



COMESA-LLPI NEWSLETTER

April - June 2014 Issue

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The COMESA Leather and Leather Products Institute (COMESA/LLPI) Sponsored Regional SME Technical Committee Meeting Conducted in Bujumbura-Burundi



Regional SME Technical Committee Meeting in Bujumbura-Burundi

The Regional SME Technical Committee Meeting, that was fully sponsored by COMESA Leather and Leather Products Institute, was conducted at City Hill Hotel, Bujumbura, Burundi from 29th – 30th April 2014. The Regional Technical Committee had the mandate to monitor, promote awareness and provide input on SME matters of interest to COMESA/LLPI and its Board of Directors on a timely basis.

The objectives of the meeting were to review the progress of activities in Member Countries and come up with a road map for 2014. Participants were also trained in the areas of Inclusive Market Approach for developing clusters, resource mobilization and Monitoring and Evaluation for Clusters Development. The meeting was attended by 22 participants drawn from Burundi, Democratic Republic of Congo, Ethiopia, Kenya, Malawi, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. Reports on SMEs activities were presented by the above

10 countries.

From the presentations it was noted that quite appreciable successes were recorded by the SMEs Associations since the Syavonga Technical Committee Meeting. The Ethiopian SMEs Cluster (EIFFCCOS) secured huge order that exceeds its capacity, and is regularly exporting more than 10,000 pairs of shoe to Kenya and other neighboring countries; the Zimbabwe SMEs were formally registered, opened bank account and conduct regular savings; the Uganda SMEs association (FLEMEA), in cooperation with COMESA/LLPI, held exhibition and also secured a big space (building) for 10 years period from the Government for SMEs; the Zambian SME Association was organized into clusters and formally registered; many more successes were also reported.

The Meeting was highly successful and useful as it brought all participants

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Dr. Mwinyikione Mwinyihija, Executive Director of COMESA-LLPI

Dear Readers,

I would like to share with you some of the COMESA/LLPI activities conducted during the second quarter (April –June) of 2014 and other news from the Region and elsewhere.

COMESA/LLPI has had a very eventful quarter and the Newsletter shows the range of activities in which the Institute was engaged. The COMESA/LLPI Regional SME Technical Committee Meeting conducted in Bujumbura-Burundi; Regional Leather Cluster Strategy Capacity Building Workshop dubbed “The Triple Helix Approach” held, in Harare, Zimbabwe; the COMESA /LLPI Board of Directors Meeting Held In Lilongwe Malawi; the COMESA/LLPI Partnered Workshop on “WTO and Post Bali Agenda for Africa” held in Nairobi, Kenya; the graduation of 40 SMEs trained in Footwear Making in Malawi and the Rwandan Leather Sector Strategic Plan completed and delivered in may 2014 were some among others. There has been also a tremendous increase in the interest of Member States to develop the leather sector, as part of the Institute’s interventions.

COMESA/LLPI is very much encouraged by this strengthened understanding of Member States and is endeavoring to translate the goodwill and commitments into tangible outcomes. During the third quarter of 2014, the Institute is also planning to finalize the Development and Review of Leather Sector Strategies, respectively, of Uganda and Kenya. During the same quarter, Leather Sector Strategy will also be developed for Swaziland, Sudan and Eritrea. The Institute, being the leading voice of the Region for leather related issues, is also collaborating with organizations, NGOs and Institutions from around the world.

At COMESA/LLPI, we are striving to improve the development of the Leather Value Chain through participatory process. I am convinced that the information that we are sharing through this Newsletter is adding value to your aspirations.

Finally, I would like to thank you for your anticipated comments on how the Newsletter should develop.

Sincerely,

Dr² Mwinyikione Mwinyihija
Executive Director

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Partial View of the Regional SME Technical Committee Meeting in Bujumbura-Burundi

together to understand their objectives, capabilities, activities, achievements and impacts since the first Syavonga, Zambia meeting held in 2013. The following nine point resolution was passed by the participants at the end of the two days meeting:

1. Associations must be registered and Enterprises formalized;
2. Build strong relationships with respective governments;
3. Support from Government in leather strategy plan;
4. Clusters or associations should approach organizations for resource mobilization at local level;
5. Empower and educate cluster members by disseminating information;
6. Celebrate any form of achievement and build up on it;
7. Clusters and Associations that demonstrate recapitalization will be prioritized for assistance;
8. Effective and efficient utilization of available resources through cluster initiatives;

9. Engaging stakeholders who matter, eg. Government, Academia, etc..

The Regional Technical Committee Members also attended the inauguration ceremony of the first shoe factory in Bujumbura. COMESA/LLPI assisted the newly established shoe factory by providing training in shoe making to 25 of its employees.



