Together for Decent Leather RIGHTS FOR WORKERS

SOMO

Trends in production and trade

Leather products from Bangladesh

Fact Sheet | July 2021

1 Introduction

Millions of people around the world work to produce leather garments, footwear and accessories. The leather-based garments, footwear and accessories value chain is complex, with many different actors involved – from farmers to slaughterhouses to leather tanners; from finishers to traders; from producers of leather components to producers of leather goods; and from buying agents to brands and retailers. Production units vary greatly in size and include tanneries, small leather workshops, home-based units, as well as large and small garment, footwear and leather goods factories.

South Asia is an important production hub, catering to the international market. Bangladesh has emerged as an important producer of leather footwear for the international market. This overview of trends in the production of leather and leather goods in Bangladesh collates information on the main products produced in Bangladesh, and on important export markets for its leather and leather goods. The report maps key Bangladesh-based leather manufacturers and foreign buying companies.

Understanding production trends and exports and knowing relevant actors in the industry is essential to establish links between the leather industries in Bangladesh, the export markets and all actors involved, as well as for demonstrating gaps in traceability and transparency in leather value chains generally.

This mapping lists a number of key manufacturers of leather and leather goods as well as a number of key buyers of these products. It should be noted that companies sourcing leather goods from Bangladesh do not necessarily use leather produced in Bangladesh for the production of these goods. They may use leather imported from other countries. For more information see paragraph 3.

This mapping of the Bangladesh leather industry has been made as a part of the Together for Decent Leather programme, which aims to improve working conditions and to reduce labour rights abuses, focusing on production hubs for leather products in South Asia – in particular in Vellore and Chennai districts in Tamil Nadu, India; greater Karachi in Pakistan; and the greater Dhaka region in Bangladesh. The Decent Leather programme particularly focuses on tanning, manufacturing, trade and retail phases of the leather and leather goods supply chain.

1.1 Methodology

This overview of trends in the production and export of leather and leather goods from Bangladesh is based on desk research. Public and subscription-based databases were accessed to gather information about export trends; export destinations; key manufacturers and buying companies, as well as to establish linkages between these exporting and importing companies.

As for the other mappings in this series (Pakistan[1] and India[2]), the United Nations Comtrade database[3] was used to gather information about export trends and export destinations. However, data availability for Bangladesh stops after 2015. Therefore, imports of leather and leather goods from Bangladesh into all countries that report to Comtrade were considered. In order to provide some insight on export trends over a longer period, we decided to look into a the period 2013-2019.

The Panjiva database[4] was used to gather information about key exporting manufacturers and their clients.

Lastly, the Open Apparel Registry (OAR)[5] was consulted to establish linkages between manufacturers in Bangladesh and their international clients.

Lack of supply chain information

It should be taken into account that there are considerable gaps in the available information. Panjiva only includes detailed shipment information for a limited number of countries. It does not include data for Bangladesh and neither data for important sourcing countries including China and European countries. OAR brings together information of brands, retailers, multistakeholder initiatives (MSIs) and certification initiatives that disclose supplier lists. However, many of the brands and retailers operating in the leather goods sector do not disclose such information. The information on supply chain links presented in this paper is therefore nowhere near complete.

Product groups featured

For this overview of trends in production and exports, we have looked into different sets of product groups and subgroups, as classified internationally using Harmonised System (HS) codes.

HS 41 – raw hides and skins (other than fur skins) and leather

- 4104 to 4115 include tanned hides and finished or semi-finished leather

HS 42 – articles of leather; saddlery and harness, travel goods, handbags, and similar containers

- 4202 – Trunks; suit, camera, jewellery, cutlery cases; travel, tool, similar bags; wholly or mainly covered by leather, composition leather, plastic sheeting, textile materials, vulcanised fibre, paperboard
- 4203 – Articles of apparel and clothing accessories, of leather or of composition leather

HS 64 – footwear; gaiters and the like; parts of such articles

- 6403 – Footwear; with outer soles of rubber, plastics, leather or composition leather and uppers of leather

See: https://www.foreign-trade.com/reference/hscode.htm

1.2 The leather goods supply chain

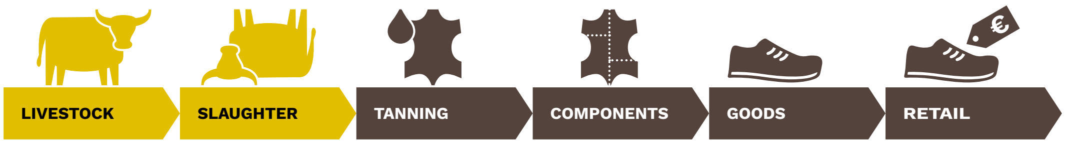
From slaughter to store shelves, animal hides undergo a wide range of treatments to make it into workable leather that can then be used as a basis for making final products such as shoes, garments, gloves, bags, and so on.

