

APLF 2017 proves to be a barometer

Hong Kong
Published: 05 April, 2017



The newly rebranded APLF Leather and Materials+ fair closed last Friday (March 31) and the 2017 edition further underlined its position as a barometer event for the global tanning industry. A clearer picture of the state of the industry is beginning to emerge.

For the APLF, as with many so-called barometer events, it is worth taking the trip to Hong Kong to see if the market conditions are improving or deteriorating as well as try and meet people and do business. In fact, even if a major show such as the APLF simply confirms what you knew previously, it could be argued that it has served a purpose. Now the dust has settled APLF 2017 has appeared to show how the market will proceed in the coming months.

In general, those exhibitors that ILM spoke with last week were satisfied with the fair with the volume and quality of visitors. The APLF Leather exhibition located hall 1 of the HKCEC was far busier in terms of footfall than the Materials+ element in hall 3. The show did also consolidate its position as the only truly international trade fair with exhibitors and visitors from all corners of the globe, although Lineapelle is moving more in that direction.

The rebranded APLF Leather segment appeared slightly smaller than in the past by surface area but there was still more than enough on display for any visitor to see. That was both inside and outside the halls where the organisers had laid on several side conferences, receptions and events to keep everyone busy.

Confirmation of a softening market

In reviewing the state of the leather business, I think it can be concluded that, in general, the market is in a better place than it was a year ago. However, it would be prudent to say the market is not racing ahead. It can be best described as steady with a gentle improvement in some areas and a softening demand in others. The APLF organisers unofficially said that visitor numbers are up on 2016, and we await the final official figures but that appears to be most people's anecdotal impression.

One leading Asia based tanner told ILM that leather orders from some of its top customers were up as much as 48% compared with a year ago. However, it is felt that this tanner is an exception rather than the rule and the leather industry is still moderately weak in the footwear upper segment, which of course accounts for about 50% of all leather made.

Demand for automotive and high-end calfskin leathers remains firm whereas it appears that the furniture upholstery leather segment has lost some upward momentum after a strong end to 2016 and start of 2017. For example, Chinese upholstery tanners are said to be staying out of the market

for buying raw materials at the moment and some exhibitors said that the number of visitors from the Chinese mainland remains quite limited at the APLF considering its proximity.

Hide and skin traders are now expecting a correction in prices for some raw materials selections but the feeling is that the sharp declines seen after the APLF in 2016 are not anticipated in 2017, rather a softening of the price levels seen up to mid-March. Time will tell.

In the small skins segments, interest in sheepskin nappa leather remains weak but there is some interest for the best quality merino skins into China and some to Turkey for the doubleface market. Goatskin demand for suede and footwear linings remains stable. Softening raw materials prices is a good indicator that overall demand remains fairly flat and that leather buyers are holding firm on finished leather prices after being burnt in 2014-15. We could see general demand quieten down over the summer months.

Global presence

Outside of China there was a large presence at the APLF this year from India, Pakistan and Bangladesh as they look to grow their market share in South East Asia. Outside of Asia there were significant country pavilions from Brazil, Italy and Turkey. Fernando Bello, Executive Director, CICB from Brazil told ILM that in general his exhibitors were happy with the show and had made some good contacts.

The 33rd edition of APLF Leather and Materials+ fair featured over 800 exhibitors from 46 countries including 222 new exhibitors covering over 25,000 sq m. There were 24 group pavilions from 19 countries and regions, including a new small group of four tanners and a leather goods maker from Uganda.

The APLF Leather and Materials+ fair along with Fashion Access took place at the Hong Kong Convention and Exhibition Center in Hong Kong, March 29-31.



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