

UK Leather & Leather Goods Industry in 2020

UK Leather: import and export in 2020

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

The optimistic start to 2020 was soon crushed by the Covid-19 crisis that locked down countries across the globe, paralysing supply chains and closing down the manufacturing and retail sectors. The impact was felt across the global leather industry with demand across all destinations initially falling dramatically and for some, very slow recovery. The UK leather industry and its client industries were also deeply affected. The total value of leather (including raw materials, part-processed and finished leather) exports and imports fell by 33.89% and 33.43%, respectively.

Export values for raw materials fell by nearly 21%, while volumes were largely unchanged. This may be due to the very large fall in prices at the start of the year and the recovery in the very important Chinese market in the second half of the year. The value of part-processed leather exports fell by over 30%, although volumes fell further still, suggesting that the leather being sold was at least achieving higher returns. Finished leather exports fell by 43% in value and nearly the same in volume as demand for leather stalled.

At the individual product code level, both raw bovine and hides and ovine skins saw marked reductions in value. This in spite of small increase in export volumes of bovine material, compared to 2019. The figures for caprine and other materials should be treated with caution, as the very low volumes and highly variable market make year on year comparisons unreliable.

The export of part-processed bovine leather fell by 31% in value and 44% in volume. Even larger falls were seen for ovine, caprine and other leathers but as previously noted, these represent a very small volume of UK production and are far more variable than bovine production. Nonetheless, the trend was very clear. Similarly, export values and volumes for finished leather were reduced in all categories.

UK exports of Hides, Skins and wet blue, crust and finished leather in 2020

EXPORTS (by HS code*)	Trade in 2020		Change (% vs 2019)	
	Value (£M)	Volume (ktonnes)	Value	Volume
Total exports	155.13		-33.89	
Raw materials	69.29	130.16	-20.76	-3.53
Part-processed leather	13.35	4.05	-32.34	-59.36
Finished leather	72.48	3.63	-43.14	-41.40
Raw Material Exports				
HS4101	53.35	76.42	-14.44	1.91
HS4102	15.91	53.67	-36.44	-15.39
HS4103	0.02	0.007	-50.61	16.54
Part-processed Leather Exports				
HS4104	13.17	4.05	-31.22	-44.13
HS4105	0.03	0.0004	-79.48	-99.66
HS4106	0.15	0.006	-64.55	-88.30
Finished Leather Exports				
HS4107	64.40	3.45	-44.17	-31.70
HS4112	4.97	0.07	-37.93	-27.57
HS4113	1.48	0.03	-36.58	-33.34
HS4114	1.62	0.08	-7.59	-0.11

The picture was similar for imports, with overall value for raw materials, part-processed and finished leather down nearly 35%. Surprisingly, the volume of imported finished leather rose by 26% compared to 2019, bucking the trend for the other categories.

It is unclear whether this was due to businesses stockpiling leather while prices were low or in anticipation of Brexit, or increased demand as restrictions eased in the second half of the year. It should be noted that this increase in demand was not uniform across the categories comprising finished leather; imports of both bovine and ovine leather increased while caprine, 'other' and chamois imports fell.

UK imports of Hides, Skins and wet blue, crust and finished leather in 2020

IMPORTS (by HS code*)	Trade in 2020		Change (% vs 2019)	
	Value (£)	Volume (ktonnes)	Value	Volume
Total imports	84.89		-34.33	
Raw materials	6.19	8.66	-39.44	-10.12
Part-processed leather	5.80	1.36	-58.27	-47.51
Finished leather	72.88	7.89	-30.66	26.10
Raw Material Imports				
HS4101	5.20	7.89	-43.88	-5.24
HS4102	0.80	0.75	4.71	-35.65
HS4103	0.18	0.02	0.46	-85.35
Part-processed Imports				
HS4104	4.15	1.20	-53.77	-48.07
HS4105	1.23	0.05	-69.51	-57.78
HS4106	0.42	0.10	-52.70	-54.78
Finished Leather Imports				
HS4107	68.29	7.61	-29.64	33.19
HS4112	0.80	0.01	-26.85	27.72
HS4113	1.44	0.05	-45.21	-55.26
HS4114	2.34	0.22	-45.67	-26.99

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 2020

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, the most valuable material, and 66% of ovine exports, bracketing Turkey.

Imports were also dominated by the five largest sources The Republic of Ireland remained the largest source of bovine raw materials rising from 74% in 2019 to 82% in 2020. However, overall exports of raw materials were reduced by 20% while imports fell by 34%.

Export	Value (£Million)	% of total (all countries)	Imports	Value (£million)	% of total (all countries)
HS4101					
ITALY	26.16	49.04	Irish Republic	4.32	82.87
CHINA	17.19	32.24	Australia	0.55	10.66
IRISH REPUBLIC	3.42	6.41	France	0.13	2.49
FRANCE	1.42	2.66	THAILAND	0.10	1.97
NETHERLANDS	0.97	1.83	Italy	0.03	0.68
Top 5 TOTAL	49.19	92.20	Top 5 TOTAL	5.14	98.68
HS4102					
CHINA	8.79	55.23	ETHIOPIA	0.54	67.76
TURKEY	2.56	16.14	IRISH REPUBLIC	0.22	27.5521
ITALY	1.79	11.23	USA	0.01	1.84
ARGENTINA	0.84	5.29	CHINA	0.01	1.78
PAKISTAN	0.68	4.32	FRANCE	0.005	0.63
Top 5 TOTAL	14.67	92.23	Top 5 TOTAL	0.79	99.5788
HS4103					
VIETNAM	0.013	48.11	FRANCE	0.13	73.21
NETHERLANDS	0.004	16.53	U.S.A.	0.03	15.30
AZERBAIJAN	0.003	11.88	INDIA	0.02	10.36
ICELAND	0.002	7.67	INDONESIA	0.001	0.61
IRISH REPUBLIC	0.002	6.14	ITALY	0.001	0.49
Top 5 TOTAL	0.025	90.35	Top 5 TOTAL	0.18	99.99

