



COMESA-LLPI NEWSLETTER

Oct. - Dec. 2013 Issue

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COMESA -LLPI Leather Mission to India & Turkey From 23rd September. to 5th October, 2013



COMESA -LLPI Leather Mission Team to India & Turkey

In fulfillment of its mandate of enhancing the development of leather industries in the COMESA region, the Leather and Leather Products Institute (COMESA/LLPI), in collaboration with the COMESA Secretariat, constituted a Business Mission to India and Turkey, both leading countries in the leather sector globally, seeking to benchmark with, and learn from, their key success industry performers and the development of partnerships. The Mission was headed by the Secretary General of COMESA, and included the Director of COMESA LLPI, two staff members of COMESA /LLPI, the Chairperson of the SMEs Technical Committee and two members of the COMESA/LLPI Core Team, both entrepreneurs involved in the leather footwear and leathersgoods production. The diversity of the delegation was intended to create a platform for drawing multidimensional lessons, for technocrats to pick policy and technical issues, whilst the entrepreneurs pick specific issues to be used to improve performance of the value chain at the shop floor level.

Overall Goal of the Business Mission:

The mission was expected to draw lessons that can be used to contribute to the transformation of the COMESA Leather value chain, specifically the production of value added products and the growth of both intra and international trade.

Mission Objectives:

The three broad objectives to be accomplished were:

- » Strengthen COMESA collaboration with leading international technical institutions in the leather sector
- » Develop modalities of technology transfer with international institutions
- » Develop international benchmark metrics, to be used as a basis for upgrading SMEs

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MARCH 2014**

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Dr. Mwinyikione Mwinyihija, Executive Director of COMESA-LLPI

Dear Readers,

I am pleased to bring to you this fourth quarter newsletter that highlights some of the major activities of COMESA-LLPI during the ending quarter of 2013 and leather related news from the region and globally.

In general, it can be said that 2013 has been a busy year for COMESA/LLPI. During this fourth quarter we had a mid-term review of our MTSAP that allowed us to refocus our strategic objectives and amplify our ability to provide services in areas that constitute major bottlenecks to develop the leather industry in COMESA Region. The Institute also endeavored on several important issue that encompassed human resource capacity building through trainings of 140 SMEs in 5 member countries, organizing and fully sponsoring visits to India and Turkey for technology transfer and benchmarking, enhancing market access and linkages by sponsoring participation of SMEs in 3 regional trade fairs, received many visitors from international and regional organizations and stretched its linkage with many international organizations of high reputation.

The 2014 is also expected to continue to be the busiest year as the Institute continues to widen its services, impacting more and more community in the leather sector and pursuing with interest and developing strategic plans for leather sector for each member country so that governance and resource mobilization may be better used.

As usual your views and comments are most welcome.

Sincerely

Live Animal Export Constricting Value Addition Efforts of the COMESA Region in the Leather Sector

The COMESA region is endowed with huge livestock population that represents a very important share of African and the world livestock herd and production. The leather sector is also recognized as having immense potential to boost the region's economy as it is fully integrated into many family households of the region's population in general and in the rural population in particular. The value addition activity, a key element determining effective exploitation of sector's potential, however, features several deficiencies in the region, one of which is export of live animals.

Exporting live animals, other than causing huge job and income loss, deprives the region from foreign exchange that could be generated from value added leather products. There is a visible connection between the below capacity operation of large-sized tanneries capable of producing high-quality leather in the region and export and/or smuggling of livestock from the region.

Thus, countries need to take serious steps to curtail the export and control the smuggling of animals.

COMESA -LLPI Leather Mission ...

Continued from page 1.

The Mission covered both India and Turkey, and different public and private sector institutions and organizations, from government, the academia and industry were visited.

