

2023



INDUSTRY

**LEATHER, FOOTWEAR AND
LEATHER PRODUCTS**

**DATA
BOOK**



MINISTRY OF INDUSTRIES

**LEATHER,
FOOTWEAR AND
LEATHER PRODUCTS**

MINISTRY OF INDUSTRIES

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Foreword

The 2023 Industrial Data Book represents our commitment to supporting industrialists as they face current economic challenges and strive for sustainable development through improved decision-making. This data book primarily concentrates on the statistical factors that impact economic growth, particularly focusing on export expansion.

The statistical analyses presented in this data book are based on comprehensive statistical data sourced from various institutions, including the Department of Census and Statistics (DCS), the Department of Customs (DoC), the Export Development Board (EDB) and the Central Bank of Sri Lanka (CBSL).

Within this publication, you will find statistical references related to both exports and imports. This includes tables featuring productivity indicators derived from manufacturing establishments and the number of individuals employed in each sector, as well as statistics on key indicators of industrial activity spanning from 2016 to 2020. The data also covers the value of outputs and output components, intermediate consumption values, employment breakdowns by nature, economic indicators categorized by industry class, and import and export statistics.

I extend my gratitude to Mr. Aruna Bandara, Director General of the Planning Division at the Ministry of Industries, and his dedicated team for their unwavering support throughout this project. I would also like to express my sincere appreciation to Mr. Kavishka Heshan, Statistician at the Ministry of Industries, and his team members, Mr. Nirosch Chathuranga Pathiraja and Mr. Shamith Rashmika Jayawardane, for their remarkable dedication and collaborative efforts with the DCS, which helped make this data book a reality.

I firmly believe that the 2023 Industrial Data Book will play a crucial role in shedding light on current and future productivity and economic growth trends within the industrial sectors. It has the potential to significantly influence policymaking in the industry sectors and will be valuable to a wide range of data consumers, including policymakers, economic planners, academics, researchers and other interested parties in the future.

J.M. Thilaka Jayasundara
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Overview

The Sri Lankan leather industry experienced moderate growth in 2022, with exports reaching around US \$470 million. While not as significant as other sectors, it remained a valuable contributor to the economy. Challenges like rising raw material costs, global economic instability, and intense competition impacted profitability.

Footwear remained the major contributor, accounting for 80% of leather exports. Other export products included bags, wallets, gloves, and accessories. The industry catered mainly to mid-range and value-oriented segments in international markets. Local availability of natural rubber and sustainable production practices offered an edge. Experienced craftsmen and government initiatives supported skill development.

Dependence on imported raw materials impacted profit margins. Regional and global players posed challenges. Limited purchasing power restricted domestic growth. Need for modernization and innovation to enhance efficiency.

Sri Lanka has a well-established leather industry that encompasses various stages of production, including tanning, processing, and manufacturing of leather goods. The industry produces a wide range of leather products such as footwear, bags, wallets, belts, and garments.

Sri Lanka's leather industry has been actively exporting its products to international markets, including Europe, the United States, and other Asian countries. The country is known for its high-quality leather products, innovative designs, and skilled craftsmanship, which have helped it maintain a competitive edge in the global market.

The leather industry in Sri Lanka primarily relies on imported raw materials such as hides and skins from

countries like India, Australia, and Brazil. However, efforts have been made to promote domestic livestock farming and improve the quality and availability of local raw materials to reduce dependency on imports.

In recent years, there has been a focus on adopting modern technology and innovation in the leather industry to enhance productivity, quality, and sustainability. This includes the use of advanced machinery for tanning and processing, as well as the implementation of eco-friendly practices to minimize environmental impact.

The Sri Lankan government has been supportive of the leather industry, providing incentives, infrastructure support, and policies conducive to its growth and development. Initiatives aimed at promoting exports, skill development, and investment in the sector have been implemented to strengthen its competitiveness.

