



Vietnam leather industry

A new script written

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Vietnam – Location



Location

Southeastern Asia, bordering the Gulf of Thailand, Gulf of Tonkin, and South China Sea, as well as China, Laos, and Cambodia

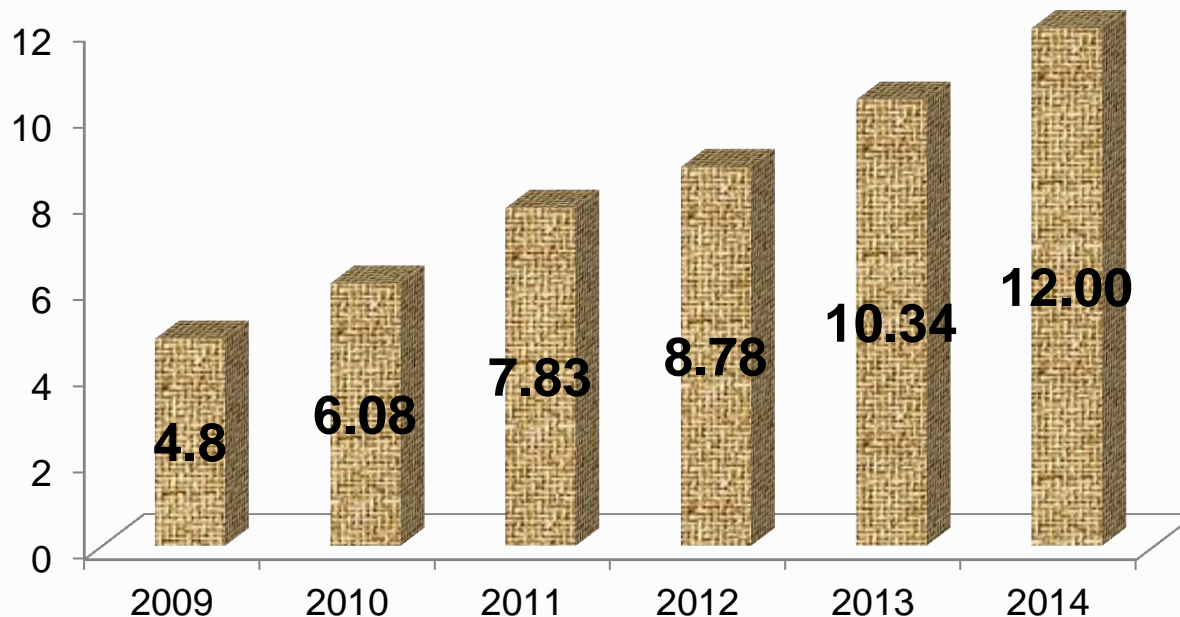
Vietnam – Fact Sheet

Particular	Details
Capital	Hanoi
Government Type	Communist state
Currency	VND (Vietnamese Dong) 1 USD = 20,960 VND
Population	9.2 crore
Total Area	331,210 Sq. km
Language	Vietnamese (official). English (as a second language)
GDP growth	4.96% (Q1 2014)
Labour force	52.93 million (2013 est.)
Labour force (by occupation)	Agriculture: 48%, Industry: 21%, Services: 31% (2012 est.)
Labour force in leather industry	1 million (about 2% of total labour force employed in leather & footwear industry)
Exports	\$ 128.9 billion (2013 est.)
Export of leather, Leather Products & Footwear	\$ 13.8 billion (10.70% share in total exports) (as per ITC Statistics)

Unprecedented Growth in Exports

The Vietnam Way

Vietnam's Export of Footwear & Handbags in Billion USD



**Export growth - 150% from 2009 to 2014
(2.5 times increase in 6 years)**

Values given for 2014 are projections

*As per ITC Statistics, export of leather, leather product & footwear
was USD 13.8 billion in 2013*

Factory View



Top Positions in EU and US market

The Vietnam Way

EU

Country	Position
China	01
Vietnam	02
India	03
Bangladesh	04
Indonesia	05

- 10% EU anti-dumping duty for leather footwear from Vietnam removed in March 2011.
- EU GSP to Vietnam w.e.f. 1.1.2014. Concessional Import Duty rates on par with India for Leather Goods & footwear for Vietnam (Duties lesser by 3.5%)
- Proposed Vietnam - EU FTA will further boost exports.