Indian Institutes visited:

- » Central Leather Research Institute, Chennai
- » Center for Leather Apparel/Accessories Development [CLAD]
- » The Ranipet Tannery Effluent Treatment Co. Ltd.
- » Pallavaram Tannery Cluster Company PVT. Ltd.
- » The TATA Factory Complex
- » The Suede Craft Exports

Turkish Institutes and places visited:

- » Turkish Leather Industrialists Association (TLIA)
- » The Trip to Bursa –Bus Session with the COMESA Secretary General
- » TUBITAK Bursa Test and Analysis Laboratory (BUTAL)•

- » Together For Leather (TFL)
- » MoSIT Directorate
- » Bursa Free Industrial Zone -Tuzla Leather Zone
- » Kardarsan
- » Kircilar Leather Factory
- » Ege University Leather Faculty
- » IZMIR FREE ZONE
- » Altin ok-Izmir
- » Vilmir Tannery

During the Business Mission to India and Turkey, we noted model Leather Zones and Industrial Zones. The enterprises are housed in huge factories set on separate plots in well zoned areas. These factories were built with part support from the Turkish/Indian Governments and UNIDO support, and cash borrowed or put up by the enterprises. These Turkish and Indian enterprises are favored.

It will therefore be difficult to adopt the Turkish or



Partial View of the Mission Team to India and Turkey

Indian Cluster models where factories are clustered in one location but in separate buildings.

We propose that the most appropriate model for the African countries is to construct huge-warehouse-type structures, partitioned into 50-100 model workshops, with support services like a restaurant, internet café, washrooms, administration office, reception, training room, mini conference room, boardroom, common show/sales room, shops selling components, accessories, finished leathers and the like.

COMESA-LLPI can avail model architectural drawings and other technical support and guidance to SME Associations.

The enterprise Associations can own and manage these, just as we witnessed for the management of the Common Wastewater Management Plants in India and Turkey, renting out the model shops to members at subsidized costs or purchase under condominium laws

Benefits include:

- » Easy to monitor for quality, standards etc.
- » This makes networking, clustering and sharing resources much easier.

- » Easy to distribute, handle and manage huge export orders

These model incubation centers can be replicated in several urban centers with support from local authorities and or a single donor intervention.

This model eliminates most of the constraints and challenges that force SMEs to expire within the first year of their existence.

Observations

The Business mission was well conceived, the Team was carefully picked-inclusive but selective, the places visited were relevant to the mission and objectives, and the whole trip was meticulously executed. During the duration of the Mission, the non-LLPI staff had a chance to witness the passion with which the LLPI staff take their responsibility of developing and driving the COMESA Leather Industries. We are satisfied that COMESA-LLPI is on the right track, and we commit to continue working with the LLPI Team to fulfill the objectives of the India and Turkey Business Mission.

Training Of Footwear Clusters on Footwear Production Had Taken Place In Bujumbura, Burundi



Partial View of Trainees at Afritan Footwear Factory and Kamenge Federation Footwear Association



COMESA/LLPI, in an effort to promote the Regional Leather industry, conducted training of footwear clusters on footwear production at Afritan Footwear Factory and Kamenge Federation Footwear Association in Bujumbura, Burundi.

The training was aimed at reviving the huge potential factory that is Afritan Footwear Factory (Burundi), hopefully reaching levels of production of between 1000-1500 pairs of shoes per day and employing about 300 people. Kamenge Footwear Cluster is specializing in the production of ladies sandales, which has a huge market in Burundi and the rest of the region. The sandales also has the potential of being exported to markets abroad, targeting the ethical fashion houses.

A total of 52 trainees (29 at Afritan Footwear Factory and 23 at Kamenge Federation Footwear Association) were involved in the training.

The following are the lists of trainees who attended the training:

Trainees at Afritan Footwear Factory

- 1- Bukeneyeza Diedonne
- 2- Havyarimana Emile
- 3- Havyarimana Sylvene
- 4- Ikitaralenga Clodo

- 5- Iradukunda Sixte
- 6- Kamakazi Ghislaine
- 7- Kankindi Marie Anitha
- 8- Kanyamuneza Beatrice
- 9- Kanziza Alida Pamella
- 10- Mpawenimana Charlotte
- 11- Mpitabakana Richard
- 12- Munyana Eliane
- 13- Musavyi yvone
- 14- Ndayisenga Adeline
- 15- Ndayishimiye Claire
- 16- Nduwimana Benjamin
- 17- Nimumbona Alexis
- 18- Nininahazwe Sophie
- 19- Niyonkuru Beatrice
- 20- Niyonkuru Egide
- 21- Niyonkuru Jean Claude
- 22- Niyonzima Alice
- 23- Niziyimana Dieudonne
- 24- Tatu Sanura
- 25- Niyokwizera Diane
- 26- Ntakarutimana Sp'es

