



Hides and Skins Market Recovery?

Paul Pearson – UK Leather Federation and
International Council of Tanners

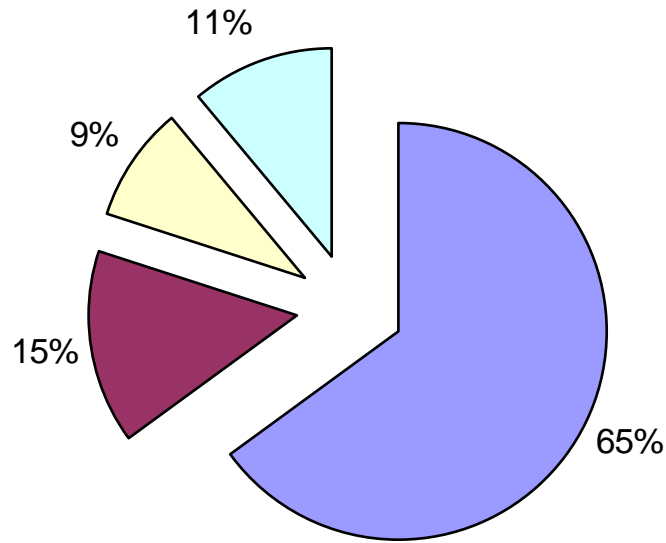
WORLD TRADE IN LEATHER AND LEATHER PRODUCTS

- Hides, Skins, Leather and Leather products represent a huge international marketing and distribution chain

VALUE OF WORLD TRADE \$ billion 2005

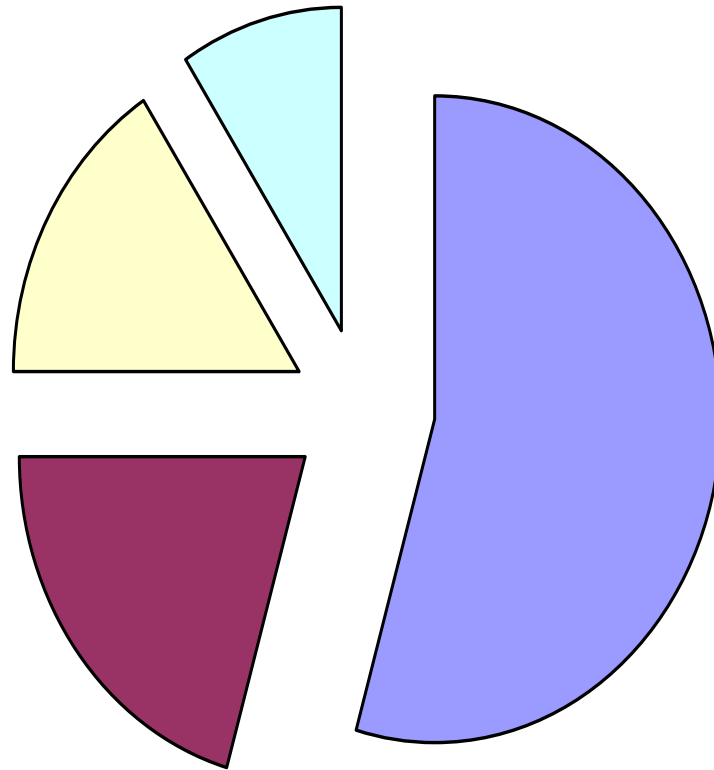
• Raw Hides/Skins	5.0
• Leather	17.5
• Leather Footwear	31.3
• TOTAL	53.8
• Meat	24.1
• Rubber	7.0
• Cotton	9.2
• Tea	3.3
• Rice	7.0
• Sugar	12.3