USA

Country	Position
China	01
India	02
Vietnam	03
Indonesia	04
Bangladesh	05

- Large factories meet Volume productions.
- Proposed Trans-Pacific Strategic Partnership Agreement will further boost exports.

Vietnam Leather & Footwear Industry

Fact Sheet

Particulars	Details
Enterprises	800 (Footwear -600). <i>FDI Enterprises : 30%</i>
Footwear Production	1 billion pairs p.a.
Handbags & Travel Goods Production	150 million pcs p.a.
Leather Production	350 million sq.ft p.a
PVC/PU Production	1.4 million sq.ft. p.a.
Employees	1 million (organised)
Production Centres	South : Ho Chi Minh City, Binh Duong, Dong Nai Long An, Can Tho, Vung Tu North : Hai Phong, Hanoi, Hai Duong, Thai Binh Vinh Phu

Largest Export Segment
after Textiles and Garments


Footwear share is 10% in
Vietnam's export

65% of production units in
South Vietnam



Vietnam Leather & Footwear Industry

Strengths and Weaknesses



Weak Tanning Base & Design Capability

Over-Dependent on FDI Enterprises

No structured training for workers



Duty Free Access of inputs/raw materials from ASEAN region

Govt. Support on Infrastructure – Factory set-up

High Productivity of Workers

Innovations : Commercial Farms for crocodiles



Vietnam Leather & Footwear Industry

Ambitious Export Targets

Product	Unit	2015	2020	2025
Footwear	Mn. Pairs	1172	1698	2272
Handbags - Backpack	Mn. Pcs	186	311	478
Leather				
Hard Leather	1000 ton	39	63	84
Soft Leather	Mn. Sq.ft	197	277	353
Labour Force	1000 per.	838	1003	1167
Export Turnover (Total)	Billion USD	13.0	24.50	40.00
Footwear	Billion USD	10.50	19.50	31.00
Hand Bags	Billion USD	2.50	5.00	9.00

**Footwear share in exports
by 2025 will be 78%**

Vietnam Leather & Footwear Industry

Requirement of inputs

Product	Unit	Domestic Manufacture (2012)	2015	2025
Leather	Mn. Sq.ft	30%	600	1600
Synthetic Leather	Mn. Yard	30%	144	270
All kinds of fabrics	Mn. Yard	70%	248	465
Outsoles	1000 ton	60%	880	1650
Shoe Form	1000 pair	70%	2304	4320
Metal Accessories	1000 ton	50%	158	296
Glue and Adhesive	1000 ton	70%	16	30
Packing Accessories	1000 ton	90%	255	478

Vietnam Leather & Footwear Industry

Opportunities and Threats



For companies : Establish units in Vietnam

For companies : Export of components, finished leather

For institutions : Help in training/ environment norms

For industry : Explore JVs



Perceived unrest against overseas companies



Brazil– Fact Sheet

Particular	Details
Capital	Brasilia
Government Type	Democratic
Currency	Brazilian real (BRL, R\$) 1 USD = 2.25 Brazilian Real
Population	19 crore
Language	Portuguese
GDP growth	2.3% (2013 est.)
Labour force	107.1 million (2012 est.)
Labour force (by occupation)	Agriculture: 20%, Industry: 14% and services: 66%
Exports	\$256 billion (2012 est.)
Export of leather, Leather Products & Footwear	\$ 3 billion (1.17% share in total exports)



Sourcing Delegation to Brazil

- Exploring new and potential markets for sourcing raw materials
- Brazil is the 2nd largest producer and 3rd largest exporter of Finished Leather to the world.