Like any industry, the leather sector in Sri Lanka faces challenges such as fluctuations in raw material prices, competition from other countries, and compliance with international quality and environmental standards. Additionally, the COVID-19 pandemic has impacted global trade and consumer demand, posing challenges to the industry's recovery and growth.

There is increasing awareness and emphasis on sustainability and ethical practices in the leather industry, both globally and within Sri Lanka. Efforts have been made to promote responsible sourcing of raw materials, reduce waste and pollution, and improve working conditions in tanneries and manufacturing facilities.

Despite challenges, the Sri Lankan leather industry showed resilience in 2022. Embracing sustainability, focusing on value addition, and exploring new markets will be crucial for its continued growth and competitiveness.

Table 1: Manufacture of Leather and Related Product Contributions to the GDP at Current and Constant Market Price (2018 - 2022)

Year	Current		Constant	
	Contribution Value (Rs. Mn)	Share of total Current GDP (%)	Contribution Value (Rs. Mn)	Share of total Constant GDP (%)
2018	17,171	0.11	18,492	0.14
2019	17,970	0.11	18,670	0.14
2020	16,342	0.10	16,089	0.13
2021	18,086	0.10	15,714	0.12
2022	26,028	0.11	16,801	0.14

Source: Department of Census and Statistics

Figure 2: The Contribution of Leather and Related Product Manufacturing Industry to the GDP

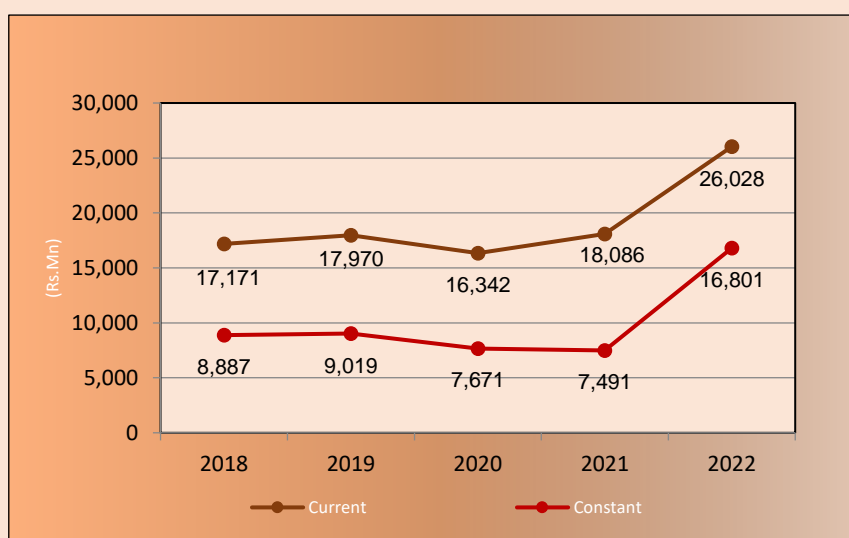


Figure 3: The Share of Leather and Related Product Manufacturing Industry Sector to the GDP

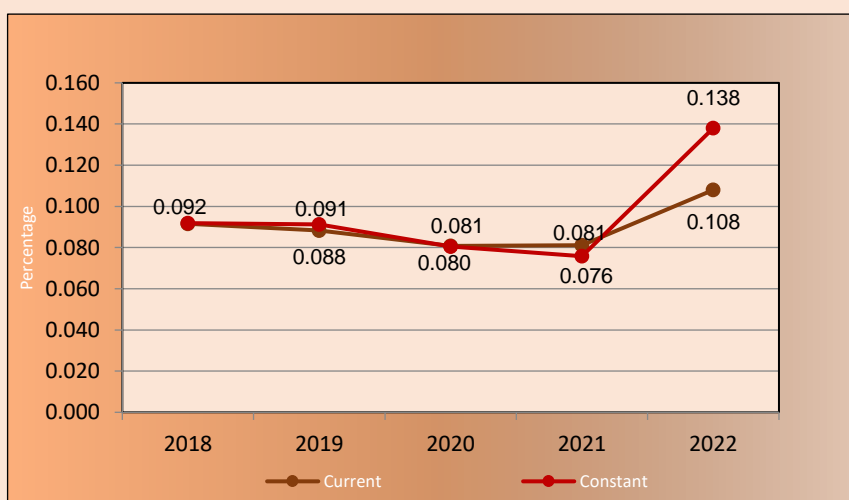


Table 2: Manufacturing Establishments and Number of Persons Engaged of Leather and Related Product Manufacturing Industry (2016-2020)