Share of leather by animal type 2007



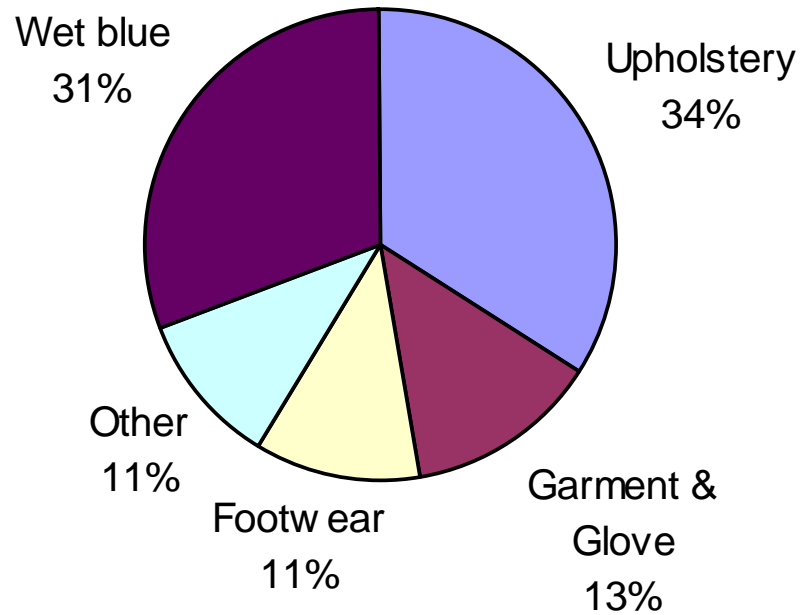
- Bovine
- Sheep
- Goat
- Pig

Share of leather by end use 2007

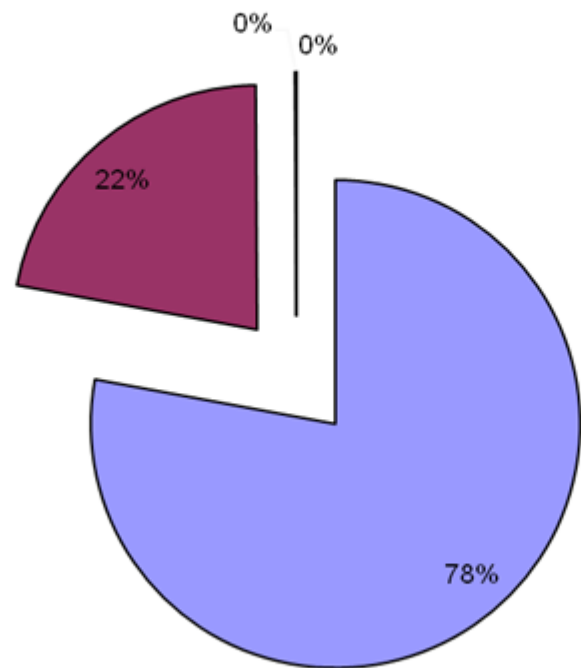


- Footwear 54.5%
- Furniture & Automotive 20.5%
- Garment & Glove 15.8%
- Other 9.2%