27- Ciza Ubenz Ibraim

28- Nsabimana Amiri

29- Nininahazwe Evelyne

Trainees at Kamenge Federation Footwear Association:

1- Ge'de'on King Nduwimana

2- Bitegetsinana Frederic

3- Nisebariko Junaine

4- Niyomburu J. Cloude

5- Bucuni

6- Mpawenayo Shabani

7- Kibwimana Samuel

8- Bambarauko Ntari Emanuel

9- Nduwimana Claude

10- Irakoze Didier

11- Habimana ZeZephirin

12- Mbonimpa Anne

13- Ndayizeye Erartim

14- Bankuwengura Dismas

15- Congera

16- Diev Donne

17- Ndeyisenga Diudonne

18- Dereyimana J Claude

19- Ndikumana Desire

20- Manirakiza Augustin

21- Irakunda Sixte

22- Ntibusiginyuma Augustin

23- Bukuru Gaspard

The training was designed to provide theoretical and practical skills on the following areas:

- » Material Selection, Leather versus Synthetic
- » Property of Leather
- » Type of Glue and their Application
- » Material Costing
- » Basic Pattern Making
- » Cutting Skills
- » Skiving Skills
- » Preparation and Assembly Skills
- » Stitch Formation know-how and Type of Stitching Needles
- » Stitching Skills
- » Lasting
- » Type of Sole Material and Bottom Preparation
- » Finishing
- » Quality Control
- » Labeling and Packing
- » Other Duties

The training workshop was undertaken by two professional trainers Mr. Simon J. Ng'ang'a from Kenya and Mr. John Byabashajia from Uganda. Mr. Ng'ang'a training from the theoretical aspect and Mr. John Byabashajia training from the practical aspect.

COMESA-LLPI at the 21st Uganda International Trade Fair (UGITF)

The 21st Uganda International Trade Fair (UGITF) was held in Kampala at Lugogo Show Ground during the period October 3 – 10, 2013. The fair was officially opened by the Vice President of Uganda, H.E Edward Kiwanuka Ssekandi on October 4, 2013. The theme of the trade fair was “Accelerating Trade and Industrial Growth.”

The Trade Fair was organized by the Uganda Manufacturers Association (UMA). The Association was established in the 1960s, at a time when Uganda was having a young but robust industrial sector. However, the political social and economic turmoil of the 1970s interrupted the smooth growth of the Association. UMA, which was dormant throughout this period, was revived in April 1988. Today, the Association is one of the largest organizations representing the broad industrial and commercial sectors of Uganda’s economy and an important forum for the private sector in the country. UMA has a membership comprising of close to 750 small, medium and large enterprises drawn from both the private and public sector.

UGITF is a multi-sectoral trade event that involves IT Products, Consumer Electronics, Home Appliances, Satellite & Broadcasting Equipments, Telecommunications, Stationery, Gift Items, Food & Catering Equipments, Building & Construction Materials, Sanitary Ware & Bathroom Fittings, Electrical Products, Carpets & Wall Coverings, Furniture, Automotive, Health Care Products, Cleaning Products, Leather Products, Fashion Accessories, Perfumery, Cosmetics, Watches and Imitation Jewelry.

The Trade Fair was aimed at providing a unique platform for marketing products and services has also enabled participants from overseas to introduce new and improved technologies on the Ugandan and East African markets.

Visitors’ profiles include Consumers, Suppliers, Buyers, Manufacturers, Industry & Trade Associations, Government Agencies, Professional Institutions &



Organizations, Consultants & Research Institutions, Embassies, and National Trade Offices.