Year	Establishments less than 25 persons engaged		Establishments 25 or more persons engaged		Total	
	No. of Establishments	No. Persons engaged	No. of Establishments	No. Persons engaged	No. of Establishments	No. Persons engaged
2016	236	1,755	71	9,428	307	11,183
2017	191	1,521	69	8,873	260	10,394
2018	329	3,281	102	8,846	431	12,127
2019	321	2,499	61	7,766	382	10,265
2020	240	1,705	45	6,368	285	8,073

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 3: Principal Indicators of Industrial Activity Classified by Industry Division & Persons Engaged Size Class of Leather and Related Products Industry (2016) - (Establishments with 5 or more persons engaged)

2016								
Size Class	No. of establishments	No. of Persons engaged	No. of Employees	Salary & Wages (Rs.)	Output (Rs.)	Intermediate consumptions (Rs.)	Value added (Rs.)	Gross addition to fixed assets (Rs.)
less than 10	191	1,156	745	131,626,800	544,408,080	205,677,854	338,730,226	2,228,067
10 to 99	98	3,360	3,299	608,970,887	2,608,054,930	1,491,650,121	1,116,404,809	47,905,835
100 & above	18	6,667	6,665	2,328,445,608	16,002,091,527	9,398,725,643	6,603,365,883	1,569,171,913
Group total	307	11,183	10,709	3,069,043,295	19,154,554,537	11,096,053,618	8,058,500,918	1,619,305,815

Source: Department of Census and Statistics, Annual Survey of Industries

Table 4: Principal Indicators of Industrial Activity Classified by Industry Division & Persons Engaged Size Class of Leather and Related Products Industry (2017) - (Establishments with 5 or more persons engaged)

2017								
Size Class	No. of establishments	No. of Persons engaged	No. of Employees	Salary & Wages (Rs.)	Output (Rs.)	Intermediate consumptions (Rs.)	Value added (Rs.)	Gross addition to fixed assets (Rs.)
less than 10	157	992	713	168,655,230	871,877,648	418,574,090	453,303,557	10,467,816
10 to 99	83	3,367	3,225	623,799,575	3,588,226,577	1,939,034,521	1,649,192,056	80,875,423
100 & above	20	6,035	6,032	2,131,374,382	15,828,441,163	9,228,082,049	6,600,359,114	1,251,668,776
Group total	260	10,394	9,970	2,923,829,187	20,288,545,388	11,585,690,660	8,702,854,727	1,343,012,015

Source: Department of Census and Statistics, Annual Survey of Industries

Table 5: Principal Indicators of Industrial Activity Classified by Industry Division & Persons Engaged Size Class of Leather and Related Products Industry (2018) - (Establishments with 5 or more persons engaged)

2018								
Size Class	No. of establishments	No. of Persons engaged	No. of Employees	Salary & Wages (Rs.)	Output (Rs.)	Intermediate consumptions (Rs.)	Value added (Rs.)	Gross addition to fixed assets (Rs.)
less than 10	200	1,367	1,101	194,856,942	820,350,616	498,012,349	322,338,268	74,801,354
10 to 99	211	5,725	5,495	1,295,049,453	7,375,391,447	3,656,643,906	3,718,747,541	640,802,079
100 & above	21	5,036	5,033	1,613,262,434	13,255,193,210	7,756,220,383	5,498,972,827	877,308,484
Group Total	432	12,128	11,629	3,103,168,829	21,450,935,273	11,910,876,638	9,540,058,636	1,592,911,917