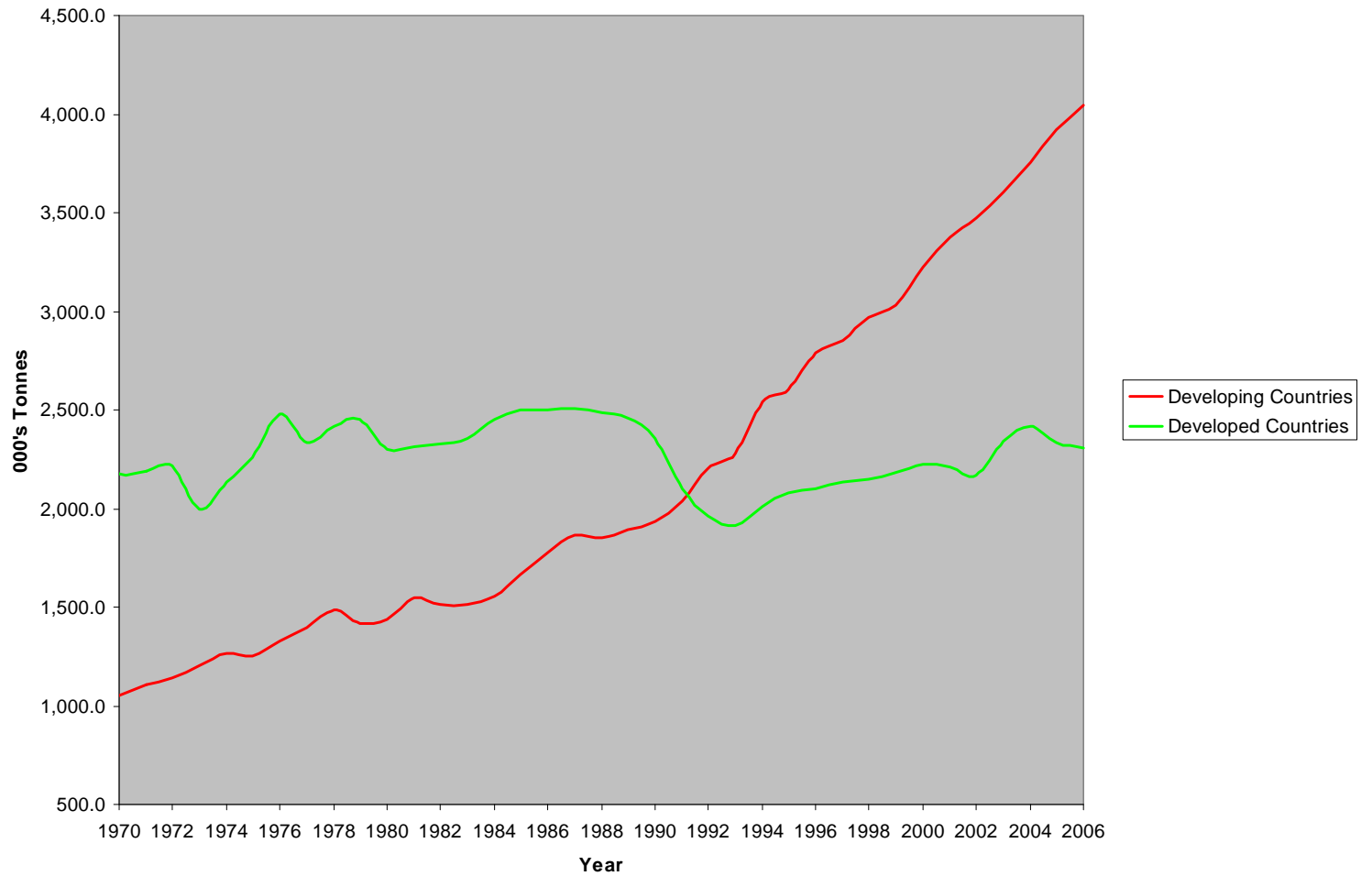
UK Leather Production 2008



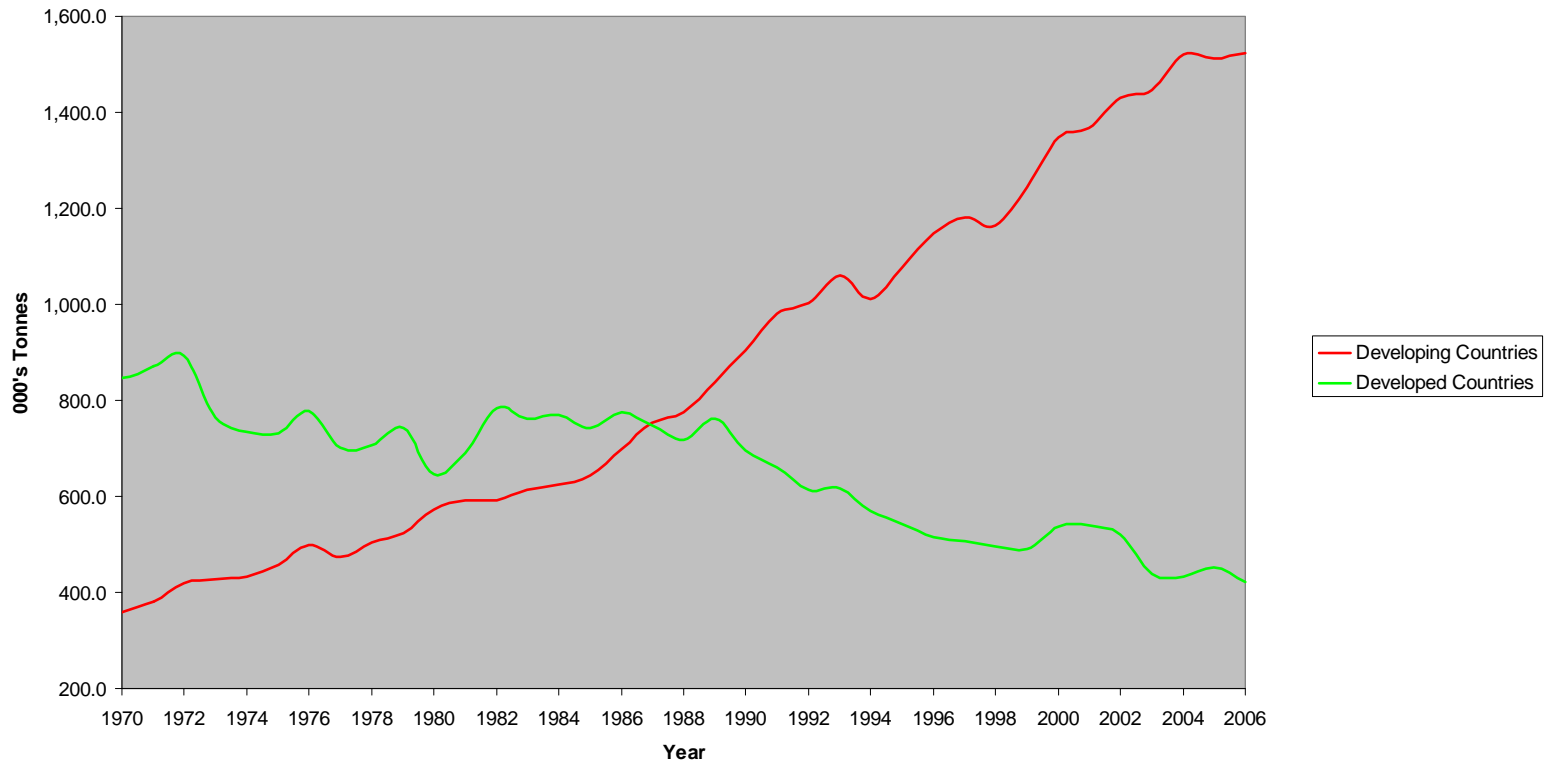
UK Share of leather by animal type



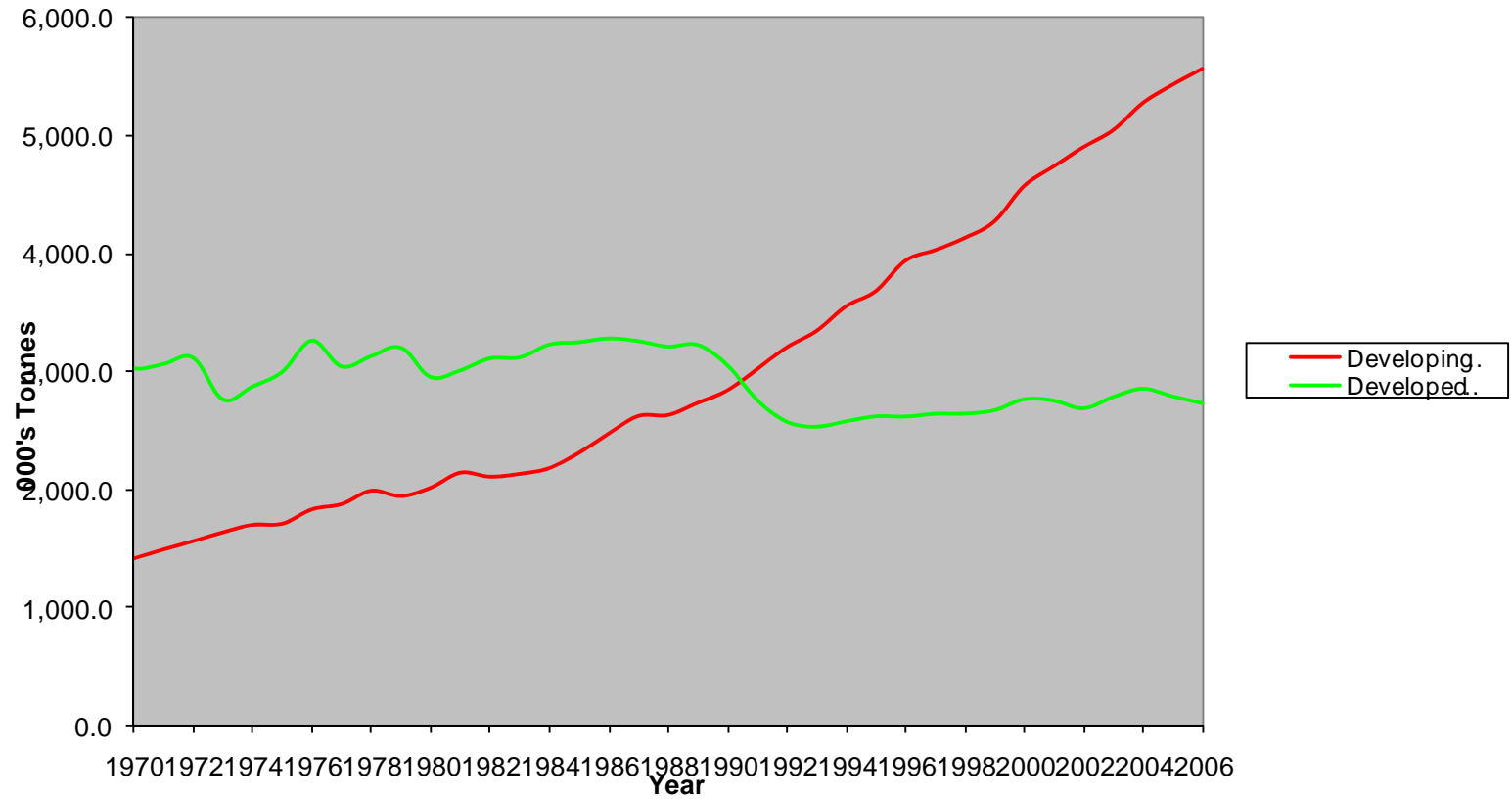
Production - Bovine hides



