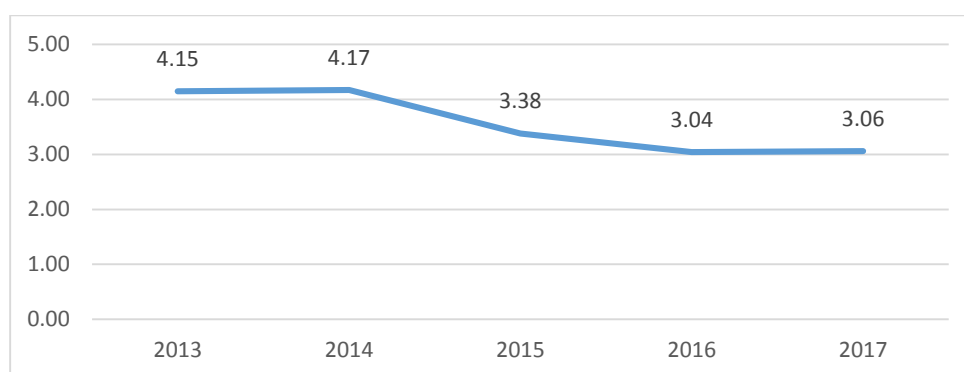
Leather Garments are one of the most valuable and important commodities in international trade. During the year 2017, the international trade value of Leather Garments was US \$ 3.05 Billion. The exports have shown a mixed growth trend with an average growth rate of -4% from the year 2013 ~ 17. The last five years global exports of Leather Garments in global trade are as follows:

Table 2: Global Exports of Leather Garments - Last 5 Years

Description	2013	2014	2015	2016	2017
World Exports (Value in US \$ Billion)	4.15	4.17	3.38	3.04	3.06
Growth %age	9%	1%	-19%	-10%	0.5%

Source: Trade Map



Figure 1: Growth Trend of Leather Garments Exports (Value US \$ Billion)**Major Exporters**

During the last 5 years, the exports of Leather Garments have been dominated by India, followed by Italy and Pakistan. The percentage share of the five biggest exporting countries is given in the following table:

Table 3: Major Exporters in 2017

Country	Exports (Value in US \$ Billion)	% Share in Exports in World	Avg. % Growth in Last 5 Years
India	0.53	17.4	-0.4%
Italy	0.53	17.3	-2%
Pakistan	0.28	9	-4%
China	0.25	8.2	-16%
Germany	0.21	7	-3%

Source: Trade Map

3. Pakistan's Exports

Leather Garments are one of the emerging export commodities of Pakistan. Over the last decade, export figures have shown high growth, however showing a negative trend in last 5 years with an average growth rate of -4 % from the year 2013 ~ 17. The major reasons for this are:

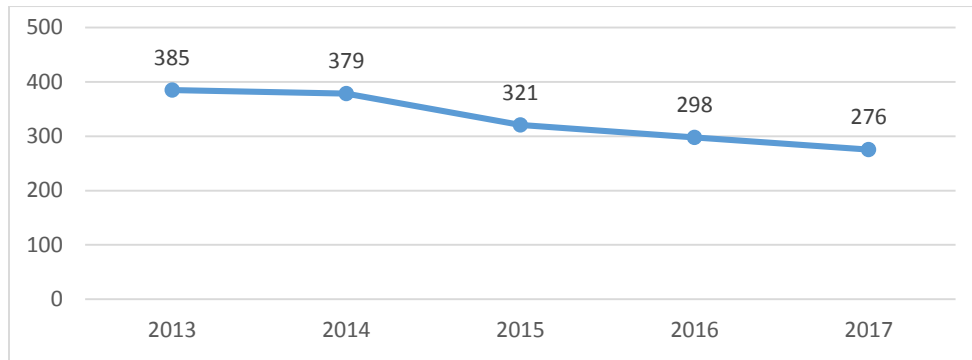
- Non availability of basic raw material
- Lack of technology up-gradation
- Low value addition and R&D, especially for Fashion articles
- Non availability of trained and skilled man power

Despite all these, the export potential of this commodity cannot be overlooked. During the year 2017, the exports value of Leather Garments was US \$267 Million. Pakistan's last five years export figures are as follows:

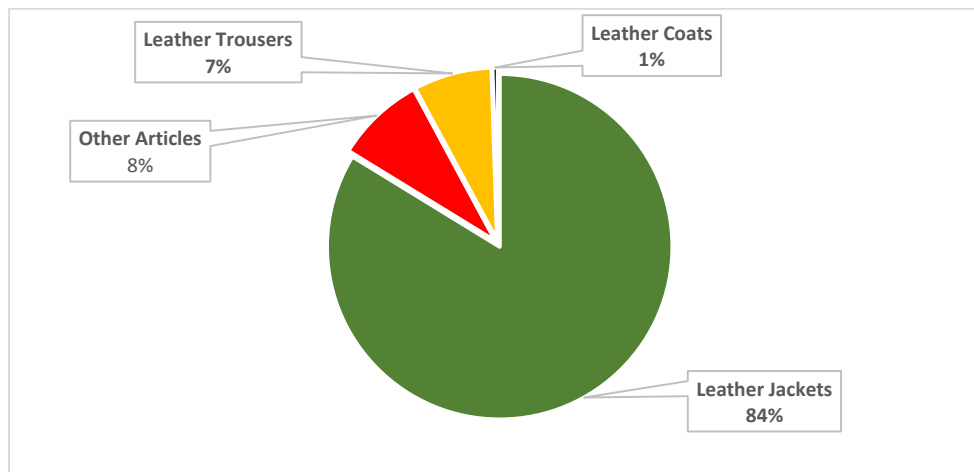
Table 4: Pakistan Exports Leather Garments - Last 5 Years

Description	2013	2014	2015	2016	2017
World Exports (Value in US \$ Million)	385	379	321	298	276
Growth %age	13%	-2%	-15%	-7%	-8%

Source: Trade Map

Figure 2: Growth Trend of Pakistan's Exports (Value in US \$ Million)**Pakistan's Major Product Mix**

Leather Jackets are the most valuable commodity among the Leather Garments in terms of exports from Pakistan followed by other articles and Leather Trousers. This is quite evident from the percentage share of different product categories in Pakistan's exports, as exhibited below:

Figure 3: Pakistan's Product Mix - Leather Garments

Source: Trade Map

Pakistan's Exports Destinations

In last five years, Pakistan's major export partner for Leather Garments was Germany followed by United States. The percentage share of top five importing countries of this commodity from Pakistan is given in the following table:

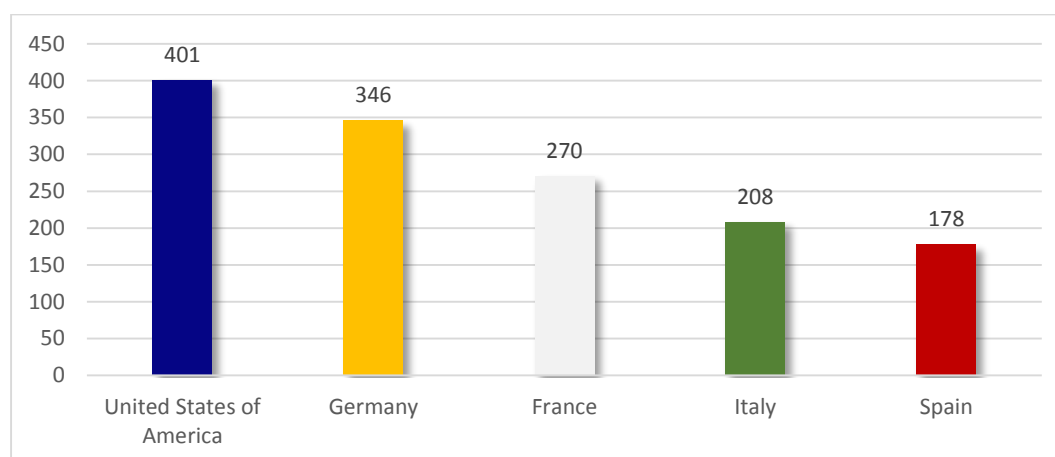
Table 5: Pakistan's Top Five Export Partners – Last 5 Years (Value in US \$ Million)