Source: Department of Census and Statistics, Annual Survey of Industries

Table 6: Principal Indicators of Industrial Activity Classified by Industry Division & Persons Engaged Size Class of Leather and Related Products Industry (2019) - (Establishments with 5 or more persons engaged)

2019								
Size Class	No. of establishments	No. of Persons engaged	No. of Employees	Salary & Wages (Rs.)	Output (Rs.)	Intermediate consumptions (Rs.)	Value added (Rs.)	Gross addition to fixed assets (Rs.)
less than 10	264	1,601	1,041	226,660,698	1,043,219,089	602,187,230	441,031,859	2,713,596
10 to 99	95	2,736	2,635	588,337,289	4,106,172,675	2,272,402,624	1,833,770,052	510,399,735
100 & above	24	5,929	5,907	2,130,666,649	17,375,687,975	10,458,277,776	6,917,410,198	1,683,017,427
Group total	382	10,266	9,583	2,945,664,637	22,525,079,739	13,332,867,630	9,192,212,109	2,196,130,758

Source: Department of Census and Statistics, Annual Survey of Industries

Table 7: Principal Indicators of Industrial Activity Classified by Industry Division & Persons Engaged Size Class of Leather and Related Products Industry (2020) - (Establishments with 5 or more persons engaged)

2020								
Size Class	No. of establishments	No. of Persons engaged	No. of Employees	Salary & Wages (Rs.)	Output (Rs.)	Intermediate consumptions (Rs.)	Value added (Rs.)	Gross addition to fixed assets (Rs.)
less than 10	193	1,135	842	148,906,337	626,168,829	149,330,129	476,838,700	-
10 to 99	67	1,179	1,109	256,254,905	3,079,559,674	1,582,188,888	1,497,370,786	483,397,012
100 & above	25	5,759	5,733	1,735,588,956	22,844,831,787	13,350,394,414	9,494,437,373	1,226,700,880
Group total	285	8,072	7,684	2,140,750,197	26,550,560,290	15,081,913,431	11,468,646,859	1,710,097,892

Source: Department of Census and Statistics, Annual Survey of Industries

Table 8: Manufacturing of Leather and Related Products Per Head Labour Productivity and Cost

Year	Per head Labour cost	Per head Labour Productivity	Labour Cost to productivity ratio
2016	286,585	752,498	2.63
2017	293,263	872,904	2.98
2018	266,847	820,368	3.07
2019	307,384	959,221	3.12
2020	292,289	1,714,697	5.87

Figure 4: Manufacturing of Leather and Foot wear Labour Productivity

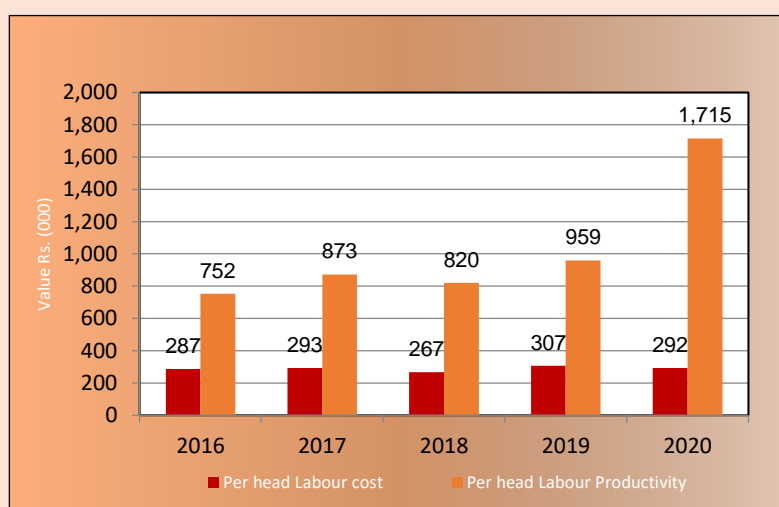


Table 9: Value of output & output components classified by Leather and Related Products Industry - Establishments 25 or more engaged

