



Hard times

First of all I would like to report that I have been contacted by one of the Ethiopian leather industry stakeholders who pointed out that my assessment in an earlier column about the Ethiopian leather industry and the reasons I brought up for the All African Leather Fair being discontinued were completely wrong. The author did not explain why I was wrong only that, according to him, I had no knowledge of the inner workings of his country's leather industry. Even if I may not have the finer details of the inner workings of the Ethiopian leather industry at my disposal, I do have numerous local contacts and I believe that I may not score a full '10', but I may get a very good '9'.

The going is really tough. Press releases of many national leather associations complain that business is bad. African hide and skin exporters and tanneries are having a very tough time. In spite of reducing their prices they still have great difficulty finding a market for their products. The same unpleasant news is arriving from the Indian sub-continent where Pakistani and Bangladeshi tanners have reduced their production to as low as 30% of their installed capacity. India seems to be faring a little bit better owing to the huge domestic market. In India and Bangladesh shoe factories seem to be doing better than, for instance, those in Pakistan. It's the same story in Indonesia, whereas Vietnam is exporting more leathergoods than before, but mainly because parts of Chinese and Korean production have moved to Vietnam.

The culprit of the present crisis is said to be the Chinese market, which seems to be absorbing less leather. I question whether the Chinese market is really fading; China produces some 65% of all the shoes in the world, which comes to about 14 billion pairs per year, but only 25% of this huge footwear production is made from leather; or some 3.5 billion pairs of shoes. Out of the 14 billion pairs of shoes, some 10 billion pairs are exported, meaning that four billion pairs of shoes remain in China for local consumption or 2.7 pairs of shoes per year for each Chinese citizen. Footwear imports are a mere 33 million pairs, which is a negligible 2.2% of the total.

Lower income groups in China are not buyers of leather shoes, but they are prospective buyers. Leather shoes are still a minor luxury for the working class and common fare only for the rich, which are probably 50 million people out of China's total of almost 1.4 billion. In my view the reduction in China in the purchasing of leather shoes, if there is one, is not being caused by price, considering that the cost of leather has come down over the last 12-18 months, but a shift in fashion worldwide. In parallel it seems that the demand for shoes is rising in India, particularly in the domestic market. Between China and India we look at a population of almost three billion people, both countries with an increasing GDP, hence with a population that is improving its income. In general extra income is spent first on food, then on clothing and then on property.

Leather today is relatively cheap. Prices of the raw materials are at a low, not as low as in 2008, but still at a low. This automatically means that the difference between high and low quality origins shrinks and leather producers prefer the higher quality material from markets like the European Union, the US



At some point in the future, designers will "rediscover" leather as their favourite material...for a couple of seasons at least.

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and Australia, rather than Africa or south-east Asian countries because they get better leather and a better yield at less production cost.

Let's also keep in mind that in the manufacturing cost for shoes, leather is not the major factor. My gut feeling is that the price of leather is not the issue that is causing the declining demand for leather shoes or bags. It is a matter of fashion. Designers are not concerned with the characteristics or origin of the materials with which they construct consumer goods. They are simply looking for something "new", something that differentiates the trend from one season to the next. For designers, using leather, synthetics or textiles is all the same. Designer leather bags and designer bags made from synthetic or other non-leather materials are the same price in their boutiques. It is all part of a cycle and at one point in the near future, the interest of designers in non-leather materials will be exhausted and they will again "discover" leather as their favourite material for a couple of seasons. They will herald the beautiful, natural characteristics of leather; like they heralded in an earlier season the beautiful 'whatever' of the materials they



used then. I am obviously talking about big consumption fashion, not top fashion.

Am I cynical? Yes I am, and no I am not. I am being realistic. I think it is all a matter of money, of inducing people to buy in this consumer society. The days of lasting consumer goods are over. The industry, all industries, builds a lifecycle into its products. Your washing machine must stop working after five years and repairing it must be very expensive, so that you will buy a new model offering new levels of performance instead. Your iPhone or Samsung smartphone will exhaust its internal memory after a number of software updates, making it slower and less reliable, with reduced battery capacity; it will become obsolete. The same goes for fashion products. Why is there so much emphasis at the various leather fairs on "new" colours for a new season? It is mass indoctrination that one randomly chosen colour is the "right" colour to wear, making all other colours unfashionable, making those that follow the fashion diktat feel good because they are wearing the right colour, or the right cut or model. To be in fashion and wear the right colour, right length of dress, jackets with three buttons rather than two, the right type of shoe or boot with the right heel height, you need to go out and buy.

Then we have another factor that weighs heavily on the leather industry: action groups. Action groups have always attacked the leather industry head on, claiming that we pollute and cause illness and death, and because we (they believe) kill animals which otherwise would happily reproduce and

overcrowd, eat whatever is edible and invade agricultural land that feeds us humans. The trend of some groups is for the world to become vegan, make non-vegetarians or non-vegans feel guilty, because according to the relevant action groups, everything that lives has its own intelligence, its own feelings, its sufferings and so forth. No action group has yet been able to show that vegetables have a brain too and can feel pain, which would automatically also remove vegetables from our daily diet. But rest assured, the 'proof' of this will surface one day. And what then? No problem. We won't need leather anymore because we will all starve to death.

These action groups have an agenda, as I have mentioned also in previous columns. They make money by adopting a cause and the leather industry is wide open to their attacks. They find followers who are blinded by their slogans and propaganda and willing to finance these groups with millions. It is a fact that part of the public backs these causes, follows their indications, donates large amounts of money and tries to impose its ideas on others. These action groups and their followers are a market, a market that spends money, buys clothes, food and so on, and therefore are taken into consideration by producers, industry, distribution chains. Therefore the rise of vegans influences one way or another the fashion designers and hence, at least temporarily, encourages a move away from leather.

To make a long story short, I don't have a clue why the leather industry in many countries is suffering hard times. ☹

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