Production - sheepskins



Production - Leather



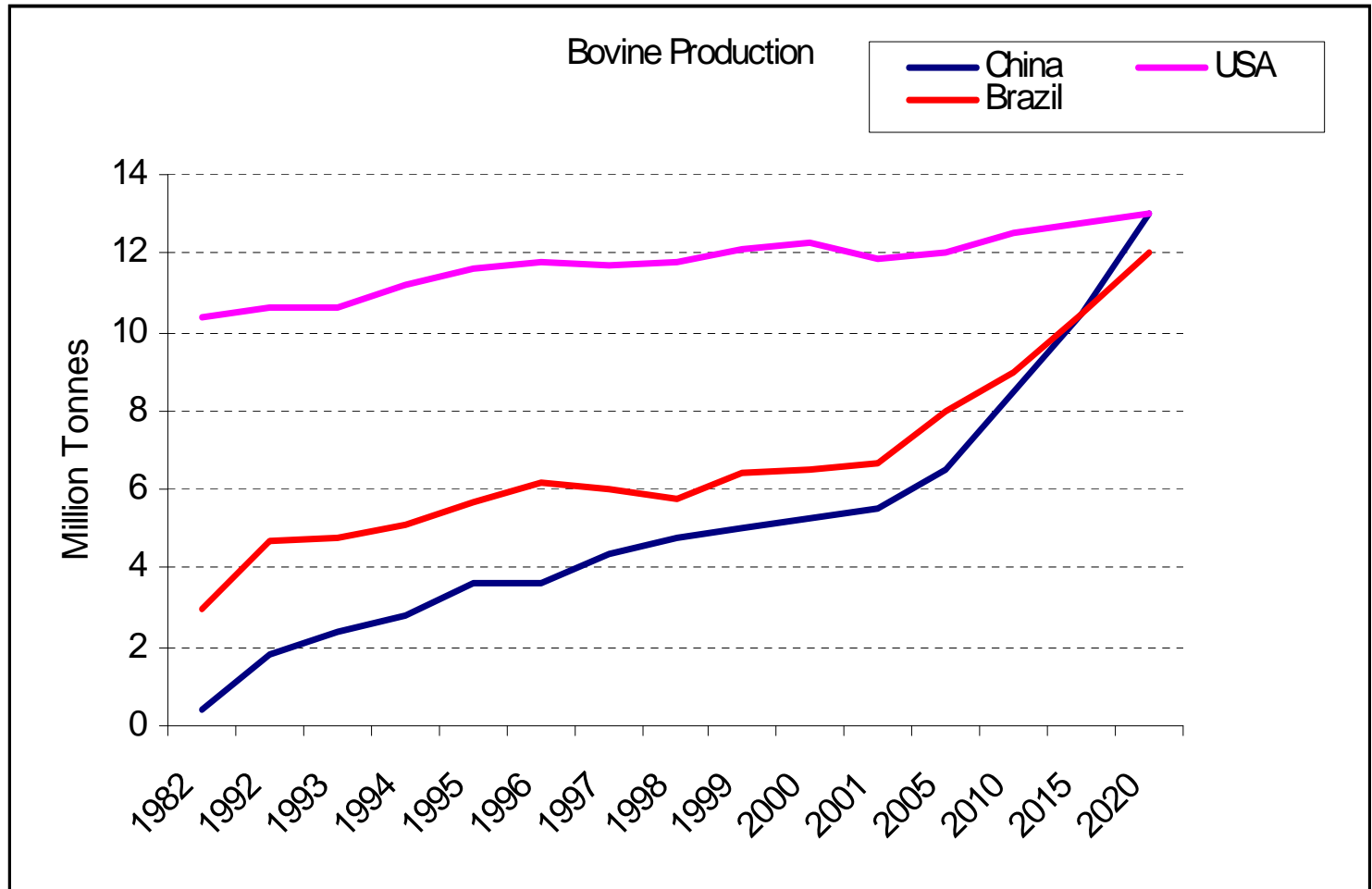
Hide Production 2007

Country	Million hides	000 t	
China	56.8	908	
India	43.2	432	
Brazil	37.6	752	
USA	34.3	860	
Argentina	15.0		421

