



CLIA still positive about China's leather prospects

The China Leather Industry Association (CLIA) has said growth in the leather sector in China slowed last year to single figures. Speaking in Milan in September 2015, Chen Zhanguang, deputy general secretary of CLIA, said the industry there achieved revenues of \$200 billion in 2014, year-on-year growth of 9%. In terms of volume, Chinese tanners produced 600 million square-metres of finished leather in 2014, which represents a very small increase (0.6%) compared to

the figure for 2013.

Mr Chen said China also exported 10.7 billion pairs of shoes in 2014, with a value of \$54 billion, representing increases of 2% in volume and 13% in value. Leather shoes accounted for \$14 billion of this revenue and achieved double-digit growth in export volume and value year on year. In 2014, Chinese companies exported almost one billion pairs of leather shoes. Growth was 14% in volume and 11% in value.

In terms of footwear imports, there was what he called a significant increase. Total

imports were 73 million pairs of shoes with a value of \$2 billion. These figures represent growth of 32% in volume and 20% in value. Leather shoes "dominated", Mr Chen explained, accounting for 43% of the total volume with 31.4 million pairs of leather shoes and boots coming into

In China's domestic market, shoe sales across the country grew by 5% in 2014.

CREDIT: SEAN PAVONE / SHUTTERSTOCK.COM





China, and 67% in value at over \$1.3 billion.

In China's domestic market overall, he said the ministry of commerce has carried out a monitoring exercise on sales at 3,000 major footwear retailers and extrapolated from this exercise that shoe sales across China grew by 5% in 2014. "The retail market is not very good," he said, reflecting the decline in growth rate that 5% represents for the Chinese leather and footwear sectors, which have become used to double-digit advances in recent years. "These are hard times for the leather industry in China," Mr Chen said in Milan, "but we are still positive about our medium- and long-term prospects."

He explained that e-commerce has become "a new point of growth for the industry" and is "on a rapid upward curve". In 2014, online sales of consumer products in general in China rose by 50% year on year to reach \$440 billion and observers of consumer trends are certain that e-business will play a more and more important role in China's shopping landscape.

Commenting on these figures, the president of the China Leather Industry Association (CLIA), Su Chaoying, has told *World Leather* that he is not surprised by the slowing of growth in the industry in his country. Mr Su insists that he remains "very optimistic" about the future of the Chinese leather industry.

He said there are still around 1,000 tanneries operating in China at the moment and that CLIA is continuing to promote the idea of clusters, in which groups of tanners will work in close proximity to one another in up-to-date facilities, sharing services such as those of a modern wastewater treatment plant.

"This is the most important part of our policy for the future," he says. "The facilities tanners can have in the cluster model mean we can keep improving our environmental management and keep increasing the number of world-class tanneries we have in China." He adds that a trend of smaller operators being acquired by bigger tanning groups is also likely to continue, contributing to the contraction in the overall number of tanneries in the country.

At the end of 2011, Mr Su told *World Leather* that then there were 1,800 tanneries working in China, but he said he expected the figure to be nearer 1,500 in 2014. The figures offered now by Mr Su indicate that the number of tanneries in operation in China has fallen by nearly 45% in four years. ©



China exported 600 million square-metres of finished leather in 2014.



The China Leather Industry Association has expressed concern about a decline in the sector's growth rate, but drums are still turning in 1,000 tanneries across China.



Across the board, Chinese leather companies achieved revenues of \$200 billion in 2014.



How the Trans-Pacific Partnership might affect the footwear industry in China

Veteran footwear industry commentator Peter Mangione has said he believes the Trans-Pacific Partnership (TPP) trade agreement, which will liberalise the movement of goods among 12 trading partner nations, is likely “to shake up the global free trade world” and put pressure on China, which is not one of the 12 signatories, to “move to more open trade”.

On October 5 this year, trade ministers from all 12 TPP countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam) reached agreement on the terms of the trade pact and passed all proposals to legislators in each country for approval. If the 12 governments go ahead, import tariffs will be reduced or removed on products the 12 partners buy from each other, including leather and shoes.

Peter Mangione, who runs Washington DC-based consultancy Global Footwear Partnerships, is in no doubt that the biggest impact TPP will have on the footwear industry is that Vietnam will be able to ship shoes duty free to all countries in the pact. He points out that a number of footwear categories including waterproof and synthetic protective footwear and high-end sports shoes with fabric uppers are “burdened by a long phase-out period before zero duty is implemented”, but that apart from these all shoes will be subject to zero duty immediately. In the US at present, duties on shoes are 6% for plastic, 8.5-10.0% for leather shoes, and 7.5-12.5% for most textile upper items. There are duties of 37.5% for most non-leather protective shoes.

There are free-trade agreements (FTAs) in place already between the US and most TPP participants, but duty-free trade with Vietnam will be new and will make a difference to companies that produce footwear in Asia for the US market. “China, is not part of the deal,” Mr Mangione says, “and the prospects for China joining TPP are not encouraging, at least not in the near term.” This is in contrast to South Korea, which, because it already has an FTA with the US, is likely to gain admission to the new pact more quickly.

What China will miss out on will be what he describes as “the most open trade deal ever, far exceeding anything in the World Trade Organisation (WTO) or in any FTA ever negotiated”. He claims it is no exaggeration to say that TPP will establish “the new rules of trade for the future”.