During the inauguration ceremony of the first shoe factory in Bujumbura

COMESA/LLPI Board of Directors Meeting Held In Lilongwe, Malawi from June 5-6 2014

The COMESA/LLPI's 26th Board of Directors Meeting was held from June 5 to 6, 2014 at Sunbird Capital Hotel, Lilongwe, Malawi. The Meeting started by electing a new Board Chairperson to replace the outgoing Chairperson, Dr. Charles Moturi. Mr. Tobias Mulimbika Mirza, who is the Director of Industry in the Ministry of Commerce, Trade and Industry in the Republic of Zambia, was duly elected as the new Board Chairperson.

Board members expressed satisfaction with the achievements of the Institute and commended the Executive Director, Dr. Mwinyikione Mwinyihija, for the enhanced activities of the Institute under his leadership. The Board of Directors also made decisions and gave directives on various issues and instructed the Institute's Management for their implementation. The next Board of Directors' Meeting was agreed to be held in Khartum, Sudan, between Sept.-November 2014 depending on the



Partial View of the 26th Board of Directors Meeting in Malawi

The two days meeting that was chaired by the new Chairperson, Mr. Tobias Mulimbika, addressed a number of key issues related to COMESA/LLPI's Regular and Project activities. The Board reviewed the Report of its 25th Meeting, deliberated on the Institute's Progress Report and Budget Performance for the period September 2013 to May 2014 and assessed the Executive Director's End of Probationary Period Report, among others.

Policy Organs Summit. However the exact dates and necessary logistics will be worked out between the Board Chairperson, Executive Director and the hosting country.

At the end of the Meeting, the Chairperson, Mr. Tobias Mulimbika, thanked the Board Members for their active participation and pursuing pertinent deliberations and wished them safe return to their respective destinations.



Partial View of the 26th Board of Directors Meeting in Malawi

The COMESA Leather and Leather Products Institute Successfully Organized the Regional Leather Cluster Capacity Building Workshop Dubbed “The Triple Helix Approach”

The COMESA Leather and Leather Products Institute organized a unique Workshop titled “Regional Leather Cluster Capacity Building: The Triple Helix Approach” in collaboration with the COMESA Secretariat and the EU-RISP program. This Workshop, one of its kind related to the leather sector in the region, was successfully held at CRESTA Loge in Harare, Zimbabwe from 18 to 19 June 2014.



Partial View of the “Triple Helix Approach” Workshop

The Workshop brought together 45 participants from Burundi, Ethiopia, Kenya, Malawi, Swaziland, Uganda, Zambia, Zimbabwe, African Union Commission, EU, ITC, AMSCO, Central Leather Research Institute (CLRI) of India and Ege University of Turkey. The participants were drawn from Public, Research, Academia and Leather Industry (Private) Sectors which included established and start-off SME's.

The main objectives of the Workshop were to:

1. Improve Members States' capacity in the design, implementation and financing of SMEs Clusters;
2. Improve the appreciation of the role of Universities and R and D in the development of SMEs Clusters;
3. Develop a shared Regional perspective on developing the leather sector clusters among the key stakeholders;
4. Concert with National Governments, Academia, Regional and International Development Partners on how the leather value chain can be taken to a higher level;
5. Share current compliments and design strategies of replicating and up-scaling them, taking into consideration the Governments, Academia, Private Sector and Development Partners perspectives;
6. Propel, with the Governments, Private Sectors, Academia and Development Partners the proposed Service Centres and Incubation Centres development model for the development of the Footwear and Leather Goods Clusters.