Hide Production 2007 (2)

Country	Million hides	000 t
Russian Fedn	10.4	198
Australia	9.0	188
Mexico	7.9	159
Pakistan	7.0	70
France	5.3	126
Italy	4.2	120
Canada	4.0	89
New Zealand	4.0	56

Bovine Hide Production



Sheep skin production 2007 (million skins – total 481)

China	179	(37%)
New Zealand	30	(6%)
Australia	28	(6%)
Iran	22	(5%)
Spain	21	(4%)
India	20	(4%)
UK	17	(4%)
Turkey	17	(4%)
	334	(70%)

Leather Production 2006

Country	% of total
China	28.4% (33%)
Italy	9.6%
Brazil	7.7%
Russian Fedn	6.7%
Korea	6.5%
India	5.6%
Total 6 countries	64.5%
Total World	22380M Sq ft

Leather Production 2006

Country	% of total
Argentina	3.2%
Mexico	2.6%
Turkey	2.4%
USA	2.1%
Spain	2.0%
Pakistan	1.5%
Japan	1.4%
Germany	1.3%
Thailand	1.0%
Total 15 countries	82%



Hide & Skin Markets

Always a delicate balance
between hide and skin
supplies and leather demand

Hide & Skin Markets

Supplies are generally price inelastic
If demand for leather goes up or down
There is no significant impact on the
supply of hides and skins
This makes hide and skin prices liable
to extreme volatility

Hide & Skin Markets

As a generalisation – worldwide,
supplies change quite slowly

But demand – due to fashion, financial
constraints can change quickly

Hide & Skin Markets

Markets had been relatively stable for some time, but then we had the financial crisis

Began August/September 2008

Demand for automotive leathers down by 40-50%

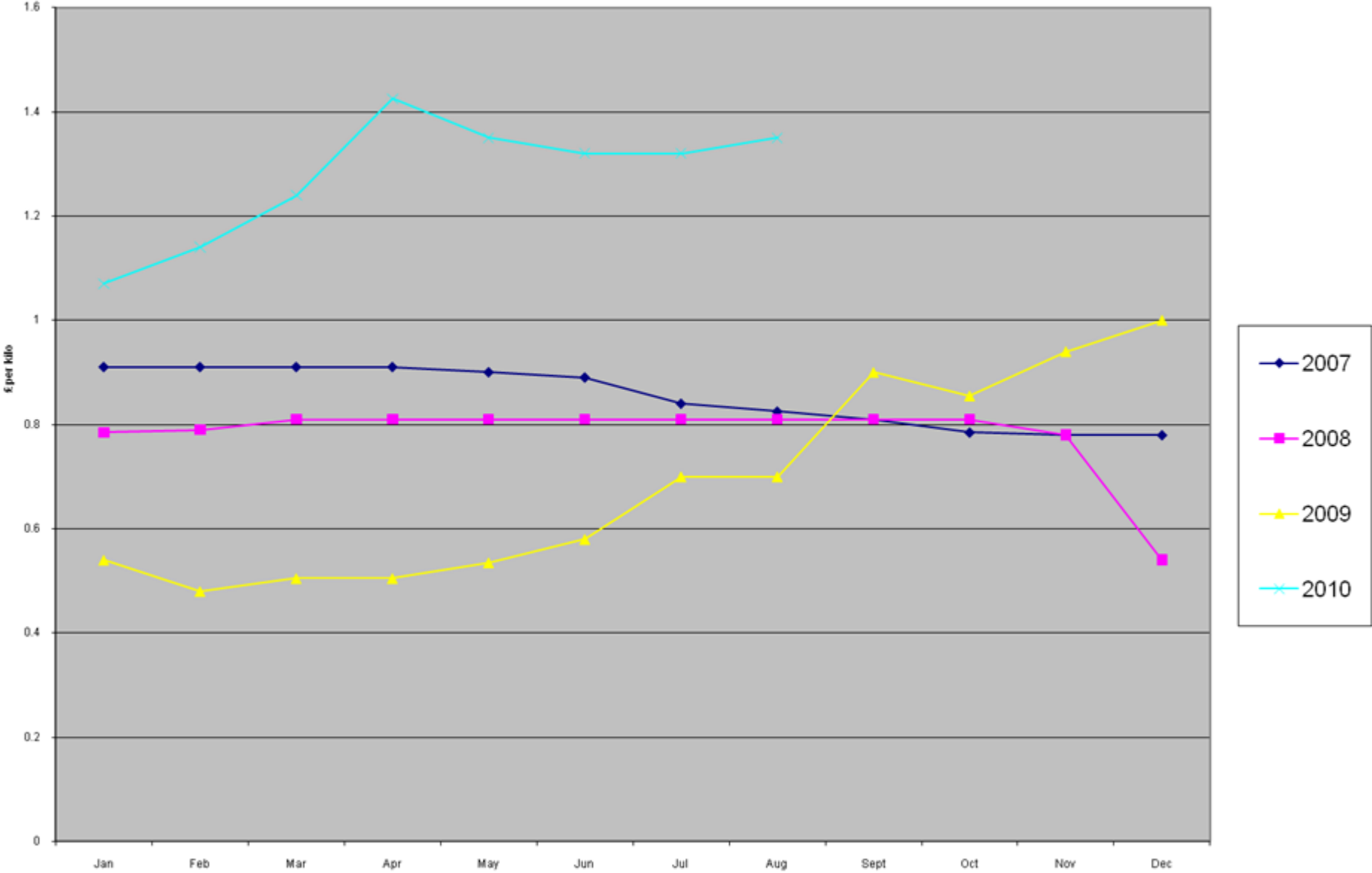
Furniture/other sectors also suffered – down by 15-30%