These different processes may take place in different countries. For instance, leather produced in Bangladesh is not only used for the production of leather goods in the country itself but is also exported to countries such as China and Italy, leading countries in the production of shoes, leather garments and bags. These products are subsequently sold internationally, labelled as 'made in China' or 'made in Italy'. In addition, leather footwear and other leather products manufactured in Bangladesh are not necessarily made from leather produced in Bangladesh. In fact, a number of brands and retailers, including H&M for example, state that they require leather to be imported from other countries for the production of leather goods that they source from Bangladesh.

Due to the intrinsic opaqueness of the industry in which products and semi-finished products are sourced, processed and manufactured in different countries, the origin of leather used in end-products and the conditions under which it is produced is often obscured for consumer and civil society organisations.

In addition to the many different production steps, there are many different actors involved. Due to a lack of transparency on supply chain and trade flow information, it is challenging to establish all the links in leather goods supply chains. A great range of actors are involved in the production of leather and leather goods: slaughter-houses, tanneries, large vertically integrated leather and leather goods manufacturers, small leather workshops, home-based units, as well as large and small garments, footwear and leather goods factories. In addition, traders, agents and buying houses are involved in this industry. Products are subsequently shipped and sold all over the world by brands directly or by (online) retailers.

Figure 1 Production phases of the leather goods supply chain



The Together for Decent Leather programme focuses on the brown steps.

This complexity is also found when it comes to employment relationships. Workers may be hired directly by the tanneries or leather goods factories they work for. Often, however, workers are recruited and contracted by labour contractors who are operating independently from the workplaces. The leather industry is further characterised by a high level of informal labour and home working.

2 Bangladesh leather and leather goods industry

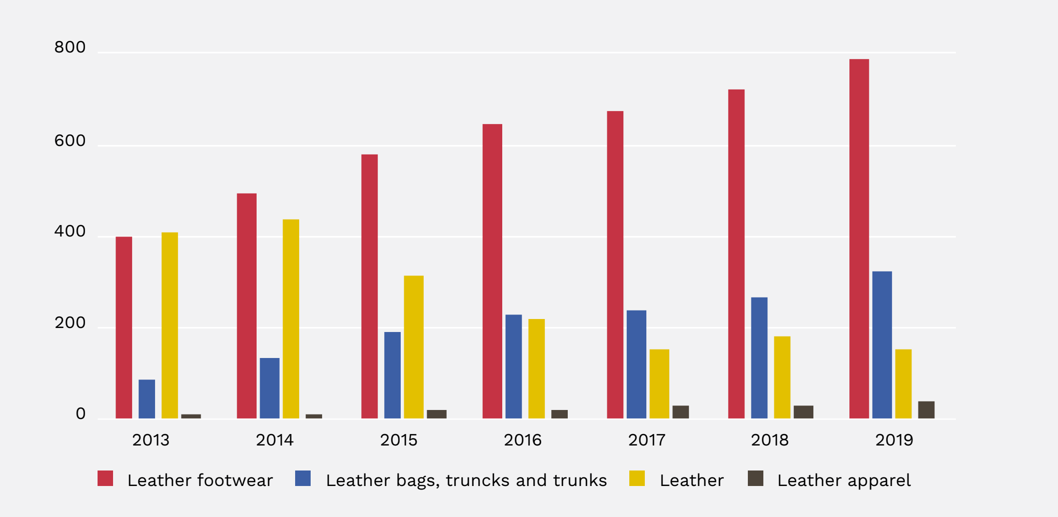
Bangladesh produces leather and leather goods such as shoes, belts, bags, suitcases, wallets and to a minor extent leather apparel. After the Ready-Made Garment (RMG) industry – which accounts for more than 80% of the country's export revenues[6] – it is the second-largest export-earning industry, generating around 3% of Bangladesh's total export revenues in the year 2019[7].

The government of Bangladesh has identified the leather and leather goods industry as a priority sector, and therefore provides numerous incentives, including tax benefits and duty-free imports of raw materials (hides and skins) and machinery for factories that are exclusively export-oriented[8].

With the availability of a large livestock population (mainly cows and goats) and the presence of tanneries and production facilities that manufacture a range of end-products, Bangladesh has the potential to cover the entire production process. Quota free access to major export markets – e.g. through the EU's 'Everything But Arms' agreement under Generalised Scheme of Preferences – makes Bangladesh an attractive sourcing destination for international brands, retailers and e-tailers. In particular, Bangladesh's export-oriented footwear sector has been growing in the past years. Rising labour costs in China – the largest exporter of leather products globally – have contributed to this growth. In a search for lower production costs, Chinese manufacturers have set up footwear factories in Bangladesh to supply international end-buyers[9]. However, it is not only a success story; the Bangladesh leather and leather goods industry also faces major challenges, including serious environmental and social issues.

For this mapping, we have looked into four subsectors: production of leather; production of leather apparel; production of (leather) footwear and; production of (leather) bags and trunks. Of these subsectors, (leather) footwear is most important in terms of export revenues. Exports of finished leather goods – footwear as well as bags, trunks and cases – have grown consistently over the past few years (see figure 2). The exports of finished leather have dramatically decreased since 2014. The export of leather apparel plays a minor role and therefore no detailed analysis is included in this paper for this subsector.

