

Report



**UK
Leather
& Leather
Goods
Industry
in 2021**

leather UK

UK Leather: import and export in 2021

The UK leather industry is comprised of specialist, high end producers of automotive, upholstery, shoe upper and sole, gloving, chamois, equestrian leather and wet blue leather. The UK exports more than 80% of its leather production, with destinations in over 80 countries.

Through 2021, much of the large Covid-19-related downturn in trade seen in 2020 was reversed. However, while total imports had almost recovered to 2019 levels, in both value and volume terms, export values remained suppressed, with finished leather exports in particular struggling to recover to pre-Covid levels. The industry was confronted with numerous issues through 2021, with rising prices for raw materials and chemicals, severe disruption to global logistics causing extended delivery times for materials and massive hikes in transport costs, and aggravating effects of Brexit with increased bureaucracy and costs for imports and exports and reduced availability of labour.

Total imports were up by 47% against 2020, to £124M. Raw material imports saw the largest increase, up 211% in value terms on the previous year. However, this was set against a volume increase of 75%, clearly demonstrating the surge in raw material prices through 2021. The reverse was seen for part-processed leathers with volumes up by nearly 75% while values increased by 37%, suggesting that tanners were unable to increase prices in the face of rising costs.

Total export values also recovered, increasing by nearly 31% compared to 2020, to £203 million. However, this was still reduced against 2019 (£234 million) demonstrating the ongoing effect of global pressures on the sector. Exports for part-processed materials saw the greatest increase in volume and value although the increase in volume was greater than the increase in value, suggesting that prices had fallen. In contrast, value for raw material and finished leather exports increased by approximately 26% against steady volumes.

UK exports of hides, skins and wet blue, crust and finished leather in 2021

EXPORTS (by HS code*)	Trade in 2021		Change (% vs 2020)	
	Value (£M)	Volume (ktonnes)	Value	Volume
Total exports	203.06		30.89	
Raw materials	87.37	131.02	26.09	0.65
Part-processed leather	24.23	10.21	81.43	152.02
Finished leather	91.45	3.67	26.16	1.07
Raw Material Exports				
HS4101	69.16	84.35	29.63	10.37
HS4102	18.08	46.63	13.66	-13.12
HS4103	0.12	0.04	333.89	-40.84
Part-processed Leather Exports				
HS4104	23.96	10.21	81.92	152.33
HS4105	0.08	0.002	151.87	295.77
HS4106	0.2	0.002	25.73	-55.40
Finished Leather Exports				
HS4107	81.95	3.47	27.24	0.84
HS4112	7.00	0.12	40.81	70.57
HS4113	2.09	0.05	41.77	52.25
HS4114	0.38	0.02	-76.03	-72.580

UK imports of hides, skins and wet blue, crust and finished leather in 2021

IMPORTS (by HS code*)	Trade in 2021		Change (% vs 2020)	
	Value (£M)	Volume (ktonnes)	Value	Volume
Total imports	124.83		47.05	
Raw materials	19.30	15.23	211.46	75.69
Part-processed leather	7.99	2.39	37.64	74.69
Finished leather	97.53	10.65	33.82	34.84
Raw Material Imports				
HS4101	16.32	14.10	213.37	78.61
HS4102	2.53	0.58	216.72	-22.69
HS4103	0.44	0.54	135.62	2499.99
Part-processed Imports				
HS4104	5.97	1.64	43.74	36.57
HS4105	0.63	0.47	-48.61	-17.33
HS4106	1.38	0.69	229.89	554.32
Finished Leather Imports				
HS4107	93.18	10.45	36.43	37.39
HS4112	0.31	0.01	-60.68	-39.66
HS4113	1.00	0.03	-30.59	-39.99
HS4114	3.03	0.15	29.95	-29.89

The UK industry has a market presence across the globe; UK-manufactured finished leather is sold in over 80 countries. However, the majority of trade, in raw hides and skins, wet blue and crust and finished leather, is transacted with five to ten trading partners per category and often dominated by one or two.

UK trade in raw hides and skins by main countries in 2021

Export markets for raw materials remained concentrated with the five largest markets, accounting for over 90% of the value of trade in each raw material category. As in previous years, Italy and China were far and away the most important markets, accounting for over 81% of exports of bovine hides. In a change from 2020, Italy was no longer in the top 5 destinations for ovine material. China and Turkey were the largest export destinations for ovine skins, taking nearly 85% of exports on a value basis

Imports were also dominated by the five largest sources The Republic of Ireland remained the largest source of bovine raw materials with the value of total imports increasing again from 82% of total imports in 2020, to over 96% in 2021. As previously noted, values for both imports and exports increased markedly in 2021, compared to 2020, as the influence of Covid on the market decreased.