UK Trade in Wet Blue and Crust Leather by main countries in 2020

Overall, exports of part-processed leather fell by 32%, while imports fell by 58%. Exports of bovine wet blue and crust leather were almost entirely dominated by exports to Italy, which accounted for over 90% of the total export value for these materials and 89% of the export value of all materials. The top 5 importing countries dominated the overall value of imports, accounting for 70% 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 £0.79M in 2019 to £0.89M in 2020. However, as previously noted, values and volumes of across all categories were greatly reduced e.g. exports from Ethiopia were reduced by over 75%, year on year.

Export	Value (£million)	% of total (all countries)	Import	Value (£million)	% of total (all countries)
HS4104					
ITALY	11.95	90.76	DENMARK	0.89	21.58
USA	0.31	2.38	ITALY	0.79	19.06
JAPAN	0.26	1.93	ARGENTINA	0.53	12.78
CHINA	0.23	1.76	BANGLADESH	0.47	11.41
HONG KONG	0.10	0.76	BRAZIL	0.24	5.71
Top 5 TOTAL	12.85	97.59	Top 5 TOTAL	2.93	70.55
HS4105					
HONG KONG	0.014	45.90	ETHIOPIA	0.91	74.69
CANADA	0.006	19.66	DENMARK	0.10	8.56
SOUTH KOREA	0.005	17.45	CHINA	0.071	5.77
THAILAND	0.002	7.17	TURKEY	0.067	5.45
BRAZIL	0.001	4.54	U.S.A.	0.030	2.44
Top 5 TOTAL	0.03	94.72	Top 5 TOTAL	0.12	96.90
HS4106					

JAPAN	0.07	45.02	TURKEY	0.16	40.24
USA	0.02	14.06	INDIA	0.09	21.50
MOROCCO	0.01	9.71	ITALY	0.08	20.86
HONG KONG	0.01	6.44	PAKISTAN	0.01	3.28
CANADA	0.01	6.18	THAILAND	0.01	3.25
Top 5 TOTAL	0.12	81.41	Top 5 TOTAL	0.37	89.13

UK Trade in Finished Leather by main countries in 2020

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 destinations 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, although the value of those imports were unsurprisingly reduced against 2019. Overall, imports continued to be dominated by the same five largest importers.

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 2020

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 2020, the UK was net importer of leather goods, with a trade deficit of approximately £178 million. This deficit almost certainly reflects the much smaller nature of the UK industry, as indicated by the deficit in volumes of trade.

UK export and import of leather goods in 2020

HS Code	Export				Imports			
	Value (£million)	Volume (ktonnes)	Change vs 2019 (%)		Value (£million)	Volume (ktonnes)	Change vs 2019 (%)	
			Value	Volume			Value	Volume
42010000	46.93	4.30	3.35	7.62	86.57	7.66	5.61	12.61
42021110	62.99	0.23	22.96	-30.23	16.97	0.59	-43.63	-44.06
42022100	295.84	1.12	23.23	-37.52	452.67	4.55	-27.39	-32.70
42023100	43.99	0.38	-44.65	-56.68	111.97	1.65	-33.66	-40.20
42029110	14.46	0.20	6.80	-8.62	21.09	0.52	-40.09	-43.86
4203	144.52	2.77	10.78	15.41	99.68	1.57	-23.07	-36.47
4205	11.73	0.27	-28.73	-47.55	0.22	0.03	-33.90	-27.00
TOTAL	620.50	9.31	7.60	-8.58	789.20	16.60	-26.21	-20.43

There was a marked difference in the performance of exports versus imports of leather goods over 2020. In spite of the difficult year, overall exports rose by 7.6% in value compared to 2019, albeit that volumes fell by 8.5%. In contrast, imports fell in value and volume, by 26% and 20%, respectively. The reasons for the rise in exports are unclear, but may reflect pent-up demand and stockpiling in other regions before the UK finally left the EU at the end of 2020. The fall in imports was probably a function of the fall in retail sales as a result of the Covid-19 lockdowns in the UK.

There was some variation in the performance of the imported product groups. The majority saw increases in value of imports, with HS42021110 (luggage) and HS42022100 (handbags) showing large increases in value even with large falls in volume. In contrast, HS42023100 (small accessories) and HS4205 (articles of leather) both recorded large falls in value and volume. The trend in exports was clearer with reductions for all product groups except HS42010000 (saddlery and harnesses) which increased in value and volume. It is difficult to draw conclusions or make predictions on the results of a year that included the Covid-19 crisis and Brexit, but the hope would be that 2021 will be a much better 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)