

U.S. Hides & Skins International Exports Continue to Expand Success Story for US Hide, Skin and Leather Association Submitted: October 2008, Updated: April 2009

Over the past 10 years the hides and skins industry of the United States has changed dramatically. What was once a domestic economy with hide and skin suppliers providing raw materials to a tanning industry within the United States, has now grown to one of the largest agricultural export commodities in the country. This is due to a number of factors within the U.S., including but not limited to decreased domestic tanneries due to environmental regulations, high labor costs and tight income margins.

Due to these changes within the industry, hides and skins suppliers have had to adjust and have survived by becoming a much more global industry. The U.S. Hide, Skin and Leather Association has assisted in helping the industry grow and expand internationally by using FMD funds to conduct activities that will expose the global market to the quality and availability of U.S. hides and skins. Activities that have been conducted are: exhibits at trade shows, technical seminars given on the quality and applications of U.S. hides and skins, trade missions to explore potential emerging markets and reverse trade missions to invite customers from other countries to see how well our industry operates. Such activities have been conducted in a number of countries in the Asia Pacific Region including: China, Hong Kong, India and Vietnam.

Over the past five years our funding from USDA through the many programs it offers (FMD and EMP) has increased from \$60,000 to \$320,000. During this time period, our participation in trade shows in Hong Kong and China alone have resulted in \$265 million in sales. This number does not incorporate the sales that may have resulted from knowledge gained by consumers at our technical seminars or the networking that results as part of our presence at the major trade shows in Asia. The cost to participate in the shows by both industry and government was \$24 million. The cost benefit ratio far exceeds many other agricultural exports.

The industry judges the success of its overseas activities by looking at the export trade numbers. U.S. hides and skins continue to be a huge export commodity for the country. The industry exports over 90% of its domestic production of hides and skins. China/Hong Kong has emerged as one of the largest importers of US hides and skins. Exports of bovine hides and skins to China/Hong Kong have increased 44% (value) from 2003 to 2008, from 12 million pieces valued at \$763 million to 16 million pieces valued at \$1.09 billion, respectively. Total U.S. bovine hides and skins exports were valued at \$2.03 billion in 2003 and reached \$2.18 billion in 2008. India and Vietnam also show substantial increases in exports and exhibit great opportunities for the industry.

In an ever increasing global marketplace and difficult economic times, our exports and trade agreements will be ever more important. Our agricultural exports are extremely important to our economy. The U.S. Hide, Skin and Leather Association will continue to partner with the Foreign Agricultural Service to ensure that U.S. hides remain a strong agricultural export item.