Brazilian Tanning Industry Profile

- Total 310 tanneries
- Tanneries by segment (% of 310 tanneries)
 - Finished Leather 69.4%
 - Semi Finished Crust 17.7%
 - Wet Blue 12.9%
- Around 40 tanneries are large sized responsible for 66% of the total employees in the leather sector

Cattle Herd – Top 5 Million Heads

COUNTRY	2011	2012
INDIA	323.7	325.8
BRAZIL	214.1	217.5
CHINA	106.4	107.1
USA	92.7	91.9
PAKISTAN	67.3	68
WORLD	1625.3	1632.9

Slaughtering – Million Heads

COUNTRY	2011	2012	2012%
INDIA	43.1	43.1	13.23%
BRAZIL	39.1	39.8	12.80%
CHINA	46.3	46.2	14.86%
USA	35.1	33.6	10.81%
PAKISTAN	13	13	4.18%
WORLD	310.7	310.7	

Source : FAO 2012 & CICB

Production of Bovine Hides & SKins

Description	Brazil	World	% share
Production of Bovine hides and skins –(million pieces)	39.8	355.2	11.20%
Production of Bovine Hides and Skins – Wet salted weight (Million pieces)	796.0	6446.2	12.34%

Source : Food & Agricultural Organisation (FAO), 2012