Export	Value (£Million)	% of total (all countries)	Imports	Value (£million)	% of total (all countries)
HS4101					
ITALY	39.35	56.89	IRISH REPUBLIC	15.74	96.42
CHINA	17.07	24.68	ITALY	0.13	0.82
FRANCE	5.30	7.66	CHINA	0.09	0.55
GERMANY	1.64	2.38	INDIA	0.09	0.55
IRISH REPUBLIC	0.89	1.28	THAILAND	0.08	0.51
Top 5 TOTAL	64.25	92.89	Top 5 TOTAL	16.14	98.84
HS4102					
CHINA	10.82	59.82	ETHIOPIA	2.29	90.31
TURKEY	4.36	24.11	FRANCE	0.11	4.18
ARGENTINA	1.00	5.52	IRISH REPUBLIC	0.06	2.23
POLAND	0.71	3.90	ITALY	0.05	2.04
PAKISTAN	0.39	2.14	SPAIN	0.01	0.43
Top 5 TOTAL	17.27	95.47	Top 5 TOTAL	2.52	99.18
HS4103					
FRANCE	0.04	29.71	U.S.A.	0.44	98.81
ITALY	0.03	26.94	TAIWAN	0.004	0.84
NETHERLANDS	0.03	22.93	THAILAND	0.001	0.25
HONG KONG	0.01	10.27	GERMANY	0.000	0.08
IRISH REPUBLIC	0.00	3.18	ITALY	0.000	0.01
Top 5 TOTAL	0.11	93.04	Top 5 TOTAL	0.44	100.00

UK Trade in wet blue and crust leather by main countries in 2021

Overall, exports of part-processed leather increased significantly in value and compared to 2020, with the exception of HS4106, which achieved greater value for reduced volumes. A highly notable change was seen for exports of bovine wet blue and crust leather, which were almost entirely dominated by exports to Italy in 2020. In 2021, exports to Italy fell almost 50% in value terms, with Belgium emerging as the dominant market. As the export value to Italy fell by less than 10%, this is representative of a huge increase in the value of UK wet blue and crust exports rather than a significant fall in demand from the Italian market.

The top 5 importing countries dominated the overall value of imports, accounting for more than 65% of total bovine wet blue and crust imports. However, distribution in terms of value was less concentrated. Denmark remained the top exporting nation with values up from £0.89M in 2020 to £1.61M in 2021. Volumes and values were up for HS4104 and HS4106 but fell for HS4105.

Export	Value (£million)	% of total (all countries)	Import	Value (£million)	% of total (all countries)
HS4104					
BELGIUM	11.29	47.13	DENMARK	1.61	26.88
ITALY	10.02	41.83	TURKEY	0.88	14.79
NETHERLANDS	0.74	3.08	ARGENTINA	0.49	8.18
JAPAN	0.38	1.57	SPAIN	0.48	8.11
U.S.A.	0.36	1.51	ITALY	0.46	7.74
Top 5 TOTAL	22.79	95.12	Top 5 TOTAL	3.93	65.71
HS4105					
ITALY	0.02	30.91	ETHIOPIA	0.39	61.27
NETHERLANDS	0.02	29.58	DENMARK	0.13	20.04
HONG KONG	0.01	11.35	MALAYSIA	0.05	7.89
IRISH REPUBLIC	0.00	5.83	U.S.A.	0.03	5.16
CANADA	0.00	4.12	CHINA	0.01	2.11
Top 5 TOTAL	0.07	81.80	Top 5 TOTAL	0.61	96.47
HS4106					
HONG KONG	0.03	16.32	ITALY	0.72	51.84
AUSTRIA	0.03	13.68	TURKEY	0.22	15.95
FRANCE	0.02	11.87	NIGERIA	0.17	12.43
SINGAPORE	0.02	10.22	INDIA	0.13	9.38
INDIA	0.02	8.95	CHINA	0.07	5.04
Top 5 TOTAL	0.12	61.04	Top 5 TOTAL	1.31	94.64

UK Trade in finished leather by main countries in 2021

Overall, the value and volume of UK finished leather exports in 2021 increased by 26% and 1%, respectively, compared to 2020. Increases were seen in export figures for all finished leather types, with the exception of HS4114, which declined by over 70% for both value and volume.