Country	2013	2014	2015	2016	2017
Germany	98	112	83	77	77
United States of America	50	45	46	41	36
Spain	32	37	40	44	34
Netherlands	28	29	28	22	23
France	44	37	25	23	21

4. Import Destinations of Leather Garments

The largest importing country of Leather Garments is China, followed by United States and Germany. The figures of five biggest importing countries are given below:

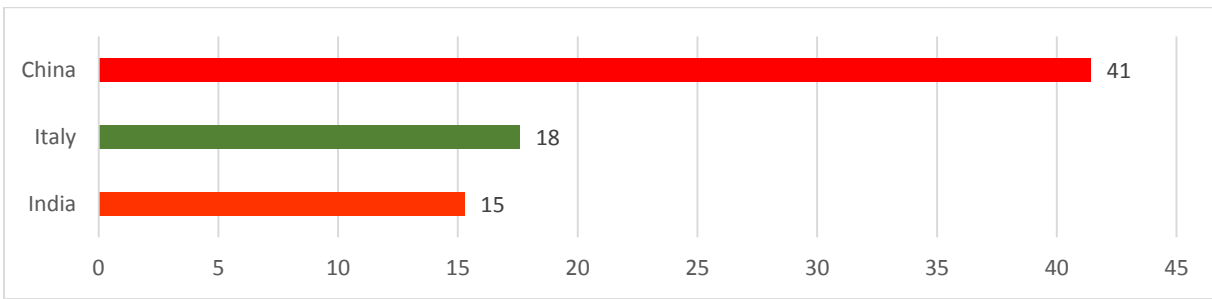
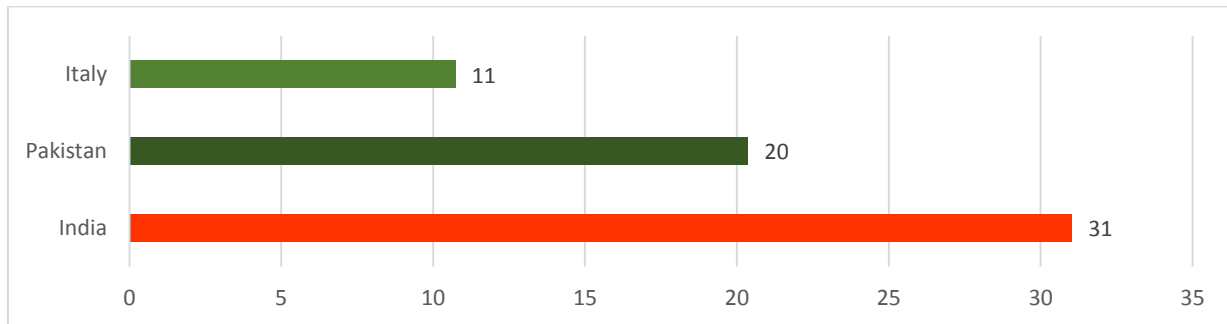
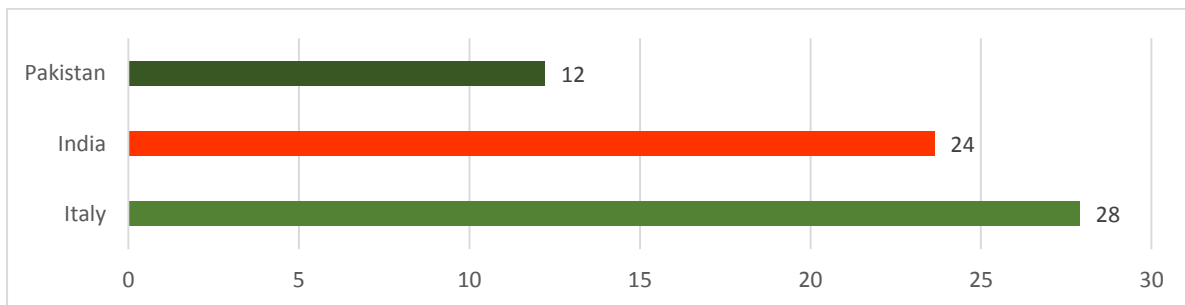
Figure 4: World Top 5 Importers (Trade Value in US \$ Million)



Source: Trade Map

Partner Countries of Top 3 Importers

The trade partners of the world's top 3 exporting countries of Leather Garments are discussed in the following section. The average percentage share of exported value of Leather Garments to top 3 importing countries is evaluated and presented in the form of graphs.

