AIMPES

Associazione Italiana Manifatturieri Pelli e Succedanei

LEATHER GOODS SECTOR

TURNOVER AND EXPORTS

The Italian leather goods sector saw a fall in turnover of **2%** last year, generating a slowdown in exports too, which in the first ten months of 2016 were consistent with the previous year's results and showed signs of growth only in relation to medium-low priced products.

Preliminary turnover (January - October) for 2016 closed at little more than 7 billion, exports at 5.4 billion and imports at 2.2, with the balance of trade therefore remaining extremely positive at 3.2 billion.

Last year saw a consolidation of the difficulties in the luxury segment that had already set the trend for the first months of 2016: growth was not entirely reversed, but there was a clear slowdown. At least for now, the strong period of growth in high-end demand seen in recent years is over. For the medium term, forecasts are predicting more moderate average rates of growth of between **2 and 3%**, but they relate to products in one of the highest performing sectors, that is, the Chinese market, which, in future, will be the most receptive.

The political and economic tensions on the international scene have affected consumption and compromised the level of purchases. In particular, tourist visits to Europe have been affected by terrorism and international tension in general, while the collapse in the price of oil and currency fluctuations had an additional impact on the results for 2016, which was a difficult year for businesses in the sector also.

Exports in leather goods saw total growth of **0.9%**; turnover in genuine leather goods was almost unchanged **(+0.15%)** with a value of **4.2 billion**, while synthetic items saw a more positive trend **(+3.6%)** and a value of **1.2 billion**.

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All categories of goods experienced decreases in export turnover with the exception of bags, which nonetheless showed signs of stagnation **(+0.2%)**: a picture of widespread suffering that seems even more acute for high-end goods and specifically those in genuine leather, of which only bags show a modest increase in sales value with more than **2.7 billion** in turnover.

For leather goods and at the luxury end **(+0.9%)** of the range, the most pronounced fall was in work items and briefcases **(-16.5%)**, for travel items **(-9.8%)** and belts **(-8.7%)**; moderate growth, on the other hand, for small leather goods **(+3.0%)** and stability for women's handbags **(+0.9%)**.

For these latter categories, the trend in volume has seen a total increase of **3.9%**, but with very little movement for high-end goods **(+1.8%)** in comparison to the medium-low end range **(+6.3%)**.

CONSUMPTION

After years of decline, a moderate but significant reversal was seen in relation to consumption by Italian families, which grew by **1.1%** in volume and to a lesser degree in terms of spending **(+.2%)**.

Contributing towards this new trend were primarily work items **(+12.8%)** small leather goods **(+7.6%)** and large travel bags **(+5.4%)**; the decline persists in the women's handbag category, which saw a further decrease in volume **(-2.5%)** and in value **(-3.3%)**.

The average price of goods purchased, which saw a slight fall **(-0.8%)**, confirmed the diminishing presence of high-end/luxury goods in the demand mix, even in the domestic market.

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EXPORT/IMPORT MARKETS

International markets demonstrated a contrasting trend in performance, showing in several cases strong growth in the volume of purchases accompanied by a fall or slowdown in turnover; this was the case in the **USA**, which in recent years had shored up demand for high-end and luxury goods and where now we see an increase in the volume of sales **(+4.4%)**, but also a fall in their value of almost **7%**.

It was the same in the **United Arab Emirates**, one of the most important markets for luxury Italian goods, with exports growing by **18%** and decreasing turnover; and in **China**, where the moderate increase in sales by volume was accompanied by a marked fall in turnover **(-9%)**.

In Europe, **France** is the main export market for high-end goods and, here too, the positive performance in terms of volume is accompanied by a fall in the corresponding value **(-5.0%)**.

Also in Europe, **Germany** continues to be a solid market for the sector, with moderate but consistent growth in turnover **(+1.2%)**, which in this case, is matched by a slight fall in the volume of sales.

Standing out among the new markets, is the growth seen in **Poland**, where Warsaw is entering the elite circle of European capitals of luxury; the development of the Polish economy and the increasing wealth of the population is creating new opportunities for Made in Italy leather goods and, in particular, for Italy's luxury brands, **70%** of which were present in this market as far back as in 2014.

In Poland, for 2016, turnover in this sector grew by **10.8%**, while the quantity exported increased by the very impressive rate of **20%**, with opportunities for further growth, considering the forecasts made for the value of **Poland’s** overall luxury market to reach **3.9 billion euros** in 2018.