Year	Output (Rs.)	Shipped (Rs.)/ products moved of the establishment (Rs.)	Change in Stocks (Rs.)	Industrial services & other revenue (Rs.)
2016	18,130,937,927	17,118,902,326	420,417,436	591,618,165
2017	19,008,779,783	17,737,465,492	387,377,321	883,936,970
2018	17,355,227,727	16,080,289,166	291,035,573	983,902,988
2019	19,060,490,530	17,713,803,059	302,854,926	1,043,832,546
2020	1,037,563,823	1,009,873,240	8,031,294	19,659,289

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 10: Value of Intermediate consumptions & Intermediate consumptions components classified by Leather and Related Products Industry (Establishments with 25 or more persons engaged)

Year	Intermediate consumption (Rs.)	Raw materials consumed (Rs.)	Cost of industrial services done by others & other payments (Rs.)	Electricity & fuel consumed (Rs.)
2016	10,699,972,446	8,841,726,952	910,948,907	947,296,588
2017	10,983,010,502	8,604,176,172	1,664,398,197	714,436,133
2018	9,601,052,309	7,257,332,635	1,640,652,621	703,067,052
2019	11,408,893,500	9,228,659,851	1,453,889,082	726,344,568
2020	14,701,829,804	12,629,890,049	1,346,563,627	725,376,129

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 11: Employment by nature of employment & gender classified by industry division of Leather and Related Products (Establishment with 25 or more persons engaged)

Year	Working Proprietors (No.)		Unpaid family workers (No.)		Operatives (No.)		Other employees (No.)		Total persons engaged	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2016	3	-	3	1	3,780	3,182	1,786	673	5,572	3,857
2017	45	2	43	1	3,131	2,674	1,472	1,505	4,691	4,182
2018	64	12	34	1	3,204	3,406	1,198	929	4,500	4,347
2019	48	2	18	4	3,252	2,588	1,364	489	4,683	3,084
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 12: Economic Indicators of Industrial Activity Classified by Industry Class (Establishments with 25 or more engaged)

Table 12.1: Manufacture of Leather and related products

Year	Output per persons engaged (Rs.)	Output per intermediate consumptions	Output per assets	Value added per persons engaged (Rs.)	Value added per intermediate consumptions	Value added per assets
2016	583,368	2.584	1.223	357,638	1.584	0.75
2017	841,625	2.123	0.771	445,278	1.123	0.408
2018	1,248,311	1.773	1.365	544,311	0.773	0.595
2019	1,386,135	1.801	2.212	616,379	0.801	0.984
2020	1,719,100	1.87	1.89	800,700	0.87	0.88

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 12.2: Manufacture of Footwear

Year	Output per persons engaged (Rs.)	Output per intermediate consumptions	Output per assets	Value added per persons engaged (Rs.)	Value added per intermediate consumptions	Value added per assets
2016	1,951,508	1.68	2.14	786,835	0.68	0.86
2017	2,454,929	1.72	2.003	1,225,797	0.72	0.84
2018	2,065,725	1.74	1.946	879,821	0.74	0.83
2019	2,722,202	1.68	2.036	1,099,146	0.68	0.82
2020	4,475,100	1.73	2.69	1,881,600	0.73	1.13

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 13: Categories of employees by Nature of Employment Classified by Industry of Leather and related products

Year	Establishments with 25 or more persons engaged			Establishments with less than 25 persons engaged		
	Employees (No.)	Skilled (No.)	Unskilled (No.)	Employees (No.)	Skilled (No.)	Unskilled (No.)
2016	9,421	5,464	1,499	1,288	912	254
2017	8,782	4,556	1,249	1,188	875	119
2018	8,736	4,957	1,653	2,892	2,024	530
2019	7,694	4,826	1,014	1,889	1,537	162
2020	6,305	3,821	963	1,378	572	758

Source: Department of Census and Statistics, Annual Surveys of Industries

Table 14: Leather, Footwear and Leather products Imports (2020-2022)