The Common Market for Eastern and Southern Africa – Leather and Leather Products Institute (COMESA-LLPI) in collaboration with the Footwear and Leather Goods Manufacturers and Exporters and Association (FLEMEA) of Uganda has supported nineteen SME’s (two from Ethiopia and seventeen from Uganda) involved in the leather sector by renting a total of 180 sq. meter stall area in the Exhibition Center. The objective of allowing SMEs to participate in such a Trade Fair is to enable them create market linkage among the participants and creating grounds to sell their products.

The Trade Fair had created the following results:

a. Product Promotion:

Participants of the Fair came with different leather products with different designs. Therefore, many exhibitors have taken advantage of the Fair to see different ways of producing leather goods.

Besides this, most people in Uganda are not aware even that footwear and other leather goods can be made locally and even in Africa. And the trade fair has also created awareness about the status of leather sector in Uganda in particular and in Africa in general.

b. Sale of Products

Except those enterprises which brought only sample products, most enterprises have sold many of their products.

c. Market Linkage

Most enterprises involved in the leather sector in Uganda do import most of the inputs from other countries. In this regard, the leather fair has created many opportunities to Ugandan and Ethiopian Enterprises to make market linkages, specially, in finished leather supply, footwear supply, machineries supply, leather bags, soles, and other accessories.

d. Visibility of COMESA-LLPI and Ugandan Leather Sector

Media people of Uganda has given due attention to the leather sector. Three media agencies have visited the COMESA-LLPI/FLEMEA stand and were very interested in leather sector of Uganda and supports provided by COMESA-LLPI to develop the leather sector. The media agencies were Wavah Broadcasting Services (WBS Television), Monitor Publications LTD, and NTV.



Partial View of COMESA-LLPI Supported Participants during the 21st Uganda International Trade Fair

Improve Leather Industries — COMESA-Leather and Leather Products Institute (COMESA/LLPI)

The Common Market for Eastern and Southern Africa (COMESA) Leather and Leather Products Institute (LLPI) has urged its member States including Zimbabwe to implement strategies to improve the capacity utilization of their leather industries and product quality so as to satisfy the existing 270 million shoes market deficit in the trading bloc.

COMESA/LLPI Director Dr Mwinyikione Mwinyihija said Africa played an integral role in the leather industry in the world through the provision of 21 percent of the global livestock and 14 percent of the total hides and skins but said the continent was not benefiting much from its resources owing to failure to add value to its products.

He said this after the graduation of 45 SMEs shoe manufacturers in Bulawayo in November, 2013. The students underwent a two-week course in leather production funded by COMESA/ LLPI.

After the graduation ceremony Dr Mwinyihija and the Chairman of the Leather Institute of Zimbabwe, Mr Nichol Mpofu, signed a Memorandum of Understanding (MoU) on behalf of the two parties (LLPI and LIZ). "Africa is the home of hides and skins because it has a total of 21 percent of the total livestock production in the whole world and it supplies 14 percent of the total hides and skins to the world.

"However, the biggest bottleneck that we have in Africa is translation of the resources we are producing to value. Out of the 14 percent we are producing in this world 3.32 percent is actualized as value, meaning we are losing almost 11 percent," Dr Mwinyihija said.

He said the foreign currency earned through leather export would have gone a long way in ensuring rural development programmes and employment creation. Dr Mwinyihija said COMESA-LLPI was working towards ensuring the quality of leather of its 19-member State improves.

"The potential is very high because we have to fast recover the 11 percent that is lost within the supply chain and build at the national level the capacity that the hides and skins can be produced to a level where the leather products can actually sustain the economic enterprises," he said.

Dr. Mwinyihija said shoe manufacturers including Small to Medium Enterprises (SMEs) should strive to enhance their production so as to meet the estimated demand of one billion pairs of shoes by 2015 to 2016.

"In COMESA 400 million people wear shoes meaning the shoe-per-capita is around 0.85, which translate to 85 percent with 320 million pairs of shoes being demanded per year. We import about 80 million pairs of shoes a year meaning the deficit is 240 million pairs of shoes.

"Our local (COMESA) manufacturers only produce about 70 to 100 million pairs of shoes per year which we have to encourage our SMEs to up their production and quality, as we have a ready market. By 2015 to 2016 the whole of Africa will need over one billion pairs of shoes per year," he said.