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The Brexit effect had a very negative impact on this sector in terms of exports to **Great Britain**, showing a pronounced reversal of the vibrant performance seen in the past two years; turnover fell by **4.5%**, while, more significantly, exports by quantity suffered a contraction of **26%** and this is the sector's fifth largest market overall by volume and the sixth by turnover.

Beyond Europe, there was confirmation of the excellent performance of exports to **Japan**, a trend that was already evident in the first two quarters of the year. Turnover grew by an impressive **15.4%**, while volumes also increased **(5.7%)**.

Despite the stunted performance of overall domestic demand, the Japanese economy grew by more than was forecast in 2016, with an increase in GDP and domestic consumption that boosted results thanks to the depreciation of the yen, which led to increased earnings and therefore consumption.

The much feared rise in VAT, which was postponed, encouraged consumers to buy goods before prices increased.

Italy remains the second largest supplier of leather goods to **Japan**, which represents, in terms of turnover, our fifth largest market for goods in this sector, with a **7.3%** share of total global exports.

Turnover also grew in terms of exports to **Hong Kong (+8.2%)**, where volumes exported are increasing **(+6%)** and to **South Korea**, which remains a market of notable interest for Italian leather goods **(+3.6%)**.

But the most striking result of 2016, concerns **Russia**: after a long period of crisis, the market is in recovery, at least in terms of trends, with positive results showing an increase in turnover of **15%** and an impressive **17.5%** rise in the volume of Italian leather goods purchased.

After exports were almost halved in 2015, 2016 saw the recovery that had been forecast for 2017; businesses focused on quality and style, despite the strong contraction in disposable income and salaries, and made use of Russian consumers' increasing appreciation of the Italian lifestyle, Made in Italy design and the products' refinement and quality.

In **Ukraine** also, Italian leather goods exports showed notable rates of growth, with a sharp rise of **15%** in turnover and as much as **32%** in volume.

Canada and Australia confirmed a positive trend in purchases from Italy: Canada with growth in turnover of **28%**, while for Australia the figure rose by **9%**.

Imports remained largely stable **(-0.6%)**.

China, the main supplier of leather goods to Italy, saw its volume of sales to Italy increase **(+4%)**, while turnover decreased by **10%** with average prices falling by **0.9%** as a result of the trend in purely low cost goods that characterise the mix of products exported to Italy.

Among the countries from which Italy imports leather goods, the increased volumes purchased from Eastern Europe were notable: **Slovenia (+4.6%)**, and **Romania and Bulgaria** (**+15 % and 4.5%** respectively).

Outside Europe, there was **Vietnam (+7.9%)**, which has become the second largest supplier by volume to Italy after China.

Statistics given below.

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LEATHER GOODS CONSUMPTION 2016

PRODUCT	JANUARY - DECEMBER 2016			JANUARY - DECEMBER 2016			% CHANCE 2016 vs 2015		
	Qua	Val	PM	Qua	Val	PM	Qua	Val	PM
BELTS	5.597	119.530	21,36	5.783	123.042	21,28	3,3	2,9	-0,4
BAGS	17.101	921.718	53,90	16.670	891.384	53,47	-2,5	-3,3	-0,8
SUITCASE	1.542	102.718	66,61	1.571	104.805	66,72	1,9	2,0	0,2
BACKPACKS	2.690	93.837	34,89	2.773	92.150	33,24	3,1	-1,8	-4,7
CARRYALLS	1.452	53.612	36,92	1.531	58.645	38,30	5,4	9,4	3,7
WORKITEMS	1.058	100.357	94,83	1.194	114.231	95,71	12,8	13,8	0,9
WALLETS	3.166	107.624	33,99	3.221	113.668	35,29	1,7	5,6	3,8
SADDLERY	5.035	88.579	17,59	5.417	95.378	17,61	7,6	7,7	0,1
TOTAL LEATHER GOODS	**37.641**	**1.587.976**	**42,19**	**38.158**	**1.593.303**	**41,76**	**1,4**	**0,3**	**-1,0**
UMBRELLAS	4.732	61.577	13,01	4.668	60.151	12,88	-1,3	-2,3	-1,0
TOTAL	**42.373**	**1.649.552**	**38,93**	**42.827**	**1.653.455**	**38,61**	**1,1**	**0,2**	**-0,8**