The USA and Romania remained the top two destinations for finished bovine leather and the only change in the top five destinations was the exclusion of Poland following the return of the Czech Republic. Thailand and Vietnam remained the key destinations for HS4112 with a marked increase in total value and an increased proportion of the total overall value of exports, up 5% to 65%

The value of UK finished leather exports fell by about 43%, largely due to a 44% fall in the value of finished bovine leather exports; UK leather exports continued to be dominated by bovine leather. Export volumes also fell but to a smaller degree suggesting that the value per unit of leather was had fallen, year on year.

The five largest destination accounted for 59.8% of UK finished leather exports, unchanged from 2019, with four of the five destinations remaining unchanged from 2019. The significant change was the exit of Czech Republic, previously the second largest market, from the list, and replaced by Vietnam. The USA remained the major destination for UK leather although at a greatly reduced level compared to 2019, (export value to USA in 2019, £33.98M).

Italy continued to dominate imports of finished leather to the UK, albeit that exports of 4107 were down 5% as a proportion of the total, with Germany up by the same amount as import values for both countries increased by about €10million. Overall, imports in 2021 were dominated by the same five largest importers as for 2020. However, with the exception of HS4107, imports value for all finished leather types were markedly reduced compared to 2020. The reasons for this are unclear.

UK Trade in finished leather by main countries in 2021

Export	Value (£million)	% of total (all countries)	Import	Value (£million)	% of total (all countries)
HS4107					
USA	14.06	21.84	ITALY	44.45	65.08
ROMANIA	9.22	14.33	GERMANY	6.45	9.45
HONG KONG	5.59	8.69	SPAIN	4.21	6.17
POLAND	5.56	8.64	NETHERLANDS	2.98	4.38
VIETNAM	4.01	6.24	USA	2.38	3.50
Top 5 TOTAL	38.47	59.73	Top 5 TOTAL	60.50	88.58
HS4112					
VIETNAM	1.57	31.55	THAILAND	0.28	35.77
THAILAND	1.45	29.34	ETHIOPIA	0.24	30.06
INDONESIA	0.45	9.19	TURKEY	0.12	14.59
HONG KONG	0.43	8.64	ITALY	0.07	9.56
CHINA	0.19	3.82	NETHERLANDS	0.03	4.24
Top 5 TOTAL	4.10	82.54	Top 5 TOTAL	0.76	94.22
HS4113					
VIETNAM	0.30	20.81	POLAND	0.41	28.34
HONG KONG	0.29	19.61	ITALY	0.34	23.85
USA	0.26	17.67	CHINA	0.30	21.02
GERMANY	0.17	11.59	THAILAND	0.10	6.93
SRI LANKA	0.13	9.40	USA	0.07	5.37
Top 5 TOTAL	1.17	79.07	Top 5 TOTAL	1.23	85.52
HS4114					
GERMANY	0.46	28.79	ITALY	0.97	41.58
FRANCE	0.28	17.45	BELGIUM	0.51	21.87
ITALY	0.14	8.76	INDIA	0.27	11.64
POLAND	0.09	5.59	PORTUGAL	0.23	10.24
SWEDEN	0.08	5.37	TURKEY	0.20	8.91
Top 5 TOTAL	1.07	65.96	Top 5 TOTAL	2.20	94.25

UK Leather goods (excluding footwear): import and export in 2021

The British leather industry has a long history of traditional craftsmanship. The UK is home to some of the finest leather and leather goods in the world. British designers are producing high-end leather products, including bags and apparel, which are sought after throughout the world.

In 2021, the UK was again a net importer of leather goods. However, the trade deficit increased compared to 2020, up to £314 million. Export values and volumes were decreased for almost all the HS codes considered, while imports increased almost across the board. This deficit almost certainly reflects the much smaller nature of the UK industry but may also confirm the difficulties with exporting post-Brexit, reported by manufacturers of clothing, bags, accessories and similar goods.

UK export and import of leather goods in 2021

HS Code	Export				Imports			
	Value (£million)	Volume (ktonnes)	Change vs 2020 (%)		Value (£million)	Volume (ktonnes)	Change vs 2020 (%)	
			Value	Volume			Value	Volume
42010000	47.53	1.05	1.26	-75.59	125.16	10.65	44.56	38.84
42021110	69.34	0.20	10.07	-13.67	14.61	0.45	-13.93	-24.75
42022100	282.06	0.92	-4.66	-18.82	457.52	6.08	1.07	33.63
42023100	43.89	0.53	-0.23	38.24	112.14	2.26	0.15	36.23
42029110	8.68	0.10	-39.97	-52.20	18.44	0.83	-12.57	57.92
42031000	49.04	0.51	-28.29	-24.08	87.45	1.75	-12.27	11.12
42050011	0.61	0.01	-43.55	-56.11	0.34	0.07	50.00	145.82
TOTAL	501.15	3.32	-6.10	-52.28	815.66	22.09	3.35	33.03

UK export and import of leather goods in 2021

There was a marked difference in the performance of exports versus imports of leather goods over 2021. Compared to 2020, overall exports fell by 6.1% in value with volumes reported to be down by over half. It should be noted that some exports had become subject to export tariffs, with new rules of origin making life difficult for producers exporting materials for goods manufacture and subsequently reexporting the resulting products. In contrast, imports increased in value and volume, by 3.3% and 33%, respectively. The reasons for the rise in exports are unclear but the greater increase in volume may suggest an increase in imports of lower value goods in response to difficulties faced by producers in the UK.

