

VIETNAM – 2017 LEATHER

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Import of raw material

Vietnam ranked 6th among imported countries of raw hides and skins (other than fur skins) and leather with the import value of over USD 1.6 billion, mainly from Italy, South Korea and Hong Kong. The United Kingdom added up USD 6.9 million to the total. Although the capacity of leather tanning production has increased by 15 times in the past 5 years, it is reported currently that the domestic leather tanning industry has not met enough raw material and hence, depended excessively on imported input for export production of the Leather and footwear industry. To stimulate the development of this manufacturing industry, the Government of Vietnam has loosened the regulations for imported materials in terms of quarantine and taxation.

Export of value-added leather products

Leather industry of Vietnam maintained the global position as one of the top exporters. In 2016, with the total export value generated was over \$15 billion, of which \$13 billion came from footwear and the remaining was from handbags and leather items. According to Vietnam Leather, Footwear and Handbag Association (Lefaso), this figure is expected to experience an increase of 10% in 2017. In addition, the leather and footwear industry will also renew the production models and join in the leather and footwear production chain in the country, the region and the world; at the same time, renovating technologies and equipment, and modernize and expand the production scale of domestic enterprises to increase productivity and quality of products for export.

Apparently, the unprecedented decision by the United Kingdom to withdraw from the European Union, or Brexit, will probably slow growth in the E.U. zone as well as the global economy, taking its toll on Vietnam's sector in the years to come. However, before the complete transition by April 2018, UK business could still utilise the spare time after the EVFTA being activated in 2018.

On the other hand, without an FTA, the import value of premium raw leather would not be significantly affected due to the shortage of domestic resource to fabricate high-end products.

Key players

With more than 90 accredited domestic manufacturers, it is easy to find in the list many of those with over-1000-employee scale. Some of the leading names are TBS Group (25,000), Golden Star Company Ltd (15,000), Hai Phong Leather Products and Footwear Company (11,500), etc. For bespoke and more tailored manufacturers, the outstanding include Saigon Heritage Factory, Fugashin Saigon, Sahara International Ltd., etc.

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