Dr. Mwinyihija said Zimbabwe was on track of ensuring the revival of its leather industry following the formulation of a leather sector strategy, which is, however, yet to be implemented.

Mr. Mpofu said the country's leather industry was lagging behind compared to countries such as Ethiopia and Uganda due to lack of policies that promote importation of value-added products. He, however, said the standard of shoes and leather products manufactured by the country's SMEs was good but the quality of leather was impacting negatively on their finished products.

"The standards (of our SMEs) are very good. Even the Director of COMESA also acknowledged that it is the best that he has seen on his tour of the various countries. We are on the right track all we need is to improve on the quality of leather.

"The signing of the MoU sets the stage that will have to be followed in the strategy and we are in line with Zimbabwe Agenda for Sustainable Socio-Economic Transformation where it is talking about SMEs in clusters and this is exactly what we are doing," Mr Mpofu said.

The Permanent Secretary in the Ministry of Small to Medium Enterprises and Cooperative Development Mrs. Evelyn Ndlovu said the Government was in the process of according SMEs improved infrastructure to work from in line with the SMEs Infrastructural Development policy which came into effect in 2011.

Source: Dumisani Nsingo Senior Business Reporter ,

http://www.sundaynews.co.zw/index.php?option=com_content&view=article&id=36785:improve-leather-industries--comesa&catid=41:business&Itemid=133#.Uqlu3yxs5t

COTANCE Launches New Project to Show Leather is a Good Industry to Work In

The representative body of the leather industry in the European Union (EU), COTANCE, has launched a new initiative to promote the leather and tanning sector as an attractive career choice for young people and jobseekers.

At a meeting in Brussels on December 13, COTANCE announced the new project, called Leather is My Job. It will work jointly on the idea with trade union organisation industriAll; together they refer to themselves as the sectors "social partners". The initiative has the support of the European Commission.

For many companies in Europe's tanning sector it has become increasingly difficult to recruit qualified people, in spite of a high level of unemployment, COTANCE has said. The leather industry believes, however, that there is an increasing interest among young people in craftsmanship and design, manual work with authentic natural materials, and in more environmentally friendly industries. "The tanning industry offers all that; it recovers and recycles waste from the meat industry and transforms it into leather, one of the world's most prestigious and highly sought after materials," COTANCE said following the Brussels meeting.

Leather is My Job will aim to use this increase in interest to improve the tanning industry's image in the eyes of jobseekers. It will involve representatives of the two social partners in seven EU member states: the UK, Germany, France, Spain, Portugal, Romania and Bulgaria. Italy has opted not to take part, but will host an event to evaluate progress towards the end of the project. Participants will share information and experience in an effort to identify best practice and improve the way the European tanning sector presents itself as a source of jobs and as a good industry to work in.

Following the Brussels meeting, COTANCE told Leatherbiz that it wanted to look separately at the way tanners recruit in eastern and western Europe. It said it wanted to assess whether there is an East-West divide in the sector's labour market, or differences in employment and training policies.

COTANCE wants tanners in the seven member States to contribute directly by submitting material that shows them to be modern employers. Specifically, the organisation suggested that tanners send to Brussels testimonials from tannery workers, including photographs of them in the workplace to show the

variety of jobs available in tanneries. COTANCE said it would be interested to hear from tannery workers about how they ended up in the industry and what they most like about their jobs.

<http://www.leatherbiz.com/fullitem2.aspx?id=132515>

Bangladesh Records Growth of Almost 50% in Exports of Finished Leather

Despite negative publicity, demand for competitively priced leather from Bangladesh appears high. The country's Export Promotion Bureau recently announced growth of 37% in export earnings from the sector during the first four months of the current financial year (July – October 2013) compared to the same period in the previous financial year.

During those four months, leather and leathergoods exports brought almost \$415 million into the Asian country. Finished leather brought in \$160 million and leather footwear almost \$200 million, registering growth compared to the same months in 2012 of 49.5% and 13.9% respectively.