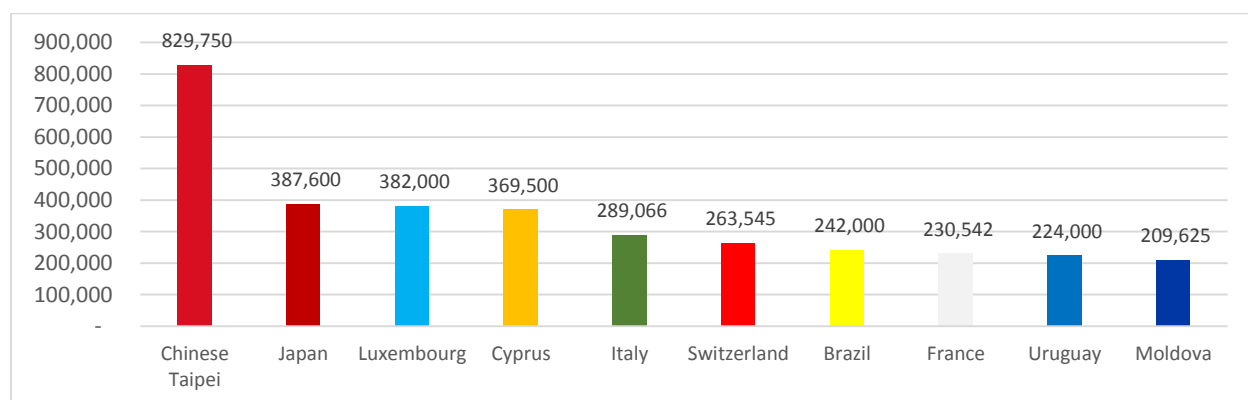
Figure 5: Trade Partners of United States (Ave. % Share in Export Value – Last 5 Years)**Figure 6: Trade Partners of Germany (Avg. % Share in Export Value – Last 5 Years)****Figure 7: Trade Partners of France (Avg. % Share in Export Value – Last 5 Years)**

Source: Trade Map

From the above graphical descriptions, although it is clear that Pakistan is not among the top three exporters to United States presently, it ranks at 4th position with a share of 8%. Whereas Pakistan is the second biggest exporting country to Germany and the biggest exporting country to France. These statistics clearly highlight the inroads Pakistan has made in exports of Leather Garments and underlying investment potential through high quality leather which is famous and acclaimed overseas.

Price Comparisons

The following price comparisons of Leather Garments show the prices charged by exporting countries for major product mix.

Figure 8: Price Comparison for Leather Garments (HS 420310, US \$ / Ton)

Pakistan's export price for Leather Garments is US \$ 677 per ton which is ranked 75th in the world.

5. Pakistan's Export Trade and Tariff

There are certain conditions on exports of Leather from Pakistan. There is custom rebate of 2 % on exports of Leather Garments from Pakistan.

Additionally, there is a Duty Drawback, as well as rebate on Local Taxes & Levies on Exports of up-to 7% for exporters cum manufacturers. This includes a flat 3.5% and another 3.5 % on one time exports if there is a 10 percent increase in the exports from the preceding year.

6. Prominent International Trade Fairs

Name of Trade Shows	Location	Frequency	Web Links
Futurmoda	Elche/Alicante, Spain	Twice a year	https://www.futurmoda.es/
International Specialized Footwear Exhibition	International Exhibition Centre, Kiev, Ukraine	Twice a year	http://artexpo.ua/
Who's Next International Fashion Trade Show	Paris expo Porte de Versailles, Paris, France	Twice a year	https://www.whosnext-tradeshow.com/
Leather & More - Leather and Leather Garment Fair	Fuarizmir, Izmir, Italy	Annual	http://leatherandmore.izfas.com.tr/
LINEAPELLE	Via Brisa, 3 20123 - Milano - Italy	Annual	https://www.lineapelle-fair.it/