Figure 2 Leather and leather goods exports from Bangladesh in US$ millions



Source: Graph produced by SOMO based on data derived from UN Comtrade database. Due to the absence of export data reported by Bangladesh, this graph is based on data reported by all countries that import leather and leather goods from Bangladesh. HS codes used: leather: 41; (leather) footwear: 6403; (leather) bags, trunks, cases: 4202; leather apparel: 4203.

Production facilities and workforce

The leather and leather goods industry in Bangladesh involves a diverse range of producers. The Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LMFEAB, the industry association that represents export-oriented manufacturers of leather goods and footwear) reports that there are some 200 tanneries, 3,500 small and medium sized leather goods production facilities and around 100 large leather and leather goods manufacturers.[10] Some of these producers are so called vertically integrated enterprises that operate tanning facilities as well as leather footwear factories. An example is Apex.

A report by the Friedrich Ebert Stiftung and the SME Foundation highlights the fact that subcontracting is very much present in the different stages of the leather and leather goods supply chain in Bangladesh where micro and small firms act as subcontractors to larger firms. The report describes that “scarce capacity in peak season and rising competition among micro and small enterprises are the driving forces for subcontracting of production activities”[11].

It is difficult to find accurate information on the number of people working in the leather and leather goods industry in Bangladesh. Different estimates can be found. The Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh (LMFEAB) reports that the leather and leather goods industry, directly and indirectly, employs around 850,000 workers but without giving a further breakdown for the different sectors and without specifying what it considers to be indirectly employed[12]. Homeworkers are not counted in these figures. About 70% of the employees in the footwear factories are female[13]. Tanneries predominantly employ male workers[14].

3 Leather production and export

There are around 200 tanneries in Bangladesh[15]. Most of these are standalone tanneries, while some of them are part of vertically integrated enterprises that engage in the production of leather as well as the manufacture of leather footwear and/or other leather goods.

Tanneries in Bangladesh produce semi-finished and finished leather, for both the domestic market and export.

Tanneries may export through direct relations with foreign leather goods manufacturers or – especially the smaller ones – via buying agents. This extra layer adds to the opaque supply chain.

Most of the country's leather production is located in and around the city of Dhaka. The area of Hazaribagh in the Southwest of Dhaka was for a long time the centre of tanning in the country, with originally some 90% of all tanneries based there[16]. The area – and particularly the Buriganga river that runs through it – is highly polluted due to the discharge of the tanneries' toxic wastewater.

In 2003, the Bangladesh government decided that tanneries located in Hazaribagh should relocate to a new purpose-built and modern cluster in Savar, 10 kilometres from Hazaribagh. The relocation site in Savar was to be equipped with a Common Effluent Treatment Plant (CETP), in conformance with international environmental standards. The relocation was severely delayed and to date is incomplete. In May 2020, the Asia Foundation reported that of the 220 tanneries that operated in the Hazaribagh area, 123 had completed the move and were operational at the new site[17].

In recent years, concerns about the environmental and social impacts of the tannery industry of Bangladesh have increased. The industry may have lost international customers due to these concerns[18].

H&M for instance states it does not allow leather from Bangladesh to be used in its products due to "poor tannery processes in the country"[19]. However, H&M does source leather footwear from Bangladesh. This implies that leather used for the H&M products manufactured in Bangladesh needs to be imported from elsewhere. Likewise, Deichmann in response to research by Transparentem about environmental pollution and labour rights violations in the Bangladesh tanning industry said that its footwear produced in Bangladesh is made with imported leather. Other brands and retailers require certification by the Leather Working Group (LWG)[20]. Currently, there are only three tanneries in Bangladesh with LWG certification.

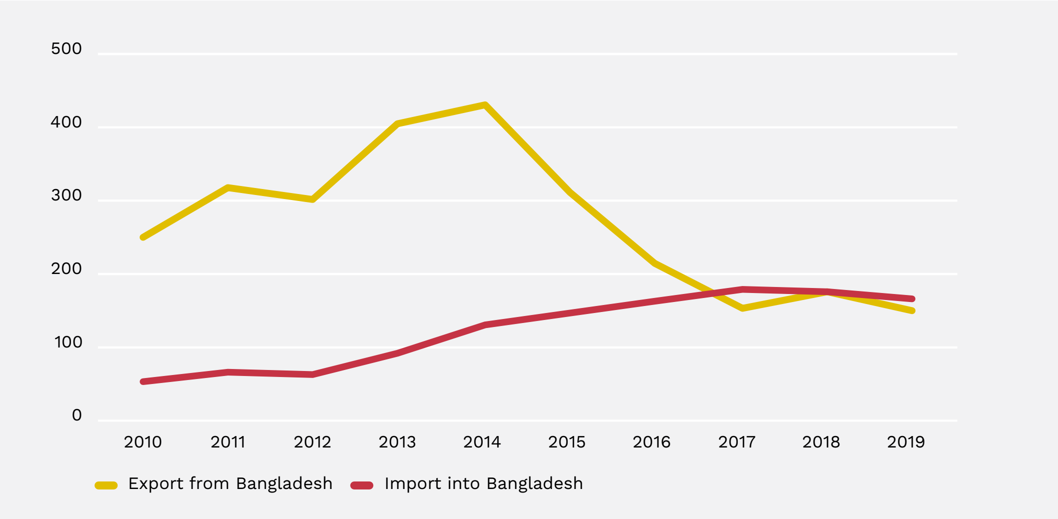
Exports of leather have been falling. The graph below shows exports of leather from Bangladesh over a 10-year period (2010-2019). From 2010 to 2014 leather exports were generally increasing, apart from a dip in 2012. However, as of 2014, a dramatic decline can be observed. Leather export revenues in 2019 dropped by around 65% compared to the year 2014.