<http://www.leatherbiz.com/fullitem2.aspx?id=132502>

Award for Tannery Undercover Cameramen

Two film-makers from Bangladesh have won the 2013 Rory Peck Award for showing bravery in their efforts to cover humanitarian issues. In this case, the two cameramen, Soumen Guha Sontu and Dipak Chandra Sutradhar, made a film of working conditions in a tannery in Bangladesh.

In a report on the award on December 10, the BBC said the tannery owners originally refused the two men permission to film inside the tannery, but changed their minds when the cameramen said, untruthfully, that they were shooting a promotional video for "a French leather company".

The BBC report highlighted a lack of protective equipment worn by workers, but one of the cameramen told the BBC that the workers they had filmed had worn protective gloves and boots. The BBC report suggested workers were being exposed to "toxic chemicals" inside the tannery, and showed on

screen containers of two chemical products: a product used to stop fungal infection from spreading in hides and leather, and hydrogen peroxide.

Warnings on the labels making it clear that both products need to be handled with care are clearly visible in the film, suggesting that the manufacturers of the two products have done nothing wrong.

Leatherbiz has written to the BBC to point this out and to ask another question. We asked if the BBC could explain why, as suggested in its report, the tannery owners would have been reluctant to open their doors to two local men, but willing to reveal all to a company in one of the most prestigious leather and leathergoods markets in the world. The reverse of this would seem much more likely.

In defence of the leather industry in Bangladesh, we pointed out that it's a source of employment for many thousands of people, a reminder that the leather industry is a powerful contributor to the Millennium Development Goals, which is something to be greatly proud of.

Next, we suggested that Bangladesh needs its tanneries. As in all Muslim countries, animal slaughter is part of everyday life there and, at festivals such as Eid al-Adha, huge numbers of sheep, goat and cattle are slaughtered in only a few days. We asked the BBC what would become of the hides and skins if tanners didn't carry out their work?

Lastly, we pointed out that tanners in Bangladesh have accepted for more than a decade that conditions in Hazaribagh are unacceptable and have long supported proposals that they move en masse to a new industrial site at Savar. They have been accused of holding up the move, but, owing to ongoing disputes about help with the costs of moving and of setting up effluent treatment at Savar, they are not solely to blame. The fact that Bangladesh had no elected government between 2006 and 2009 did little to help matters

<http://www.leatherbiz.com/fullitem2.aspx?id=132474>

Silvateam to Show Off Hybrid Tannage Idea

Italian leather chemicals manufacturer Silvateam will have an innovative hybrid tannage idea on display at the India International Leather Fair in Chennai, February 1-3, 2014.

The new system uses a combination of chrome salts and Blancotan CAT, a new syntan based on dihydroxydiphenyl, a sulphone condensation product with cationic charge.

Blancotan CAT can be used alone on pickled hides as a pretanning agent to produce a wide range of chrome-free leather articles with what Silvateam describes as "a user-friendly process". Alternatively it can be used with conventional chromium salts in any proportion to obtain low-chrome tannages with high exhaustion floats.

<http://www.leatherbiz.com/fullitem2.aspx?id=132416>

Tannery Closures are Costing Mali Money

Four tanneries operating in and around Mali's capital city, Bamako, say a government decision to disconnect them from a common effluent treatment plant is unfair. The four companies at the centre of the controversy are West Africa, IMAT, Tamak and Nouvelle Tannerie du Mali.

The tanneries learned of the decision earlier in November 2013, with the authorities claiming that the leather producers were doing too little to carry out primary effluent treatment before sending waste water to the common plant. The common effluent treatment plant, which is in Sotuba, processes effluent from more than 30 industrial facilities in the Bamako region. The tanneries had their access to the plant cut off on November 4, 2013 and have been unable to operate since.

But at a press conference on November 15, representatives of the leather industry in the African country said the decision was completely arbitrary and unfair. Ahmed Diadié Ascofaré, who runs one of the tanneries affected, said he would prefer a return to the way of working before the common effluent treatment plant was in place, with each company taking complete responsibility for its own waste management. He said the common effluent treatment plant was incapable of carrying out effective treatment of the waste.