The output of the Workshop was expected to contribute to the improved capacity of Government, Regional Universities and SMEs to enhance the implementation of the Cluster Program. This was envisaged to be pursued through a coherent Regional implementation and fundraising plan supported by respective National Governments, Academia, Private Sector and Development Partners. Subsequently, the Workshop agreed on a Regional model and structure for implementing Clusters in Member States and the Region at large with a potential for interphase with other African countries for optimal benefit from the leather sector. At the end of the Workshop there was a culminated improved awareness of the importance of the leather value chain in aspects associated with accruals towards Economic Development and Regional Integration of the COMESA Region. As such, a Regional Results-oriented Strategy

LLPI Past, Current and Future Interventions;
Recorded and Projected Impacts;

- » The Experiences of CLRI and Ege University in Supporting the Development of the Leather Sector in India and Turkey, respectively: The Role of the Indian and Turkish Governments in Supporting the Leather Sector; How is the Private Sector organized; How are the Turkish and Indian Government, Academia and the Private Sectors interfacing;
- » What lessons can the COMESA Member States, through the Governments, Private Sector and Academia platforms, learn to improve the performance of the Leather Value Chain in general.

Participants expressed satisfaction with the Workshop and voiced their readiness to further



Partial View of the "Triple Helix Approach" Workshop



for the Leather Sector was developed and agreed upon, which finally complied with the Council of Ministers' Recommendation (Kinshasa, February 2014) which directed LLPI to facilitate the Regional Leather Strategy Development.

The Workshop included Plenary Sessions featuring high-level speakers, and panel sessions on topics specific to the leather sector. Here below are some of the main topics discussed.

- » Importance of the Leather Value Chain and Selected Demographics of SME's in the Region based on Dr. Mwinyihija's research data for the SME's potential in the Region;
- » Introduction of the Role of SMEs and their Importance to Sustainable Development; Situational Analysis of SMEs, COMESA/

the Triple Helix (Public-Private-Academia Platform) approach as a model of creating momentum and incentivization towards the leather sector development at National, Regional and Continental level in Africa. Conspicuously, during and after the meeting intense networking was evident with post workshop negotiations and collaborations fathomed by various participants on product development, market linkages and exchange visits anticipated.

Strengthening the Capacity of SMEs Through Capacity Building: Malawi Graduation

Introduction

SMEs globally contribute significantly to employment creation and national incomes; this scenario is common not only in developing countries, but also in developed countries. It is fundamental to note the SMEs strategy of development is more effective in growing value addition industries in developing countries. It is therefore by no accident that SMEs are also pivotal in their contribution to employment and GDPs of COMESA Member States as summarized in Table 1. The average contribution by SMEs to GDP in the COMESA region is estimated at 20- 25%, with a minimum and maximum contribution of 12% and 39%, attributed to Sudan and Malawi respectively. The same sector contributes an average of 0.6 million jobs in Member States. Rwanda has the lowest number of jobs attributed to SMEs at 0.03 million and Kenya has the highest number of jobs in the SME sector at 7.8 million. The importance of SMEs with regard to employment creation and GDP expansion could be enhanced through minimal investments in Cluster development. For example, a capital injection of US\$20,000 can create more than ten jobs in the garments and footwear subsectors. There is a good body of evidence that recognizes Clusters as engines of economic growth and development, thus an intervention targeted at improving their performance would have a rapid and deep multiplier effect across the entire economy. The table below summarizes the contribution of SMEs to GDP and employment of a selected COMESA Member States.

Table 1: Contribution of SMEs to GDP and Employment in Member States

Country	GDP (%)	Estimated Number	
		SMEs	Employment (millions)
Burundi	20	-	1.2
Kenya	38	74,000	7.8
Rwanda	17.9	72,000	0.03
Sudan	12	29,000	2.9
Uganda	19	84,153	1.5
Zambia	37	450,000	2.2
Zimbabwe	15	74,000	1.4

Despite the significant contribution of SMEs to GDP and employment creation in Africa it has been observed that their contribution to the export of manufactured exports is very low. The situation is the same in economic powerhouses on the continent such as South Africa, Egypt, Nigeria and Kenya where SMEs contribute 70 percent in employment and 30 to 40 percent to GDP but less than four percent to export earnings. The low export earnings is attributed to a number of factors, which include the following among others: inward looking policies with regard to SMEs at Member States level; lack of skills/management capacity; low product quality and low production capacity; poor market access and lack of exposure to regional and international markets. Thus the intervention at Region level is aimed at enhancing the SMEs participation in intra and extra trade.