The below graph also shows imports of leather into Bangladesh. These imports have been on the rise which indicates that Bangladesh needs to import leather to meet the growing international demand for leather footwear, bags, cases and trunks.

Besides the issues around the relocation of the tanning industry, the industry faces several other challenges. A report by the Netherlands Enterprise Agency (RVO) mentions the lack of professional slaughterhouses in Bangladesh. The report further describes that slaughter usually takes place in the street for cattle or at home for small ruminants[21].

Around 40% of raw hides and skins become available after large religious festivals. These hides and skins – being perishable goods – need to be adequately conserved. Tanneries in Bangladesh do not have sufficient capacity to process the available quantities in a short timeframe.[22] In addition, the Bangladesh leather industry relies on expensive imports of chemicals that are used in the tanning process[23].

Figure 3 Leather exports and imports in US$ millions

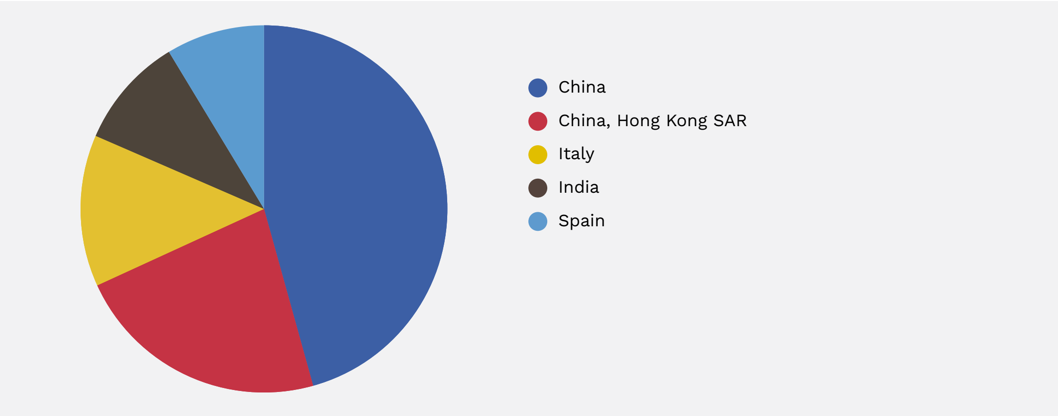


Source: Graph produced by SOMO based on data derived from UN Comtrade database. Due to the absence of data reported by Bangladesh, this graph is based on data reported by all countries that import leather from and export leather to Bangladesh (HS Code used: 41).

Export destinations in 2019

China is by far the most important export destination for leather produced in Bangladesh. Followed by Hong Kong, Italy, India and Spain.

Figure 4 Top five leather export destinations from Bangladesh 2019[24]



Source: Graph produced by SOMO based on data derived from UN Comtrade database. Due to the absence of export data reported by Bangladesh, this graph is based on data reported by all countries that import leather from Bangladesh (HS Code used: 41).

Table 1 Top 10 leather export destinations from Bangladesh in 2019[25]

Rank	Country	Trade value in US$
1	China	52.648.107
2	China, Hong Kong SAR	25.911.015
3	Italy	15.386.672
4	India	11.306.541
5	Spain	9.998.161
6	Japan	9.801.915
7	Vietnam	6.704.820
8	Korea	6.390.341
9	Other Asia, (not elsewhere specified, nes)	2.369.994
10	Mexico	1.257.248

Source: UN Comtrade database. Due to the absence of export data reported by Bangladesh, this graph is based on data reported by all countries that import leather from Bangladesh (HS Code used: 41)

Bangladesh manufacturers

With help of the trade information database Panjiva, a number of important exporting leather producers have been identified. Where possible, linkages with buying companies have been included. In addition to Panjiva, the Open Apparel Registry (OAR) was consulted to identify tanneries that export to international clients.