Hide & Skin Markets

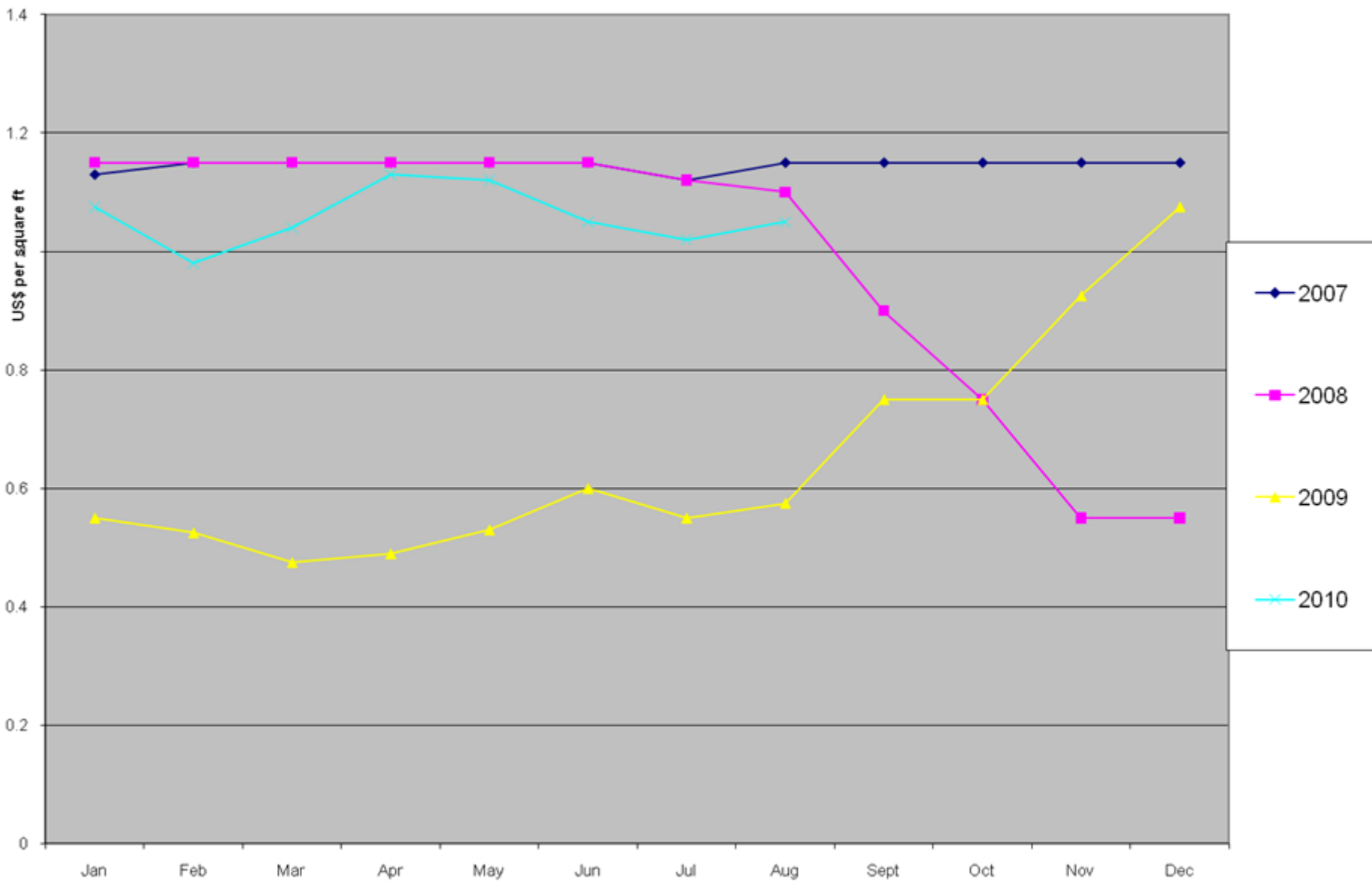
As a consequence, hide and skin prices went down by around 50%

In most cases the low point was March/April 2009 which was also the low point of the world stock markets