Capacity Building

COMESA/LLPI has responded to some of the identified constraints by supporting SMEs and Technical Institutions in Member Countries in building the capacity of SMEs to produce quality footwear and leather products. Additionally, it is supporting Vocational and Technical Institutions in these countries to develop curricula which respond to the needs of the SMEs. A number of trainings have already been implemented. The recent training and graduation was for 40 SMEs, which were drawn from Lilongwe and Blantyre, Malawi, who were trained in footwear manufacturing. They received their certificates in May 2014, in a ceremony, which was held at The Capitol, Sunbird Hotel, in Lilongwe. See picture below of the certification ceremony.





Partial View of the Malawi SMEs Graduation Ceremony

The training was executed by LLPI in collaboration with the Malawi Chamber of Commerce and Industries (MMCI). A Board member from MMCI in his remarks pointed out that his organization was now supporting SMEs, as it was realized that the future of the industry and its membership lies in improving the performance of these SMEs. On the other hand the representative of the SMEs thanked the organizers of the training for the skills which have been imparted to them. He noted that the quality of the footwear they were producing had greatly improved after the training and that they were ready to move forward to establish a cluster to promote joint procurement and marketing. However he called upon well wishers and development partner to support

them to acquire tools, machinery and equipment, which were critical in boosting their productivity and quality of products.

In conclusion, it is important to note that COMESA/LLPI will continue to support capacity building, as it is one of its strategic objectives to support the development of human skills in the leather value chain of the COMESA region. COMESA/LLPI is ready to work with more Development Partners in this area. Some of its training programs have been funded through RISP II from the European Union.

By Nicholas Mudungwe: Cluster Development Expert, COMESA/LLPI

Unlocking the COMESA Leather Value Chain: The Participatory Strategy Formulation Approach

Introduction

The COMESA Region's manufacturing base is weak, as most of the raw materials ranging from minerals to agro commodities are exported in their raw stage; this has thus created a dilemma for Micro, Small to Medium and Enterprises (MSMEs) who are working in manufacturing products such as footwear, leather goods, garments and other steel works, as there is an acute shortage of intermediate inputs such as finished leather, fabric and steel. In addition, to this the SMEs face a plethora of other constraints, which range from limited access to finance, inadequate policy and technical support, inadequate skills and machinery, among others.

Potential of the Leather Value Chain in the COMESA Region

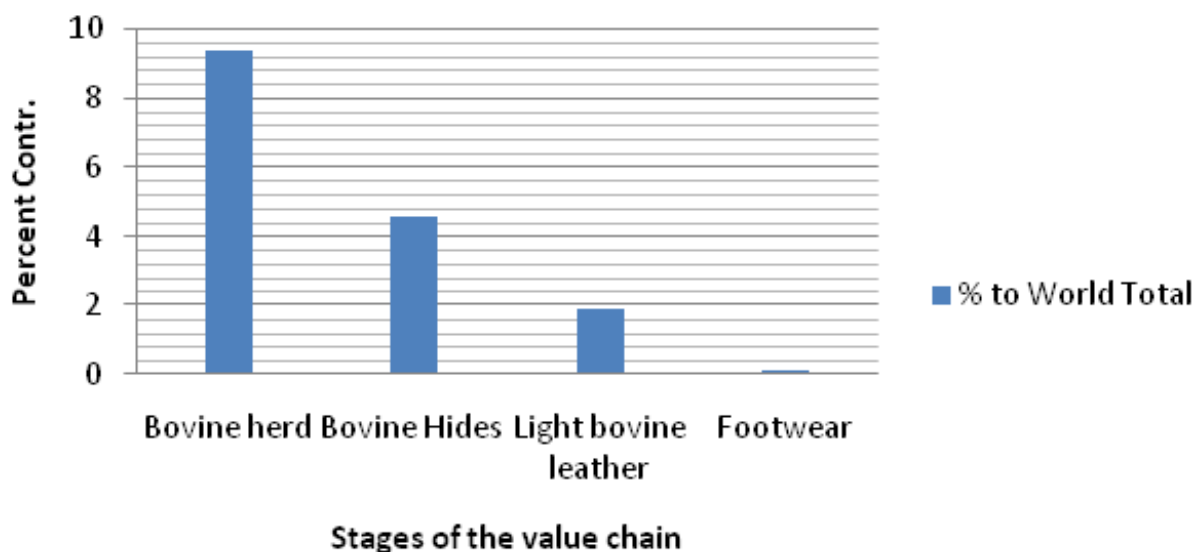
The COMESA Region, made up of 19 African countries, holds approximately 11% and 21% of livestock globally and in Africa respectively; however its contribution to the global leather value chain is very weak, standing at approximately 2%. This is attributed mainly to a number of factors ranging from pre, peri and post slaughter aspects and limited or no value addition to hides and skins produced in the region. The figure below illustrates the inverse relationship between the contributions of the COMESA region in the global value chain, as it progresses upstream. Note that the illustration relates only to bovine animals and bovine leather, related lighter leather and footwear. It is however important to note that the situation illustrated below reflects the same