Table 2 Key leather manufacturers

Manufacturer Name	Location in Bangladesh	Name Buyer(s)	LWG certification
Apex Tannery	Savar, Dhaka	Concept Concievers & Executors (india), Ahuja International (India), Oom Exports (India), Ampersand Design Private. Ltd. India), Foot on Shoes (India) and many more	Certified by Leather Working Group
Austan Limited	Savar, Dhaka	No information found	Certified by Leather Working Group
B.F. Leather	Hazaribag, Dhaka	Dutch Agreement on Sustainable Garments and Textile (OAR)	
Mitali Tannery Ltd.	Hemayetpur	Nomanica International S.A. de C.V. (Mexico)	
Pubali Tannery	Savar, Dhaka	Dutch Agreement on Sustainable Garments and Textile (OAR)	
Riff Leather Limited	Chittagong	No information found	Certified by Leather Working Group
Smooth Enterprises	Hemayetpur	Kalsi Sports (India)	
Sadar Tannery Ltd.	Hemayetpur	Tuff Shoes (India)	
Saf Industries Ltd.	Dhaka	Mirza International (India)	
Platinum Bangladesh Co.	Dhaka	Shila Sales Corporation (India)	

4 Leather footwear

The leather footwear[26] sector is the most relevant subsector in terms of export revenues, and it is growing in importance. Several media articles and market analyses refer to Bangladesh as the next hub for global footwear production[27]. Analysts see a shift from China to Bangladesh due to rising labour costs in China, including the setting up of footwear manufacturing plants by Chinese enterprises. More recently, LFMEAB president Saiful Islam mentioned a shift of footwear orders from Myanmar to Bangladesh due to the unstable situation in Myanmar following the coup of February 2021[28].

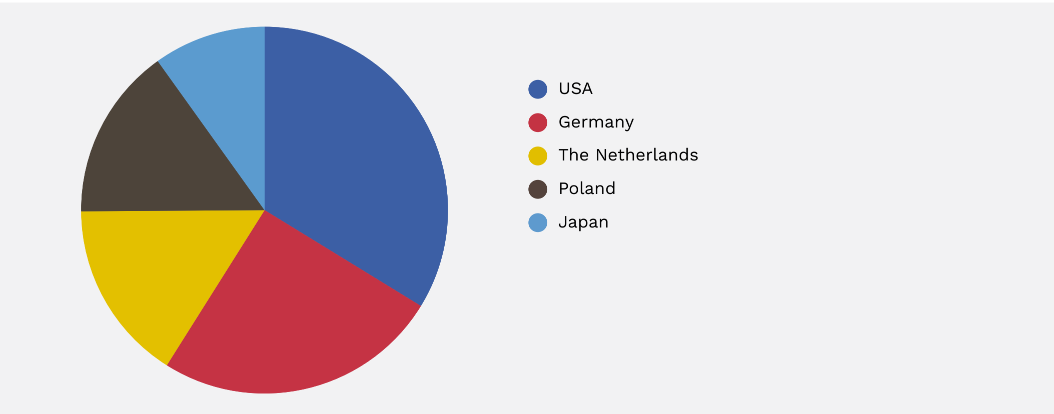
The LFMEAB lists 117 members in the section footwear and 14 members in the mixed section (producing footwear and other leather goods)[29].

As mentioned above, a number of export-oriented footwear factories are foreign-owned. Examples include Xin Chang Shoes which is owned by Taiwanese Oftenrich Group[30]; Bangladesh Pou Hung Industries owned by the Pou Chen Group from Taiwan and; Novi Footwear Bangladesh which is part of Hong Kong-based Novi Footwear of which the German Wortmann Group is the majority shareholder[31].

In the sub-segment of fashion shoes[32], there are two distinct sale seasons the summer and winter season[33]. This implies that manufacturers operating in the fashion shoe segment have peak production periods.

Export destinations
The EU is an important export destination for footwear produced in Bangladesh, with Germany, the Netherlands and Poland all appearing in the top-5 of export destinations, France and Italy are also among the top ten export destinations with other EU countries also importing sizeable amounts of footwear. Looking at individual countries, the US is the most important export destination. Japan completes the top-5.

Figure 5 Top five leather export destinations from Bangladesh 2019[34]



Source: Graph compiled by SOMO based on data derived from the UN Comtrade database. Imports of leather footwear (HS 6403) from Bangladesh by USA, Germany, The Netherlands, Poland and Japan, 2019.

Table 3 Top 10 leather footwear export destinations from Bangladesh in 2019[35]

Rank	Country	Trade value in US$
1	USA	150,598,093
2	Germany	112,369,732
3	Netherlands	71,154,892
4	Poland	67,842,248
5	Japan	44,138,303
6	Canada	41,457,277
7	France	37,841,086
8	China	33,346,568
9	Italy	25,309,786
10	Russian Federation	16,907,517

Footwear producers and their clients

The below table includes some key Bangladesh-based footwear producers. Where possible, information on their clients has been included. Clients have been identified by using the Panjiva database and the Open Apparel Registry. Due to the lack of available data, this overview is very incomplete. Producers are listed in alphabetic order.