EXPORTS BY PRODUCT GROUPS AND MATERIALS USED									
in euro									
JANUARY - OCTOBER 2016									
	TOTAL			**LEATHER**			**SUBSTITUTES**		
PRODUCT	**2015**	**2016**	**%CHA**	**2015**	**2016**	**%CHA**	**2015**	**2016**	**%CHA**
Underarm folders and briefcases	149.359.749	146.984.359	-1,59%	79.577.124	66.443.241	-16,50%	69.782.625	80.541.118	15,42%
							0	0	
Suitcases and travel items	321.643.073	311.915.323	-3,02%	173.703.673	156.771.117	-9,75%	147.939.400	155.144.206	4,87%
							0	0	
Bags	3.428.644.370	3.435.936.337	0,21%	2.701.394.859	2.725.666.341	0,90%	727.249.511	710.269.996	-2,33%
							0		
Small leather goods	894.867.559	920.876.286	-2,11%	696.025.716	681.315.369	-2,11%	198.841.843	239.560.917	20,48%
								0	
Belts	346.667.654	316.689.072	-8,65%	346.667.654	316.689.072	-8,65%	0	0	0,00%
								0	
Musical instrument containers	1.033.653	1.014.071	-1,89%	0	0	0,00%	1.033.653	1.014.071	-1,89%
Other leather items	175.299.764	232.008.047	32,35%	175.299.764	232.008.047	32,35%	0	0	0,00%
TOTAL	**5.317.515.822**	**5.365.423.495**	**0,90%**	**4.172.668.790**	**4.178.893.187**	**0,15%**	**1.144.847.032**	**1.186.530.308**	**3,64%**

EXPORTS BY PRODUCT GROUPS AND MATERIALS USED									
in Kg JANUARY - OCTOBER 2016									
	TOTAL			LEATHER			SUBSTITUTES		
PRODUCTS	2015	2016	%CHA	2015	2016	%CHA	2015	2016	%CHA
Underarm folders and briefcases	7.768.520	7.662.813	-1,36%	793.989	580.268	-26,92%	6.974.531	7.082.545	1,55%
Suitcases and travel items	6.395.862	5.674.631	-11,28%	1.000.437	854.881	-14,55%	5.395.425	4.819.750	-10,67%
Bags	20.659.938	21.466.666	3,90%	11.115.416	11.320.505	1,85%	9.544.522	10.146.161	6,30%
Small leather goods	9.482.265	9.893.374	4,34%	2.533.072	2.583.953	2,01%	6.949.193	7.309.421	5,18%
Belts	3.239.148	2.646.927	-18,28%	3.239.148	2.646.927	-18,28%	0	0	0,00%
Musical instrument containers	31.597	41.901	32,61%	0	0		31.597	41.901	32,61%
Other items	2.279.271	2.799.962	22,84%	2.279.271	2.799.962	0,00%	0	0	0,00%
TOTAL	**49.856.601,00**	**50.186.274,00**	**0,66%**	**20.961.333**	**20.786.496**	**-0,83%**	**28.895.268**	**29.399.778**	**1,75%**

IMPORTS BY PRODUCT GROUPS AND MATERIALS USED									
in euro									
JANUARY - OCTOBER 2016									
	TOTAL			**LEATHER**			**SUBSTITUTES**		
PRODUCT	**2015**	**2016**	**%CHA**	**2015**	**2016**	**%CHA**	**2015**	**2016**	**%CHA**
Underarm folders and briefcases	130.195.972	124.743.396	-4,19%	29.746.325	24.879.066	-16,36%	100.449.647	99.864.330	-0,58%
Suitcases and travel items	283.191.154	314.902.324	11,20%	31.423.795	34.092.649	8,49%	251.767.359	280.809.675	11,54%
Bags	1.021.631.051	971.039.037	-4,95%	542.588.415	505.900.769	-6,76%	479.042.636	465.138.268	-2,90%
Small leather goods	557.297.469	551.201.334	-1,09%	224.283.656	228.115.461	1,71%	333.013.813	323.085.873	-2,98%
Belts	56.727.836	52.995.525	-6,58%	56.727.836	52.995.525	-6,58%	0	0	0,00%
Musical instrument containers	1.224.071	1.478.764	20,81%	0	0	0,00%	1.224.071	1.478.764	20,81%
Other items	113.083.203	134.804.500	19,21%	113.083.203	134.804.500	0,00%	0	0	0,00%
TOTAL	**2.163.350.756**	**2.151.164.880**	**-0,56%**	**997.853.230**	**980.787.970**	**-1,71%**	**1.165.497.526**	**1.170.376.910**	**0,42%**