Distribution of Brazilian Tanning Clusters



View of Tannery processing wet blue

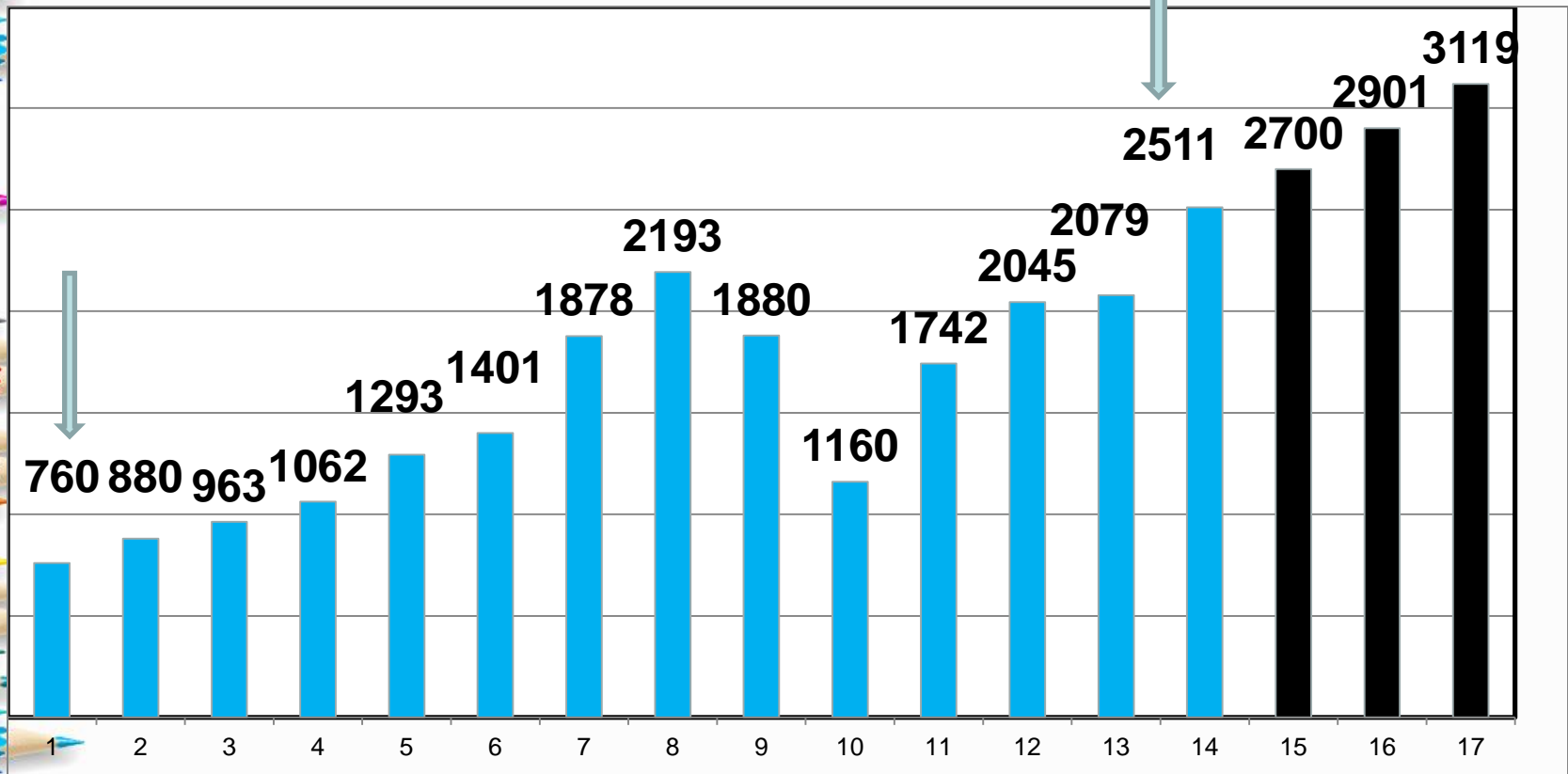


View of tannery



Brazilian Exports – Hides & Skins and Leather

US \$ Mn



Source : CICB, Brazil

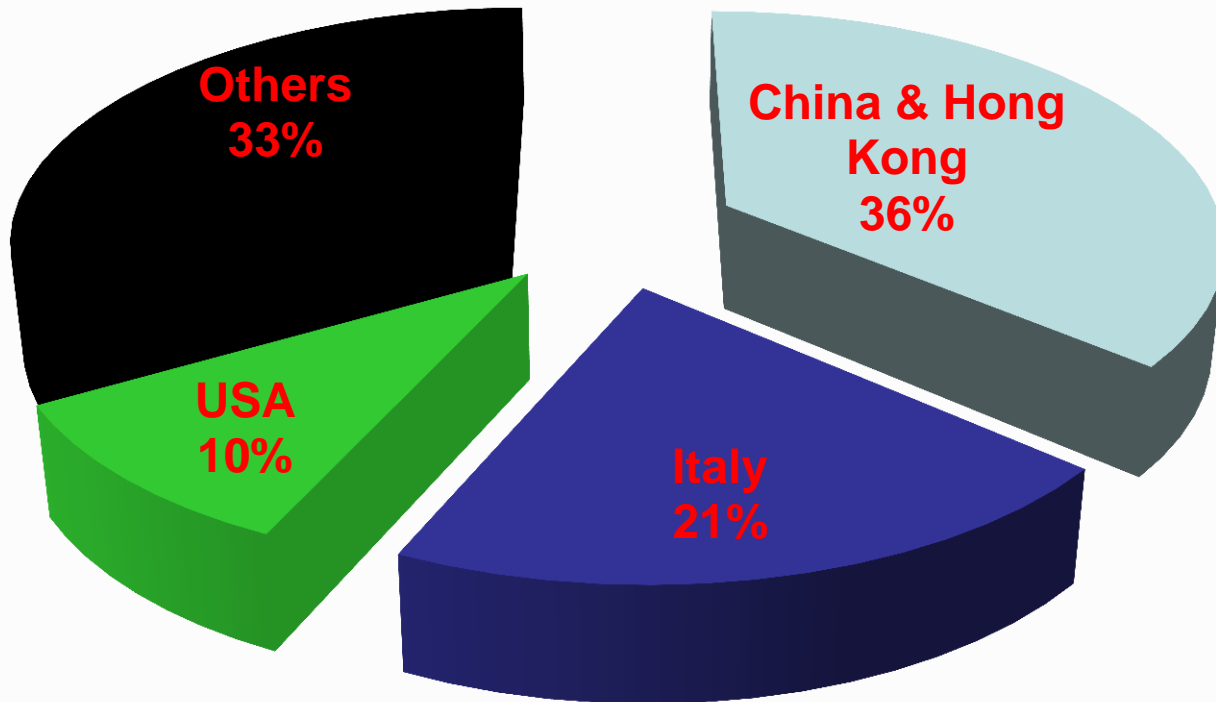
2000 to 2013

2014 to 2016

**230% growth
from 2000 to
2013**

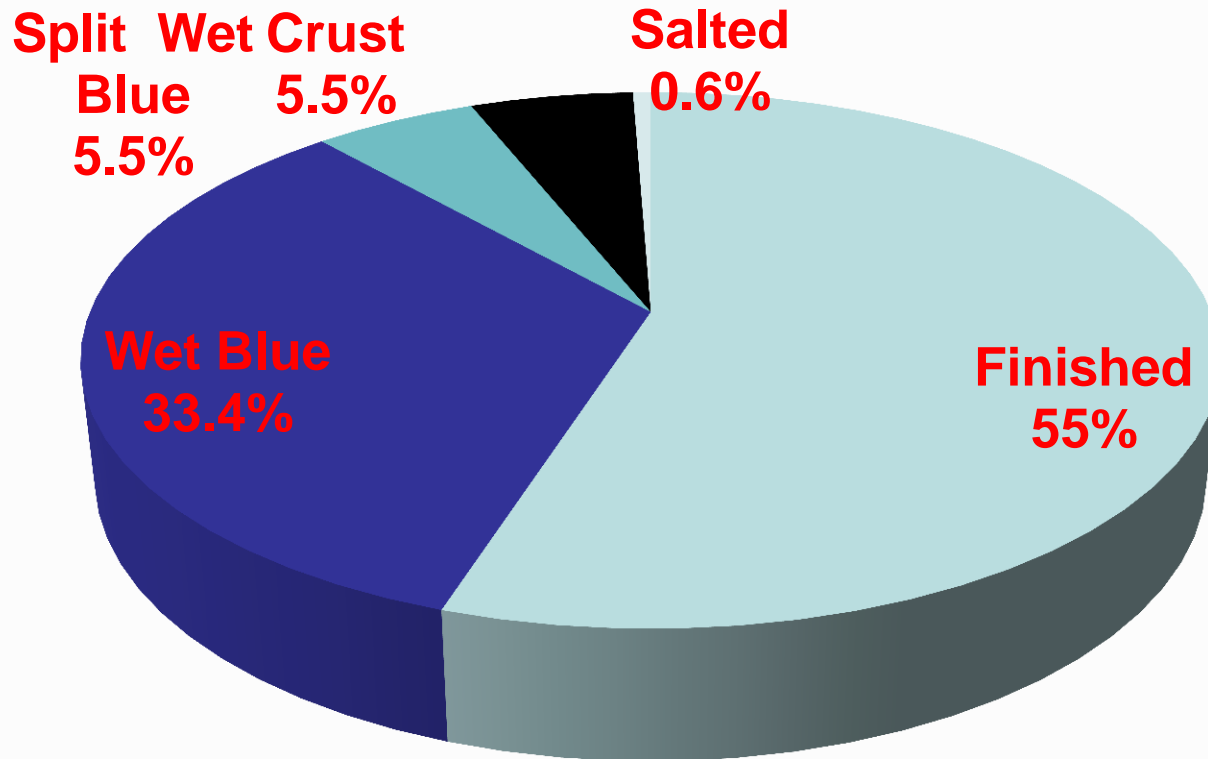
Destination by Country

% of Export Value of US\$ 2511 (2013)



Exports by type of Leather

% of Export Value of US\$ 2511 (2013)