At the same press conference, the president of the local tanning industry association, Hamidou Traoré, said 400 jobs were directly under threat from the government's action, with a further 1,000 jobs indirectly dependent on the four tanneries.

In addition, Mr Traoré said 700,000 people in Mali make a living from activities related to the collection of hides and skins, with Bamako's four tanneries alone processing between 10,000 and 12,000 hides and skins every day. He said Mali is currently able to export around 6 million processed hides and skins each year, bringing more than \$50 million into the economy. He called on the government to allow the capital's tanneries to start production again as soon as possible.

"Each day of this imposed closure is costing Mali money," he said.

He said the decision had come at the worst possible time because a large amount of raw material had been collected following the Eid al-Adha festival, which fell in October this year, and was now awaiting processing. Mr Traoré said his organization would go to court to have the government decision overturned.

Source: <http://www.leatherbiz.com//fullitem2.aspx?id=132122>

Vietnamese Tanners Supply up to 30% of Footwear Leather Demand

The footwear industry is expected to reach a record export value of more than US\$8 billion this year, according to the Ministry of Industry and Trade.

Footwear exports reached \$7.9 billion as of the middle of December, a rise of nearly 15% against the corresponding period last year, according to the General Department of Customs.

A representative from the Vietnam Leather and Footwear Association said local tanneries had met only 20-30% of material demand of local shoemakers.

To get good quality materials, shoemakers have to import leather from Brazil, Italy and the US at high prices.

According to the Ministry, Vietnam imports 6 million sq. meters of tanned leather every year. Last year, imports amounted to more than \$3 billion.

Many footwear importers are shifting their orders from China to Vietnam because of lower labour costs and preferential tariffs that will be granted this year by the EU. The tariff will drop to 3-4% from the current 13-14%, according to the Ministry.

Of the total amount of footwear exports, the US accounted for the largest source of export revenue, followed by the UK, Belgium, Germany and Japan, the Netherlands, China, Brazil and Spain.

Last year, Vietnam's footwear exports reached \$7.2 billion. The footwear industry, however, still depends on material imports as it does not have enough local supplies.

Experts said the footwear industry would benefit when Vietnam joins the Trans-Pacific Partnership (TPP) Agreement.

But to receive the full benefits, the industry must use local materials or imported materials from TPP

members to enjoy zero tariffs.

Experts also urged domestic companies to make more efforts to improve quality and productivity. As the global economy has yet to recover, key markets for Vietnamese footwear have slumped, and, as a result, companies must plan accordingly.

This is vital because foreign-direct investment companies have contributed more than 76% of the industry's total export value.

Currently, around 1,100 companies are involved in footwear production in the country, employing 720,000 workers.

In addition, there are thousands of individual producers and handicraft villages that take part in export activities.

With this capacity, the Vietnamese footwear industry is expected to meet increasing export demand.

Source: FDRA as cited by <http://www.internationalleathermaker.com/news/fullstory.php/aid/369>

Zimbabwe Introduces Tax on Raw Hides

The government has stepped up measures to curtail the exportation of raw hides by introducing a US\$0.75 export tax on every kilogram of raw hide in a move that is expected to boost value addition in the leather industry.

During the past 10 years, the leather sector has been failing to absorb all raw hides and skins that are produced leading to more hides being exported from Zimbabwe in their raw form.

In 2011 alone, a total of 5,440 tonnes of raw hides including crocodile skins worth US\$28 million were exported.

During the same year, a total of 2.2 million pairs of footwear were produced while four million pairs of mainly cheap synthetic shoes were imported, essentially making Zimbabwe net importer of footwear.

Minister of Finance and Economic Development Patrick Chinamasa, during the presentation of the 2014 National Budget last week, said the introduction of export tax would help revive the sector, which was operating at less than 50% capacity.

"The leather industry currently operates at capacity levels of between 25-40% due to inadequate raw material supply, since leather merchants prefer to export the hides in raw form. I propose to levy an

export tax of US\$0.75 per kg on raw hides, in order to encourage value addition,” he said.

This move by Government is expected to support the Zimbabwe Leather Sector Development Strategy, which was launched in June and expected to make the country's leather sector a vibrant and internationally competitive industry.