IMPORTS BY PRODUCT GROUPS AND MATERIALS USED									
in Kg JANUARY - OCTOBER 2016									
	TOTAL			**LEATHER**			**SUBSTITUTES**		
PRODUCT	**2015**	**2016**	**%CHA**	**2015**	**2016**	**%CHA**	**2015**	**2016**	**%CHA**
Underarm folders and briefcases	13.044.799	14.145.026	8,43%	532.076	958.301	80,11%	12.512.723	13.186.725	5,39%
Suitcases and travel items	23.997.128	28.368.322	18,22%	728.759	671.097	-7,91%	23.268.369	27.697.225	19,03%
Bags	32.382.492	31.117.716	-3,91%	5.238.059	4.078.283	-22,14%	27.144.433	27.039.433	-0,39%
Small leather goods	34.406.434	33.338.240	-3,10%	4.349.640	2.636.844	-39,38%	30.056.794	30.701.396	2,14%
Belts	1366388	1474108	7,88%	1.366.388	1.474.108	7,88%	107.720	0	0,00%
Musical instrument containers	125.878	145.632	15,69%	0	0	0,00%	125.878	145.632	15,69%
Other items	2.099.274	2.786.020	32,71%	2.099.274	2.786.020	32,71%	0	0	0,00%
TOTAL	**107.422.393**	**111.375.064**	**3,68%**	**14.314.196**	**12.604.653**	**-11,94%**	**93.108.197**	**98.770.411**	**6,08%**

EXPORTS TO MAIN COUNTRIES				
in euro				
JANUARY - OCTOBER 2016				
COUNTRY	**2015**	**2016**	**%CHA**	**% SHARE '16**
Switzerland	895.829.241	943.572.015	5,33%	17,59%
France	640.438.089	608.334.795	-5,01%	11,34%
United States	518.224.461	482.449.276	-6,90%	8,99%
Hong Kong	443.066.843	479.308.110	8,18%	8,93%
Japan	337.495.212	389.588.132	15,44%	7,26%
Germany	320.244.989	324.178.535	1,23%	6,04%
United Kingdom	321.217.005	306.832.203	-4,48%	5,72%
South Korea	279.960.032	289.951.668	3,57%	5,40%
China	225.586.621	205.553.308	-8,88%	3,83%
Spain	133.730.803	126.760.817	-5,21%	2,36%
Netherlands	112.415.926	105.824.233	-5,86%	1,97%
Russia	77.623.666	89.618.226	15,45%	1,67%
Singapore	97.289.427	88.109.546	-9,44%	1,64%
United Arab Emirates	71.353.347	59.028.440	-17,27%	1,10%
Austria	55.617.717	56.245.121	1,13%	1,05%
Canada	33.173.364	42.404.678	27,83%	0,79%
Belgium	38.999.494	39.095.364	0,25%	0,73%
Taiwan	48.923.210	38.418.248	-21,47%	0,72%
Australia	32.660.380	35.584.344	8,95%	0,66%
Poland	31.479.096	34.890.300	10,84%	0,65%
Turkey	33.688.895	30.568.927	-9,26%	0,57%
Greece	30.794.613	29.623.305	-3,80%	0,55%
Saudi Arabia	22.222.850	20.911.449	-5,90%	0,39%
Denmark	15.398.936	14.713.738	-4,45%	0,27%
Croatia	9.968.514	11.949.820	19,88%	0,22%
Ukraine	7.663.315	8.832.347	15,25%	0,16%
Brasil	8.177.121	7.359.611	-10,00%	0,14%
Kazakhstan	4.036.419	3.728.670	-7,62%	0,07%
Rest of the world	470.236.236	491.988.269	4,63%	9,17%
TOTAL	**5.317.515.822**	**5.365.423.495**	**0,90%**	**100,00%**