situation obtaining in other types of hides and skins.

The limited importance of COMESA in producing value added products has cost the region immensely, as the exported raw hides and skins have assisted in generating income and jobs in other countries and continents. Thus it is imperative that drastic measures should be taken into account to transform this industry in the COMESA region; already there are noticeable improvements in the past 10 years in Ethiopia. The fact that Ethiopia has made strides is a clear demonstration that some of the COMESA Member States and including other African countries can draw practical lessons.

Market Size of Footwear in the COMESA Region

The COMESA Region's market size of footwear is estimated at 365 million pairs of shoes per annum, based on the estimated footwear per capita of 0.85. Assuming all these pairs of shoes are produced in the COMESA region, approximately 365,000 shop level jobs would be created, which would trigger demand in the finished leather, soles, glue and other accessories consequently



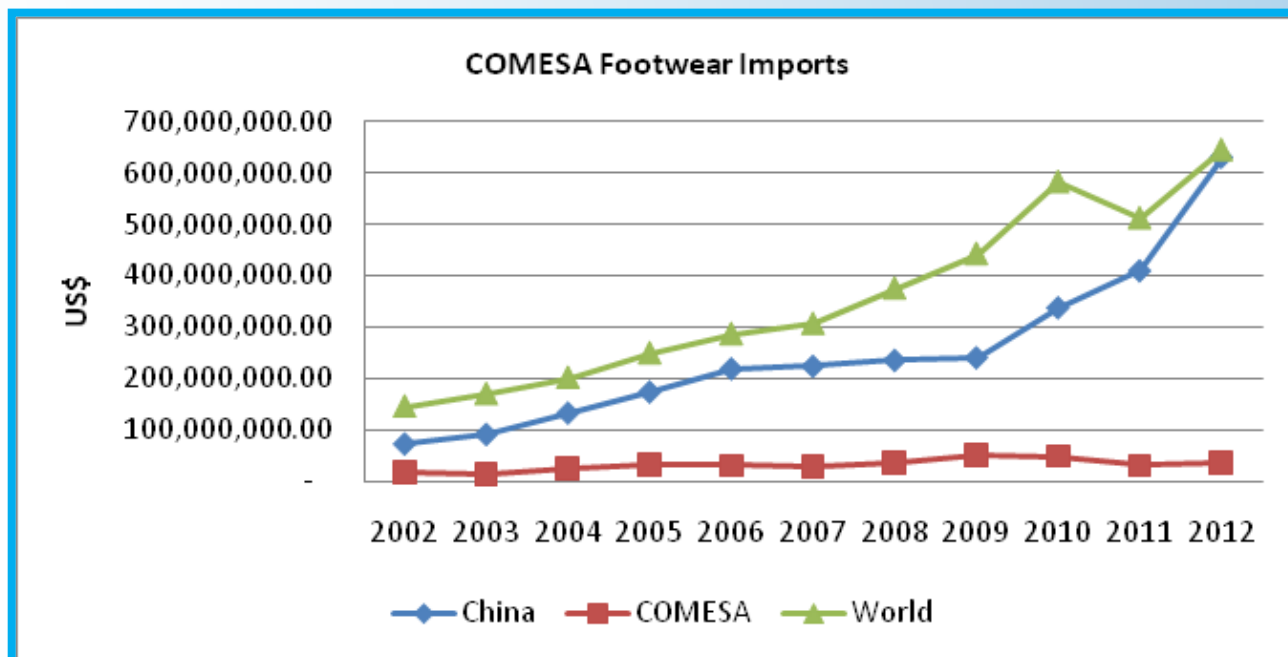
Source: Own Computation based on FAO data