Table 4 Key footwear manufacturers

Footwear producer Name	Location in Bangladesh	Name Client(s)
Apex Footwear	Gazipur	Zalando (OAR), El Corte Ingles (OAR)
Bangladesh Pou Hung Industries Ltd. (part of Pou Chen Corporation from Taiwan)	Chitagong	Panjiva US imports: Timberland (VF Corporation)
Bay Footwear	Gazipur, Dhaka	Clarks (OAR) Panjiva US imports: Timberland (VF Corporation), Wolverine Worldwide Inc., Rockport Panjiva Indonesia imports: Young Tree Industries (Stella International Holdings Limited)
B.F. Leather		Agreement on Sustainable Garments and Textile (OAR)
Bengal Shoe Industries Limited	LAKSHIPUR	H&M, Partnership for Sustainable Textiles (OAR)
Blue Ocean Footwear Ltd	Gazipur, Dhaka	Clarks (OAR) Panjiva US imports: Wolverine World Wide Inc.
Edison Footwear Ltd	Gazipur, Dhaka	H&M, Partnership for Sustainable Textiles (OAR)
Excelsior Shoes Ltd.	Chittagong	Lidl, Partnership for Sustainable Textiles (OAR)
Frame House Footwear Ltd.	Dhaka	Lidl, Partnership for Sustainable Textiles (OAR)
Hamko Leathers Ltd.	Gazipur, Dhaka	Lidl, Partnership for Sustainable Textiles (OAR)
Lalmai Footwear Ltd	Dhaka	El Corte Ingles (OAR)
Nadia Shoes Pvt. Ltd.	Savar, Dhaka	Clarks (OAR)
Novi Footwear International Co. Ltd. (part of Novi Footwear based in Hong Kong)	Chittagong	Marks & Spencer

Footwear producer Name	Location in Bangladesh	Name Client(s)
Paolo Footwear (BD) Ltd	Chittagong	Next (OAR)
Premier Footwear Ltd.	Barisal	Lidl, Partnership for Sustainable Textiles (OAR)
Royal Footwear Ltd.	Gazipur, Dhaka	Lidl, Partnership for Sustainable Textiles (OAR)
Runner Footwear Ltd.	Gazipur, Dhaka	Lidl, Partnership for Sustainable Textiles (OAR)
Shoeniverse Footwear Ltd.	Mymensingh, Dhaka	Lidl, Partnership for Sustainable Textiles (OAR)
Xin Chang Shoes (Bd) Ltd. (part of Oftenrich Group from Taiwan)	Gulshan, Dhaka	VF Corporation, 5.11 (OAR) Wolverine Worldwide Inc, Dr Martens, Timberland (=VF) (Panjiva)

5 Trunks, cases and bags

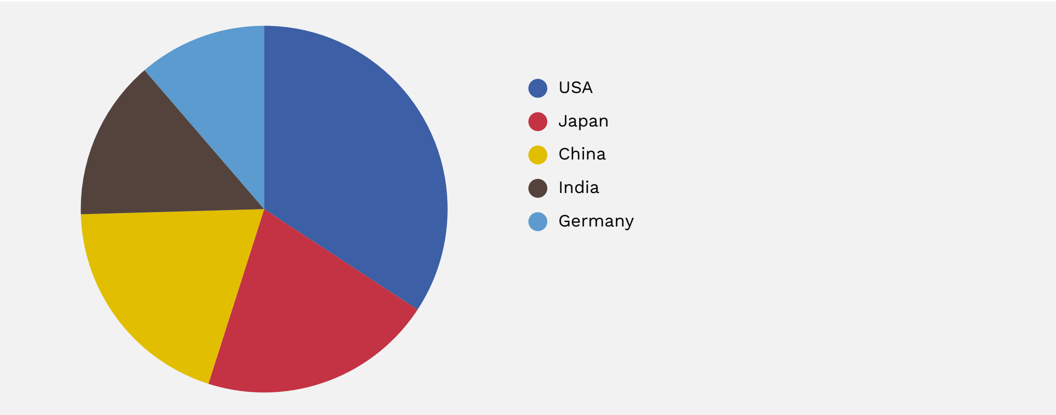
Trade statistics from the UN Comtrade database indicate that exports of products with HS code 4202 are growing in importance. This product group includes: trunks; suit, camera, jewellery, cutlery cases; travel, tool, similar bags; wholly or mainly covered by leather, composition leather, plastic sheeting, textile materials, vulcanised fibre, paperboard." While this falls within chapter 42 "articles of leather", taking a closer look at goods exported under this code, it appears that this product group also includes a lot of trunks, cases and bags of non-leather material.

The LFMEAB lists 45 members in the area of leather goods and 14 members in the mixed goods area (producing footwear and leather goods).

Export destinations

As with footwear, the US is the most important export destination, followed by Japan, China, India and Germany.

Figure 6 Top five leather export destinations from Bangladesh 2019[36]



Source: Graph produced by SOMO based on data derived from UN Comtrade database. Due to the absence of export data reported by Bangladesh, this graph is based on data reported by all countries that import trunks, cases and bags from Bangladesh (HS Code used: 4202).