EXPORTS TO MAIN COUNTRIES				
in kg				
JANUARY - OCTOBER 2016				
COUNTRY	**2015**	**2016**	**% CHA**	**% SHARE '16**
France	6.488.379	6.667.029	2,75%	13,28%
Germany	6.649.048	6.579.734	-1,04%	13,11%
Switzerland	3.729.970	3.865.402	3,63%	7,70%
United Kingdom	4.008.772	2.954.478	-26,30%	5,89%
United States	2.821.477	2.946.092	4,42%	5,87%
Spain	2.647.483	2.869.693	8,39%	5,72%
Netherlands	2.916.370	2.108.250	-27,71%	4,20%
Japan	1.714.895	1.811.899	5,66%	3,61%
Hong Kong	1.560.871	1.653.749	5,95%	3,30%
Greece	902.764	1.146.617	27,01%	2,28%
Austria	1.104.617	1.124.736	1,82%	2,24%
Poland	855.747	1.026.047	19,90%	2,04%
South Korea	928.649	921.838	-0,73%	1,84%
Croatia	708.973	848.036	19,61%	1,69%
Russia	708.291	832.296	17,51%	1,66%
Belgium	707.741	719.718	1,69%	1,43%
China	702.264	706.309	0,58%	1,41%
United Arab Emirates	439.551	519.738	18,24%	1,04%
Turkey	382.074	367.303	-3,87%	0,73%
Singapore	285.927	263.581	-7,82%	0,53%
Denmark	243.342	232.426	-4,49%	0,46%
Canada	208.781	210.683	0,91%	0,42%
Australia	181.429	198.587	9,46%	0,40%
Saudi Arabia	187.036	155.817	-16,69%	0,31%
Taiwan	171.824	117.381	-31,69%	0,23%
Brasil	109.295	99.741	-8,74%	0,20%
Ukraine	73.595	97.219	32,10%	0,19%
Kazakhstan	23.255	32.318	38,97%	0,06%
Rest of the world	8.394.181	9.109.557	8,52%	18,15%
TOTAL	**49.856.601**	**50.186.274**	**0,66%**	**100,00%**

IMPORTS FROM MAIN COUNTRIES				
in euro JANUARY - OCTOBER 2016				
COUNTRY	**2015**	**2016**	**%CHA**	**%SHARE 2016**
China	843.395.238	755.692.453	-10,40%	35,13%
France	407.256.544	427.214.941	4,90%	19,86%
Switzerland	141.641.320	153.208.360	8,17%	7,12%
Netherlands	57.669.335	117.616.033	103,95%	5,47%
Romania	94.754.655	90.216.658	-4,79%	4,19%
Germany	74.112.242	77.845.670	5,04%	3,62%
Belgium	61.371.559	66.405.795	8,20%	3,09%
Spain	78.574.098	64.122.130	-18,39%	2,98%
Slovenia	9.268.127	54.490.902	487,94%	2,53%
India	58.953.985	46.602.674	-20,95%	2,17%
Bulgaria	31.899.243	35.633.256	11,71%	1,66%
Vietnam	37.461.621	34.755.476	-7,22%	1,62%
Tunisia	25.451.450	29.461.212	15,75%	1,37%
Hong Kong	27.587.857	17.785.898	-35,53%	0,83%
Indonesia	18.240.585	14.614.551	-19,88%	0,68%
Thailand	9.904.117	9.555.138	-3,52%	0,44%
Ungary	5.768.971	3.314.043	-42,55%	0,15%
Pakistan	1.335.962	2.435.057	82,27%	0,11%
Taiwan	4.384.501	2.149.584	-50,97%	0,10%
Morocco	187.698	365.900	94,94%	0,02%
Rest of the world	174.131.648	147.679.149	-15,19%	6,87%
TOTAL	**2.163.350.756**	**2.151.164.880**	**-0,56%**	**100,00%**

IMPORTS FROM MAIN COUNTRIES				
in Kg				
JANUARY - OCTOBER 2016				
COUNTRY	**2015**	**2016**	**%CHA**	**%SHARE 2016**
China	70.977.761	73.746.540	3,90%	66,21%
Vietnam	4.773.372	5.148.475	7,86%	4,62%
France	6.625.087	4.583.241	-30,82%	4,12%
Romania	3.155.097	3.632.016	15,12%	3,26%
Belgium	3.824.915	3.504.070	-8,39%	3,15%
Germany	3.136.448	3.270.767	4,28%	2,94%
Spain	2.216.987	3.137.172	41,51%	2,82%
Netherlands	1.559.797	2.922.498	87,36%	2,62%
India	1.777.084	1.812.137	1,97%	1,63%
Bulgaria	731.297	764.402	4,53%	0,69%
Tunisia	519.015	639.712	23,26%	0,57%
Slovenia	585.487	612.422	4,60%	0,55%
Indonesia	578.554	512.061	-11,49%	0,46%
Switzerland	458.109	458.273	0,04%	0,41%
Ungary	245.005	304.406	24,24%	0,27%
Hong Kong	488.677	297.396	-39,14%	0,27%
Thailand	206.193	201.751	-2,15%	0,18%
Taiwan	267.620	168.028	-37,21%	0,15%
Pakistan	67.991	114.442	68,32%	0,10%
Morocco	1.716	2.226	29,72%	0,00%
Rest of the world	5.226.181	5.543.029	6,06%	4,98%
TOTAL	**107.422.393**	**111.375.064**	**3,68%**	**100,00%**