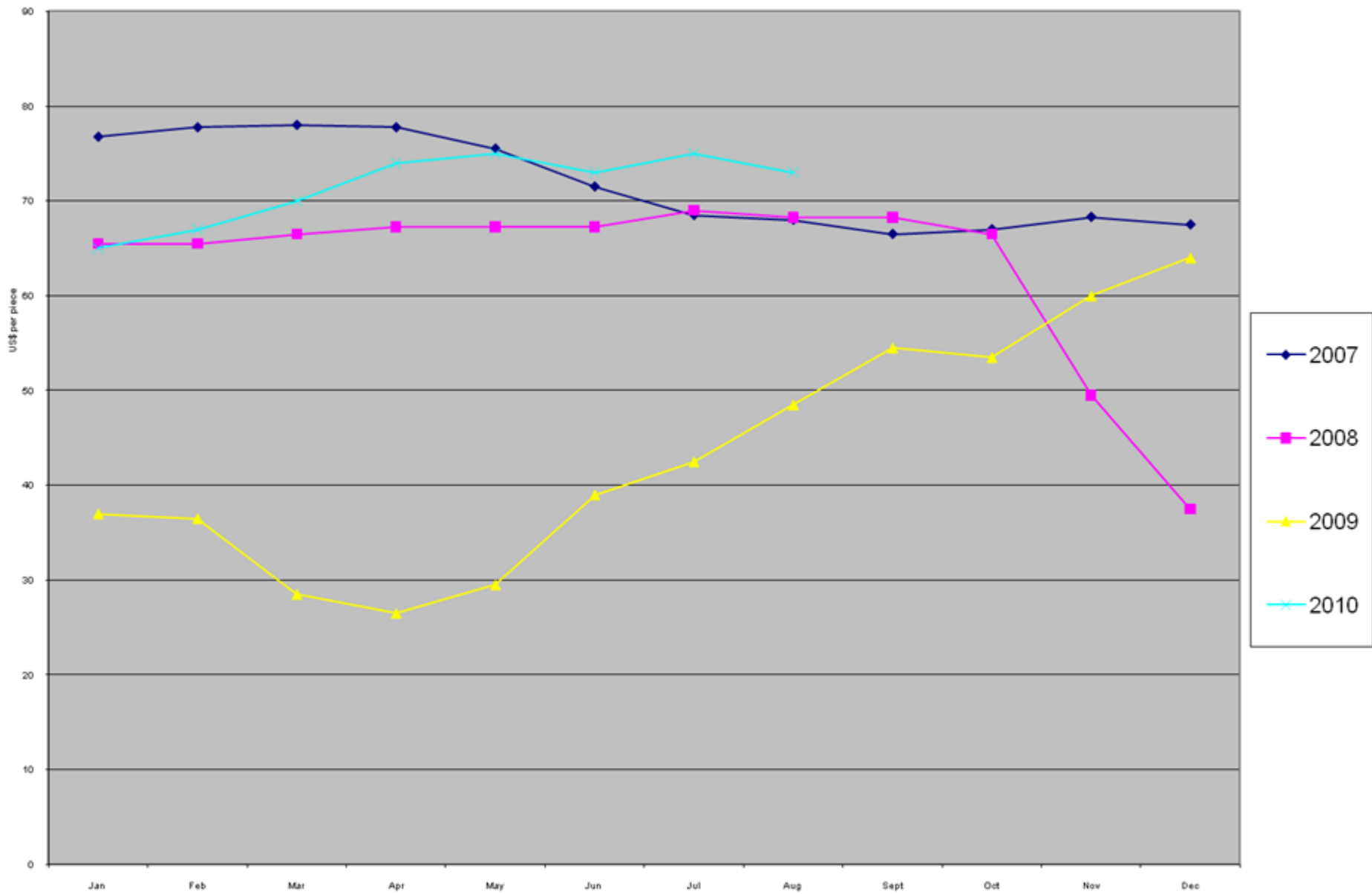
UK Salted Hides 31-35.5kg 2007-2010 £ per kilo



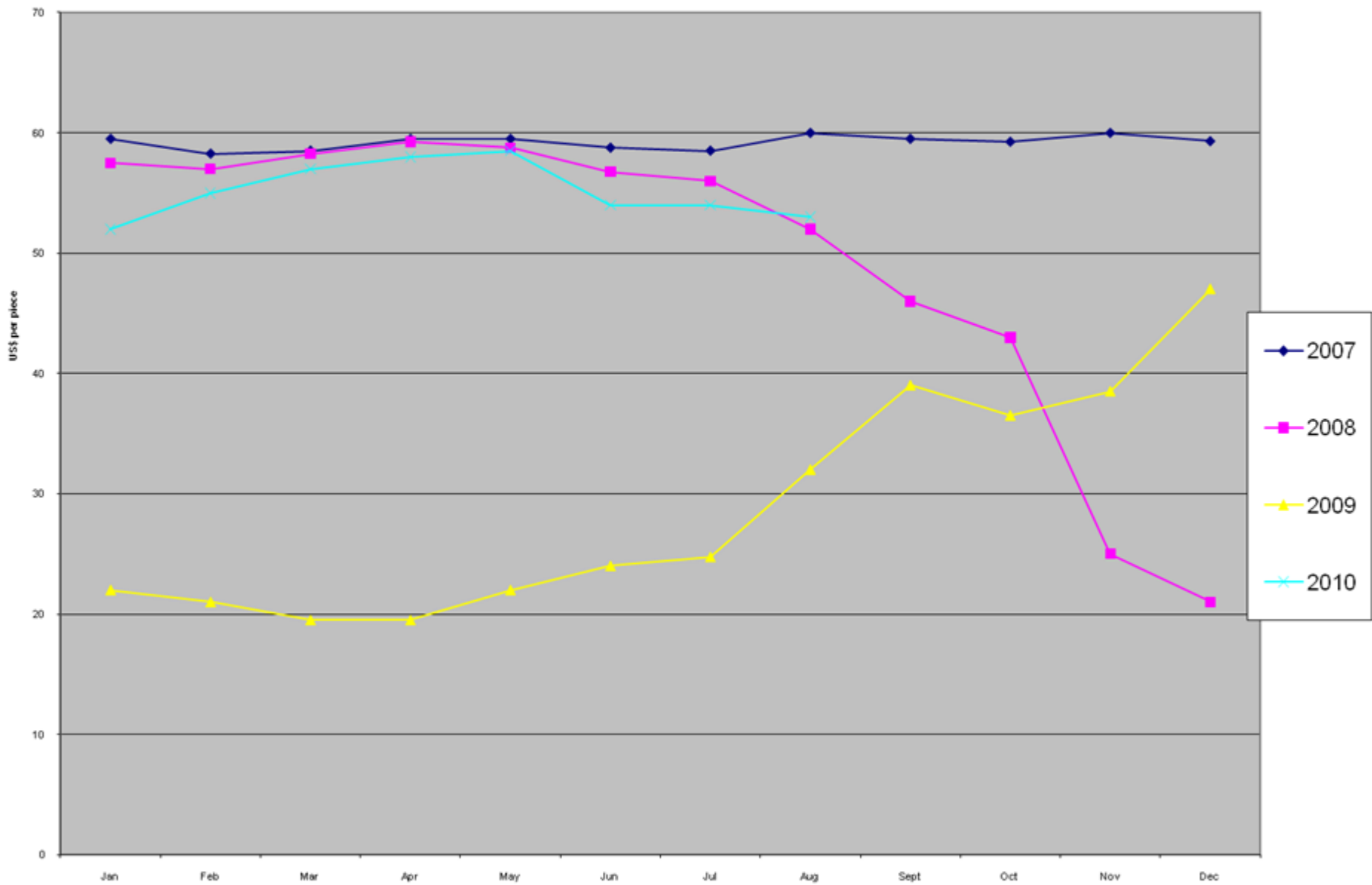
Brazilian Wet Blue TR3 2007-2010 US\$ per sq ft