Table 5 Top 10 leather trunks, cases and bags export destinations from Bangladesh in 2019[37]

Rank	Country	Import value in US$
1	USA	67,568,919
2	Japan	40,836,207
3	China	38,755,787
4	India	27,906,508
5	Germany	22,323,006
6	France	17,018,095
7	Australia	16,240,177
8	Netherlands	14,221,671
9	Poland	9,658,992
10	Korea	7,920,299

Source: Based on data derived from UN Comtrade database. Due to the absence of export data reported by Bangladesh, this graph is based on data reported by all countries that import trunks, cases and bags from Bangladesh (HS Code used: 4202)

Manufacturers of trunks, cases and bags and their clients

It is not always clear if products within the product group 4202 are made of leather or include leather parts. Therefore, only those manufacturers that clearly produce leather products are included in the table below.

Table 6 Key manufacturers of trunks, cases and bags

Manufacturer name	Location	Buyer(s)
Rider Leather Bags & Luggage Factory Ltd.	Chitagong	Matalan (OAR) Panjiva: Samsonite South Asia Private Ltd., Safari Industries India Ltd., Bulletline (US)
Ventura Leatherware Mfy. (Bd) Ltd.	Dhaka	Michael Kors, Coach (Panjiva)
New Era Fashions Bangladesh (leather division produces wallets and belts)	Chitagong	Randa Accessories Leather Goods Llc (Panjiva)
Step Luggage & Leather Goods Ltd.		Klein Tools Inc (US)
Kuehne Nagel Ltd. House74 Road 18 Step Luggage & Leather Goods Ltd.		Kuehne & Nagel Inc (US)

6 Impact of the coronavirus pandemic on production and export trends

The coronavirus pandemic impacted the leather sector in Bangladesh heavily. In 2020, the major issue was the cancellation of orders by both domestic and international buyers. According to the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), as of April 2020, orders amounting to USD 316 million were cancelled[38].

The interrupted supply of materials, including processed hides and chemicals, was also highly problematic. Many tanneries and factories closed. When, in March 2020, the Bangladesh authorities called for a nation-wide lockdown, more businesses had to shut their doors. In April 2021, a new lockdown was proclaimed, covering public transport and government offices, but, for the time being, excluding garment factories. Still, it is no exaggeration to say that the entire leather and leather products value chain of Bangladesh is severely disrupted.

However, there are signs that the Bangladesh leather and leather goods industry is picking up again. An article in the Daily Newspaper of 14 June 2021 quotes LFMEAB president saying that in the last couple of months, Bangladesh manufacturers had received an increasing number of orders as “many leather and leather goods companies have shifted orders from Myanmar to Bangladesh because of the political uncertainty”[39].

Impacts on exports 2020

The remainder of this section primarily draws on data from the Bangladesh Export Promotion Bureau (EPB)[40] and the analysis of export developments during the years 2019 and 2020 that the LFMEAB has published based on the EPB figures[41].

The EPB publishes monthly figures on export revenues for a wide range of products. It should be noted that these figures differ from the figures from the UN Comtrade database that are presented in the first section of this mapping. This could be explained by the fact that the fiscal year in Bangladesh runs from 1 July to 30 June (as opposed to calendar years used in UN Comtrade) and a different selection of HS codes (the EPB code selection appears to be more detailed).

According to these figures, export revenues of the combined product groups (leather, leather goods and leather footwear) dropped by 21% comparing the fiscal year 2019 with the fiscal year 2020[42]. Exports particularly took a deep dive in the months January – June of 2020.

Leather exports

According to the EPB data, the subsector leather[43] – which already saw exports declining in the past years – took a very hard hit. With exports dropping by 31% comparing the year 2019 with 2020.

Leather footwear exports

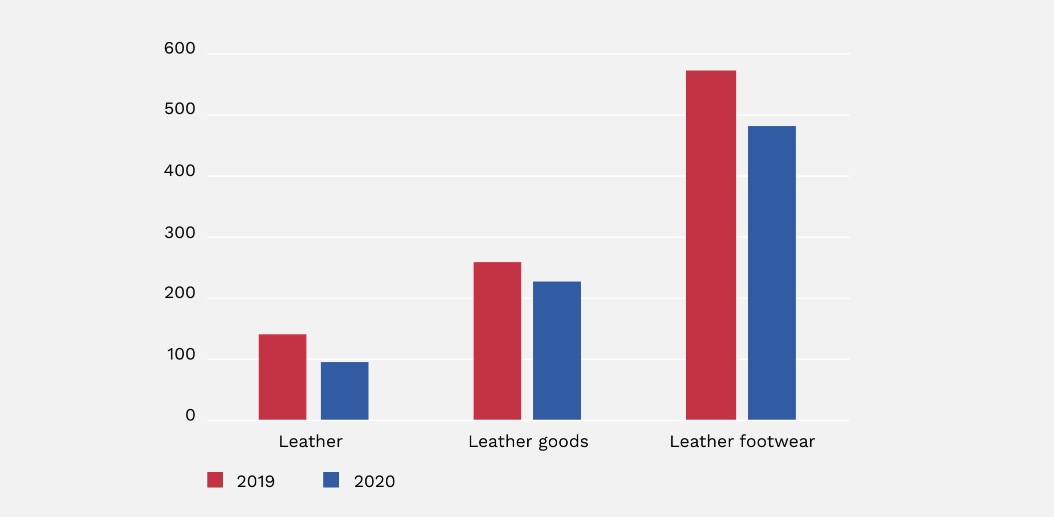
The leather footwear sector – the subsector which generates most export earnings and which had been growing over the past five years – saw revenues decreasing by 15%, from USD 566.54 million in 2019 to USD 479.41 million in 2020.