The picture for exports and imports remained confused, due to the ongoing impact of Covid-19 and emerging issues arising from Brexit. However, it does seem apparent that leather goods manufacturers, and particularly those exporting goods, have experienced increasing difficulties through 2021. With the ongoing issues of related to Covid-19 and Brexit, the disruption caused by the Russian invasion of Ukraine and the threat of recession, 2022 could also be a difficult year.

*HS Code definitions

HS4101 - Raw hides and skins of bovine "incl. buffalo" or equine animals, fresh, or salted, dried, limed, pickled or otherwise preserved, whether or not dehaired or split (excluding tanned, parchment-dressed or further prepared)

HS4102 - Raw skins of sheep or lambs, fresh, or salted, dried, limed, pickled or otherwise preserved, whether or not dehaired or split (excluding those with wool on, fleeces of Astrakhan, Caracul, Persian, Broadtail or similar lambs, or of Indian, Chinese, Mongolian or Tibetan lambs and tanned, parchment-dressed or further prepared)

HS4103 - Other raw hides and skins, fresh, or salted, dried, limed, pickled or otherwise preserved, whether or not dehaired or split (excluding those of bovine animals, equine animals, sheep and lambs, those with wool on and those of goats or kids from Yemen, Mongolia or Tibet and tanned, parchment-dressed or further prepared)

HS4104 - Tanned or crust hides and skins of bovine "incl. buffalo" or equine animals, without hair on, whether or not split (excluding further prepared)

HS4105 - Tanned or crust skins of sheep or lambs, without wool on, whether or not split (excluding further prepared)

HS4106 - Tanned or crust hides and skins of goats or kids, pigs, reptiles and other animals, without wool on, and leather of hairless animals, whether or not split (excluding further prepared and leather of bovine and equine animals, sheep and lambs)

HS4107 - Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of bovine "incl. buffalo" or equine animals, without hair on, whether or not split (excluding chamois leather, patent leather and patent laminated leather, and metallised leather)

HS4112 - Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of sheep or lambs, without wool on, whether or not split (excluding chamois leather, patent leather and patent laminated leather, and metallised leather)

HS4113 - Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of goats or kids, pigs, reptiles and other animals, without wool or hair on, and leather of hairless animals, whether or not split (excluding leather of bovine and equine animals, sheep and lambs, and chamois leather, patent leather and patent laminated leather, and metallised leather)

HS4114 - Chamois leather, incl. combination chamois leather (excluding glacé-tanned leather subsequently treated with formaldehyde and leather stuffed with oil only after tanning); patent leather and patent laminated leather; metallised leather (excluding lacquered or metallised reconstituted leather)

HS42010000 - Saddlery and harness for any animal, incl. traces, leads, knee pads, muzzles, saddle cloths, saddlebags, dog coats and the like, of any material (excluding harnesses for children and adults, riding whips and other goods of heading 6602)

HS420211 - Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers, with outer surface of leather, composition leather or patent leather

HS420221 - Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface of leather, composition leather or patent leather

HS420231 - Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried in the pocket or handbag, with outer surface of leather, composition leather or patent leather

HS420291 - Travelling-bags, insulated food or beverage bags, toilet bags, rucksacks, shopping-bags, map-cases, tool bags, sports bags, jewellery boxes, cutlery cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers, with outer surface of leather, composition leather or patent leather (excluding trunks, briefcases, school satchels and similar containers, handbags and articles normally carried in the pocket or handbag)

HS4203 - Articles of apparel and clothing accessories, of leather or composition leather (excluding footwear and headgear and parts thereof, and goods of chapter 95, e.g. shin guards, fencing masks)

HS4205 - Articles of leather or composition leather (excluding saddlery and harness bags; cases and similar containers; apparel and clothing accessories; whips, riding-crops and similar of heading 6602; furniture; lighting appliances; toys; games; sports articles; buttons and parts thereof; cuff links, bracelets or other imitation jewellery; made-up articles of netting of heading 5608; and articles of plaiting materials)