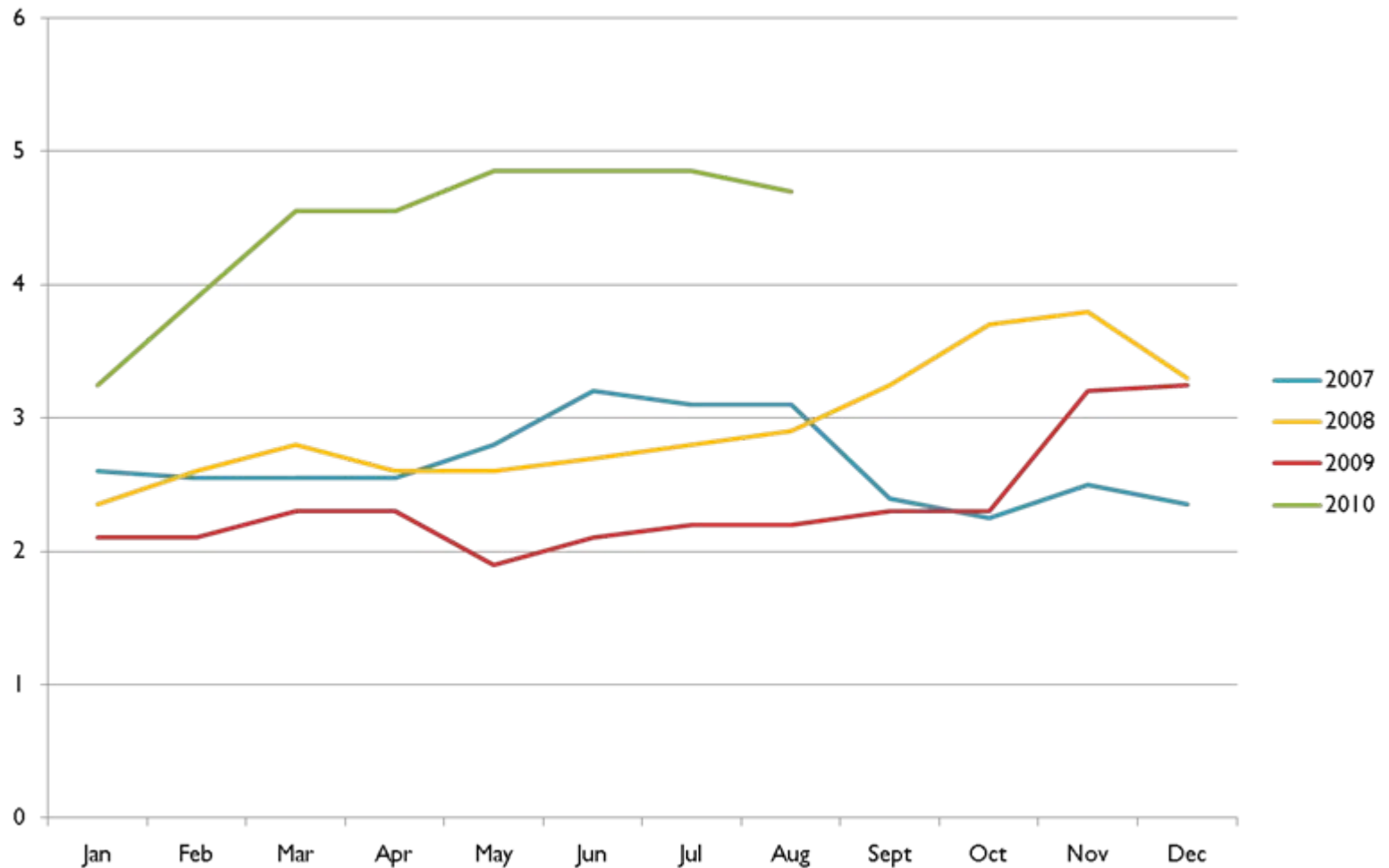
US Heavy Native Steers (brined) 2007-2010 US\$ per piece



US Dairy Cows (brined) 2007-2010 US\$ per piece



UK Sheep skin prices 2007-2010 £per piece



UK Cattle Hides – supply balance

UK Hide Production – 2.5 million

Imports - 0.65 million

Hides tanned in UK - 1.3 million

Exported raw/salted - 1.85 million

UK Sheep Skins – supply balance

UK Skin production - 15.4 million

Imports - 2.2 million

Processed in UK - 1.25 million

Exported - 14-16 million

Best Practice in Hide and Skin Supply

- Supply chain as short as possible
- Where possible supply chain should be integrated – ownership/communication
- Purchase agreements should be long term
- Relation of price to quality
- Encourage added value through the chain

- Otherwise it's a commodity