The strategy seeks to improve the leather sector in Zimbabwe and generate US\$116 million in revenue by 2017 compared to US\$82 million in 2011 at current sales and margins by 2017.

The main objective of the strategy is to transform the Zimbabwe leather value chain from the production and export of raw materials and semi processed products to the production and export of value added products such as finished leather, footwear and other garments.

In October, Industry and Commerce Minister Mike Bimha said Government would adopt a cluster approach to value addition in the manufacturing industry in an effort to revive the areas that have been most affected by the demise of the sector.

“The sectors that have been prioritised include Leather and Allied Products, Clothing and Textiles and Pharmaceuticals manufacturing,” he said.

Source: <http://www.internationalleathermaker.com/news/fullstory.php/aid/361>

Ethiopia Passes Hides and Skins ‘Marketing’ Law

Published: 24 December, 2013

The Ethiopian House of Peoples’ Representatives passed the revised Raw Hides, Skins & Hides Marketing Proclamation during its ninth regular session, The Reporter newspaper reported.

The law is said to streamline raw hides and skins trading process and strengthen the care accorded to hides and skins.

According to the proclamation, the law is aimed to target the existing challenges in the supply and quality of leather and hide, and expanding a modern and fair trade system.

The revised law will limit the number of people involved in the marketing process with no contribution to the supply chain, to reduce prices.

Brazilian Leather: 2013 Exports Reach a Historical Record

The end of 2013 brought a historical number to the Brazilian leather industry: US\$ 2,508 billion. That is the total value of leather and skins exports throughout the year, an all time record. The value exceeds by 20,7% the accumulated number of the previous year, according to analysis from the Department of Intelligence of the Centre for the Brazilian Tanning Industries (CICB), and with preliminary data from the Department of Foreign Trade – Ministry of Development, Industry and Foreign Trade (MDIC).

Leather and skins exports showed positive results on every single month of 2013, registering monthly historical records, specially after the year's second bimester. Important initiatives from CICB and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil) played a key role in this scenario. Projects like Design na Pele and Preview do Couro, participation in international trade fairs and communication promotions overseas are good examples, as well as the great job of the Brazilian tanneries, working with extreme quality to supply the most demanding and high level markets.

According to José Fernando Bello, Executive President of CICB, the Brazilian leather sector predicts a series of challenges in 2014. One topic that should be considered, says Bello, is Brazil's exclusion from the Stability and Growth Pact (SGP).

When considering December 2013 alone, the total value of leather and skins exports reached US\$ 238 million, which means an increase of 27,5% in comparison to the same month of the previous year, and a new monthly record. The number also means an increase of 10,5% when compared to November of the same year.

Leather stands out in the Brazilian trade balance as one of the ten items that showed historical records regarding values and amount of exports throughout 2013.

Source : Se você não deseja mais receber nossos e-mails, cancele sua inscrição neste link

Ethiopia: Modjo Tannery and Hugian Shoe Factory Honored in Export Awards

The Commercial Bank of Ethiopia awarded different prizes that encompassed certificates, silver plates, and trophies for its 152 customers who earned more than USD 1 million in 2013. Ninety three of the exporters earned more than USD 1 million while the rest made between USD 5 million to more than USD 100 million. Coffee, leather, oil seeds and gold exporters were among the top performers. In the leather category, Modjo Tannery and Hugian Shoe Factory were the ones awarded for their remarkable performance at a time when there was stiff global competition.



ABOUT COMESA-LLPI

The formation of the Leather and Leather Products Institute (LLPI) was approved by the former Preferential Trade Area (PTA) for Eastern and Southern African States (forerunner of COMESA) in 1988 to fulfill its industrial objective to “support and develop the leather industries of the COMESA region”. It was then established by the signing of the Charter by member States on 23rd November 1990.

LLPI Vision:

A Competent Leather and Leather Products Centre of Excellence for Regional and Global Competitiveness.

LLPI Mission:

To Promote and Develop the Regional Leather Sector Through Research and Development, Capacity Building, and International Cooperation & Trade for Enhanced Productivity.

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