According to Peter Mangione, the US would welcome China into the TPP (as it did with China when it joined WTO) if China agreed to all of the rules and liberalisations in TPP. “The big obstacle for China is its desire to liberalise its trade in a highly selective manner,” he continues, “and its resistance to broad openness and transparency in many critical areas.” Examples he gives include intellectual property, labour rights and the operation of state-owned enterprises. China has been, and continues to be, busy on other FTA negotiations, Mr Mangione points out, but appears to many observers in the US, at least, to want far lower levels of liberalisation on these points than many of its trading partners.

Nevertheless, one of the potential FTA arrangements China is pursuing, FTAAP-21, would include the US and, although its

conclusion may be five years away, Peter Mangione says this represents the best chance for shoes made in China to secure zero duties in the US market. However, it is also possible that TTP will fuel new free-trade negotiations with other large trading nations, such as Brazil. As mentioned above, Mr Mangione believes countries with existing FTAs in place with the US will seek to become part of TTP quite quickly to avoid being at any disadvantage compared to the US in trading with Asian nations.

“Maybe, just maybe, the TPP and its global aftermath may ignite a fuse that will restart the WTO and result in a robust trade liberalisation that reaches all countries including, China, Brazil, India, Russia and so on,” he concludes. “Once that happens, shoes from everywhere are likely to be without duty, finally.”



The Trans-Pacific Partnership may give the Chinese footwear industry the blues initially as China is not one of the 12 signatory countries, but industry commentator Peter Mangione has hope that “the most open trade deal ever” may spark a wider round of new negotiations that will, in time, grant duty-free access to big markets such as the US to shoes made in China.



Biosk claims its wastewater-saving technology is “revolutionary”



A Chinese leather chemicals company, Biosk, claims to be able to challenge the traditions of the tanning industry through a “revolutionary process” it has developed for managing wastewater.

Established 30 years ago and based in the city of Shangqiu in Henan province (with a number of production and distribution centres throughout China), Biosk has grown into one of the largest companies specialising in the research and development of tanning processes and the supply of chemicals to the Chinese tanning industry. Its core products encompass soaking and liming agents, degreasing chemicals, bactericides and fungicides. Its development of wastewater recycling technology is a more recent breakthrough.

It hopes to become better known in the global leather industry thanks to its innovation in managing wastewater. The technology it has developed is capable of using all discharged wastewaters from operations from the beamhouse through to retanning processes. It believes the system it has developed can help tanners globally, adding that the technology is “timely and appropriate for today’s industrial climate”.

Key benefits it says the system will offer include reducing water usage by more than 70% in leather-making processes, reducing effluent discharge by up to 70% and lowering chemical usage by as much as 30%. “This is now a reality and no longer an aspiration,” Biosk says.

The company began to address the challenge of recycling tannery wastewater in 2005 when Biosk chairman, Mr Zhang Zhangdou, who was running a tannery of his own at the time, decided to make the fight against pollution his focus, with the aim of changing the public’s negative

perception of tanning. He established a research and development test centre, hired technicians, engineers and scientists and began trials. After four years, in December 2009, and only after making some radical changes to the processes and chemicals Biosk was using, results improved. Mr Zhang insisted on repeating the tests again and again, and after 20 repetitions he declared his ‘eureka’ moment.

His wastewater recycling technology is a combination of two things: chemistry and process. It is not as simple as adding a secret ingredient; what’s required is a change in the concept of managing wastewater to provide tanners with the ability to reuse the effluent stream to create leather of consistently good quality.

The tanning process traditionally uses fresh, original ingredients with each new batch of hides processed. This formula requires a continuous flow of clean water, fresh chemicals and associated utilities. Tanning is a batch process operation but creates a constant flow of effluent and spent liquors, all of which must be managed through a complex water treatment system prior to being released to the local municipality. This becomes a reactive process, and managing the waste streams often becomes challenging. There is a multitude of initiatives around the globe to address pollution from various industries and the demands set upon businesses are becoming increasingly strict each year.

Looking at the concept of tanning from a different perspective Biosk has taken a proactive approach by applying a waste management methodology to the processing of hides. Instead of dealing with the resulting problem of effluent, it has addressed the symptoms causing the

discharge and by approaching the issue of reusing the constituents. Imagine only having to change the float once and being able to retain the spent tanning liquors for reuse on the subsequent batch. The concept of recycling all tanning waters is a major paradigm change, Biosk claims, adding that it has developed the key to unlock this untapped resource.

The technology works by adjusting and re-engineering the process together with adding “certain pharmaceutical agents”. This has the effect of turning hindering materials into beneficial agents, essentially turning the multitude of compounds, microorganisms and enzymes into productive agents that make using spent liquors possible. This new technology is also able to enhance the wet blue product as finished leather quality and yields all improve.

Today this technology is being used by several large-scale tanneries in China, having been adopted successfully for over three years. The technology has won several patents in China and Biosk is in the process of applying for patents in several other countries, including the US.

Some key comparisons:

- A. Wet blue yield increases by 3% - 10%, Shrinkage temperature increases by 3°C - 10°C. Tear strength increases by 15%. Yield of split leather increases by 15% to 20%. Loose surface decreases by more than 20%.
- B. Chrome and other chemicals penetrate more evenly.
- C. Water use is reduced by more than 70%. Energy use is reduced by more than 25%.
- D. Chemical use is reduced by between 15% and 100%. For example, lime chemical use is reduced by 35% - 65%. Salt and enzyme use is reduced by between 70% - 100%.
- E. Solid waste discharge is reduced by more than 70%.
- F. A reduction in the use of other environmental resources such as land, equipment, chemicals and manpower by more than 70%.

While many industry analysts continue to look at the best ways of treating wastewater, Biosk has targeted a system to eliminate it. ☺