Description	Unit	2020		2021		2022	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring matter; paints & varnishes; putty & other mastics; inks	Kg	47,732,658	25,828,827,872	61,551,382	36,106,906,249	43,336,009	47,924,852,305
Raw hides and skins (other than fur skins) and leather	Kg	563,930	2,344,405,575	330,969	1,806,975,955	436,986	4,329,363,365
Articles of leather, saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silk-worm gut)	Kg	412,034	701,554,423	484,558	928,278,885	341,769	1,062,605,387
Articles of leather, saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silk-worm gut)	No	740,897	275,262,543	732,085	441,727,180	515,296	485,082,174
Fur skins & artificial fur; manufacturers thereof	Kg	4,958	1,065,510,872	6,353	146,656,736	7,616	182,815,027
Footwear, gaiters & the like; parts of such articles	Kg	969,141	323,196,653	767,426	321,806,019	978,440	1,078,347,450
Footwear, gaiters & the like; parts of such articles	Pairs	3,147,471	3,611,036,131	2,460,734	3,318,574,256	3,011,190	6,929,307,529
Total	Kg	1,942,838	3,019,514,123	2,373,164	4,514,618,520	45,100,820	54,577,983,534
Total	No	740,897	275,262,543	732,085	441,727,180	515,296	485,082,174
Total	Pairs	3,147,471	3,611,036,131	2,460,734	3,318,574,256	3,011,190	6,929,307,529
Grand Total			6,905,812,797		8,274,919,956		61,992,373,237

Source: Sri Lanka Customs

Table 15: Leather, Footwear and Leather products Export (2020-2022)

Description	Unit	2020		2021		2022	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring matter; paints & varnishes; putty & other mastics; inks	Kg	1,709,123	848,212,779	2,061,216	1,630,686,213	1,749,046	3,208,738,597
Raw hides and skins (other than furskins) and leather	Kg	1,288	4,184,580	5,610	17,745,824	2,557	48,695,032
Articles of leather, saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silk-worm gut)	Kg	232,427	2,167,116,764	306,060	2,864,023,648	739,105	8,603,494,824
Articles of leather, saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silk-worm gut)	No	414,410	471,756,596	6,840,237	541,171,446	389,110	1,140,250,092
Furskins & artificial fur; manufacturers thereof	Kg	-	-	278	2,162,835	882	2,109,810
Footwre, gaiters & the like; parts of such articles	Pairs	3,057,340	2,566,803,413	3,168,852	2,918,508,745	3,781,650	7,338,054,341
Footwre, gaiters & the like; parts of such articles	Kg	29,115	312,794,356	50,761	167,062,629	52,703	269,749,908
Total	Kg	1,971,952	3,332,308,479	2,423,648	4,679,518,314	2,543,411	12,130,678,361
Total	No	414,410	471,756,596	6,840,237	541,171,446	389,110	1,140,250,092
Total	Pairs	3,057,340	2,566,803,413	3,168,852	2,918,508,745	3,781,650	7,338,054,341
Grand Total			6,370,868,488		8,139,198,505		20,608,982,794

Source: Sri Lanka Customs

Table 16: Leather, Footwear and Leather products Re-Export (2020-2022)

Description	Unit	2022	
		Quantity	Value (Rs.)
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring matter; paints & varnishes; putty & other mastics; inks	Kg	205,097	598,610,943
Raw hides and skins (other than furskins) and leather	Kg	10,698	104,299,011
Articles of leather, saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silk-worm gut)	Kg	1,435	9,173,619
Articles of leather, saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silk-worm gut)	No	89	764,388
Furskins & artificial fur; manufacturers thereof	Kg	18	934,210
Footwre, gaiters & the like; parts of such articles	Pairs	28,055	39,283,203
Footwre, gaiters & the like; parts of such articles	Kg	6,352	6,780,227
Total	Kg	223,599	719,798,010
Total	No	89	764,388
Total	Pairs	28,055	39,283,203
Grand Total			759,845,601

Source: Sri Lanka Customs