Key player Apex Footwear, for instance, witnessed a sharp decline in both domestic and international sales and, according to its financial reports, saw its net profit drop by nearly 50% from FY2019 to FY 2020.

Leather goods exports[44]

Leather goods export revenues – which had been increasing over the past five years – went down by 12%, from USD 256.91 million in 2019 to USD 225.54 million in 2020.

Figure 7 leather and leather goods export revenues 2019-2020 in US$ millions



Source: Graph produced by SOMO based on data from the LFMEAB[45].

7 Concluding remarks: limited transparency

This paper looks into trends in the production and export of leather and leather goods from Bangladesh. However, crucial information is missing to connect all the dots and to establish all linkages in the supply chain.

Firstly, precise figures on the number of production facilities as well as the numbers of various types of workers involved in the leather and leather goods industry are hard to come by.

Secondly, the leather and leather goods industry is complex, with many different actors involved. A lack of transparency both on the governmental as well as on the corporate level makes it impossible to establish linkages between producers and end-customers and all the steps in between. The government of Bangladesh does not disclose customs information which would allow for identifying linkages between exporting manufacturers and their foreign buyers. Likewise, important buying countries such as China, Germany and the Netherlands do not disclose such information.

When it comes to corporate transparency, many relevant players are not forthcoming with information about their supply chains. While in recent years, an increasing number of garment brands and retailers have started to disclose their supplier base such transparency is far less common in the footwear sector – an important segment in the global leather and leather goods industry. In addition, corporate supply chain transparency is often limited to first-tier suppliers. Transparency up to the level of tanneries is very rare.

Lastly, there are a number of brands and retailers that source leather goods from Bangladesh that have stated that they only use imported leather due to concerns about environmental and social issues linked to the Bangladesh leather industry. However, it is not clear how these companies ensure that no Bangladesh leather is used.

Endnotes

1 SOMO, “Leather products from Pakistan – Trends in production and trade”, April 2021 <https://togetherfordecentleather.org/wp-content/uploads/2021/05/Leather-products-from-Pakistan-mapping-paper.pdf>

2 Arisa, “Leather products from India – Trends in production and trade”, May 2021 <https://togetherfordecentleather.org/wp-content/uploads/2021/05/LeatherProductsFromIndia.pdf>

3 UN Comtrade, <https://comtrade.un.org/>, a public database

4 Panjiva <https://panjiva.com/>, a paid subscription-based database

5 See <https://openapparel.org/>, a public database.

6 Asian Development Bank, “Developing the Leather Industry in Bangladesh”, ADB Briefs no.2, November 2018 <https://www.adb.org/sites/default/files/publication/467956/adb-brief-102-bangladesh-leather-industry.pdf>

7 Calculation based on data derived from the UN Comtrade database. Imports of all reporting countries from Bangladesh have been taken into account due to the lack of data reported by Bangladesh.

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24 Figure produced by SOMO based on information derived from the UN Comtrade database <https://comtrade.un.org/>. Due to the absence of data reported by Bangladesh imports of leather from Bangladesh of all reporting countries has been taken into account. HS Code used: HS 41

25 Figure produced by SOMO based on information derived from the UN Comtrade database <https://comtrade.un.org/>. Due to the absence of data reported by Bangladesh imports of leather from Bangladesh of all reporting countries has been taken into account. HS Code used: HS 41

26 Note that for this analysis products with HS code 6403 have been selected. This product group includes: footwear; with outer soles of rubber, plastics, leather or composition leather and uppers of leather. This product group may also contain non-leather footwear.

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35 Figure produced by SOMO based on information derived from the UN Comtrade database <https://comtrade.un.org/>. Due to the absence of data reported by Bangladesh imports of leather from Bangladesh of all reporting countries has been taken into account. HS Code used: HS6403

36 Figure produced by SOMO based on information derived from the UN Comtrade database <https://comtrade.un.org/>. Due to the absence of data reported by Bangladesh imports of leather from Bangladesh of all reporting countries has been taken into account. HS Code used: HS 4202

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Colophon

Trends in production and trade

Leather products from Bangladesh

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Together for Decent Leather

Together for Decent Leather is a three-year programme, carried out by a European-Asian consortium of seven civil society organisations. Our goal is to improve working conditions and to reduce labour rights abuses, focusing on production hubs for leather products in South Asia – in particular in Vellore and Chennai districts in Tamil Nadu, India; greater Karachi in Pakistan; and the greater Dhaka region in Bangladesh.

Together for Decent Leather works to secure increased commitment from companies to fulfil their human rights due diligence obligations and governments to put in place safeguards and regulation to improve adherence to international labour standards.

For more information, see
www.togetherfordecentleather.org