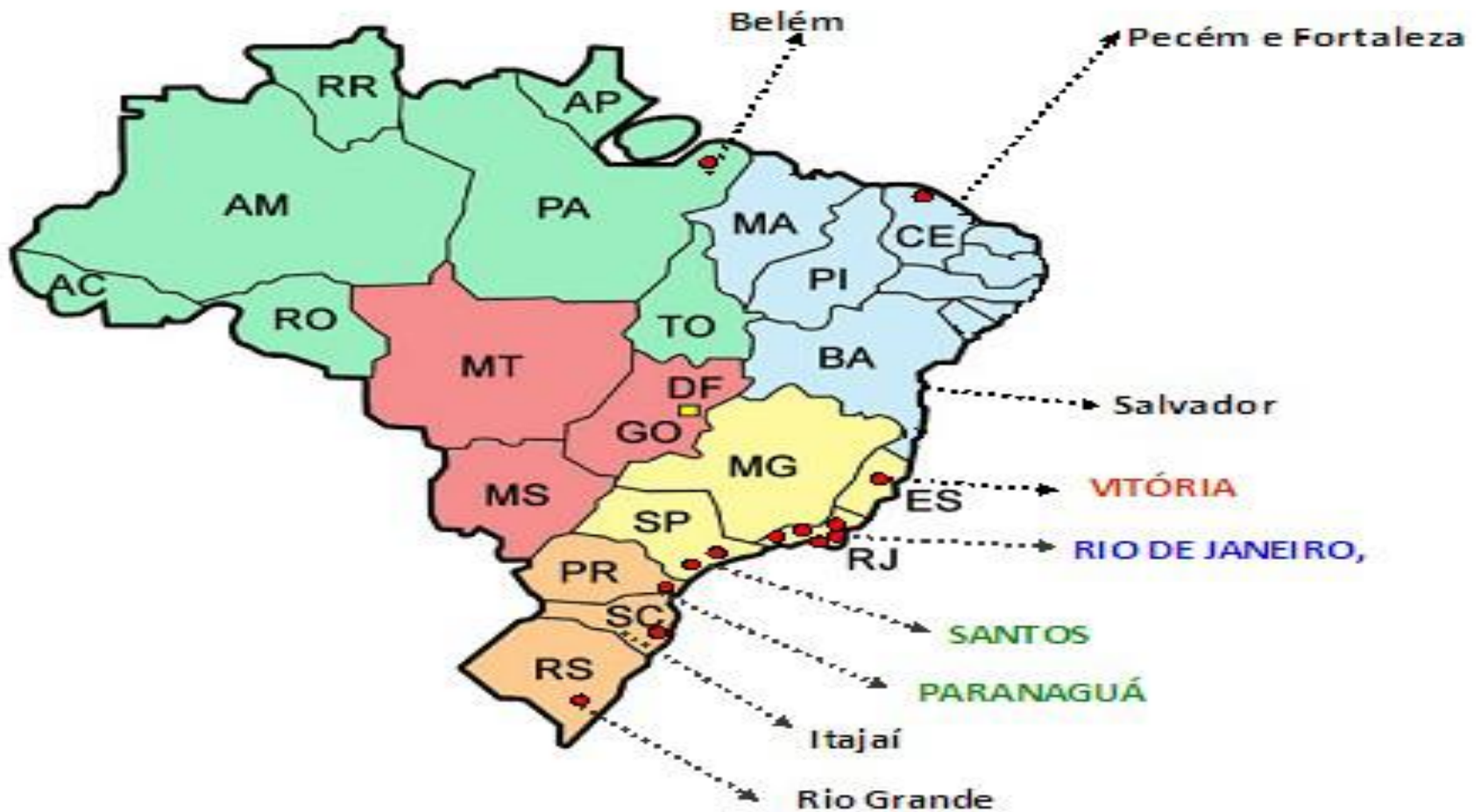




Export Duty in Brazil

- **Brazil** does not prohibit export of leather.
- There is, however, the export duty for some types of leather. Exports of bovine raw hides, skins and wet-blue are subject to an export duty of 9%.
- Crust and semi processed leathers are **not** subject to export duty.

Brazilian Ports





Freight Rates

Air Freight Rates

- US\$ 1.75 to US\$ 2.60 per 1000 Kg
- Takes 5-7 days

Sea Freight Rates

- US\$ 1300 to US\$ 2350 per 20' Cntr
- Takes 40 to 45 days through Singapore