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creating more indirect jobs. Total output of leather footwear in the COMESA Region was estimated² at 80.6 and 92.3 million pairs in 2001 and 2011 respectively. However these figures are based on data collected from established enterprises. Based on these figures the region has footwear demand gap of approximately 273 million, which has to be taken by imports. This could explain the reason

COMESA's footwear imports bill rose from US\$ 73 million to US\$ 630 million dollars in 2002 and 2012 respectively. Its relative importance in the COMESA market has grown from contributing 50% to 97% of the COMESA footwear import bill in the same period. On the contrary intra trade in footwear in the COMESA Region has retracted from 10.7% to 5.3%. See the figure below



Source: COMESA/LLPI Computation based on FAO data

why imports have grown astronomically from USD 145 million to USD 646 million in the period 2002 to 2012.

In 2012, US\$ 646 million worth of shoes were imported into the COMESA Region from the rest of the world and this translates³ to approximately 64 million pairs of shoes. The total market demand is 365 million pairs against a supply of 156 million pairs (imports plus regional production). With an estimated shortfall of 209 million pairs, which is not satisfied per annum! This is a clear indicator that SMEs have a big gap to enter the market, with minimal competition from locally established firms and also from imports. The figure below illustrates the sharp growth in footwear imports from the rest of the world, as opposed to slow or almost stagnant growth in intra trade imports in the COMESA Region. China's contribution to

illustrating the import dynamics from China, Rest of the World and from COMESA to COMESA.

Given the supply and demand potential of developing the Leather Sector in the region, the COMESA Summit, which was held in Democratic Republic of Congo in February 2014, mandated the COMESA/LLPI to facilitate the formulation of leather value chain strategies at both the regional and national levels.

In the execution of the above mandate the COMESA/LLPI is employing a participatory process, which brings together all value chain players from the beginning to the end of the value chain and other relevant value chain stakeholder. All the chain players are involved in the identification, analysis and formulation of strategic interventions. This process has already generated some early fruits, as it has created

² FAO Compendium of Statistics

³ Assuming that the import prices range between US\$10

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linkages among chain players, which were not in existence. It has also helped to foster ownership by the stakeholders and the realization that the formulation and implementation of a sector strategy is not the sole mandate of the National Governments. Thus success of a sector can

encouraged to formulate strategies, whose seed capital should be sourced from the National Budget.

The Future of the Leather Sector in the COMESA region is Bright.



Partial View of the Participatory Approach for Leather Strategy Formulation

only be achieved through collaboration and joint efforts among the chain players and all interested stakeholders. The pictures above show a participatory strategy formulation process in progress in Kigali, Rwanda and Kampala, Uganda.

The formulation of Member Countries Sector Strategies are progressing well. To this end, COMESA/LLPI has:

- » Submitted the Draft Leather Value Chain Strategy to the Ministry of Industry and Commerce of the Republic of Rwanda, for their consideration;
- » A Draft Leather Value Chain strategy is being finalized for Uganda;
- » A Draft Situational Analysis is being drafted for Kenya; and
- » Sudan, Burundi and Malawi strategy formulation processes are scheduled for August and September 2014.

In conclusion, it is fundamental to point out that strategic road maps are an important ingredient for guiding the industrialization process in Africa. To this end all Member Countries are being

By Nicholas Mudungwe: Cluster Development Expert, COMESA/LLPI

The Center for Accelerated Women's Economic Empowerment (CAWEE) Delegation visits COMESA/LLPI to Discuss on Areas of Collaboration



Partial View of the Discussion Session

A delegation from the Center for Accelerated Women's Economic Empowerment (CAWEE) headed by Mrs Nigest Haile, Founder and Executive Director of CAWEE, visited COMESA/Leather and Leather Products Institute on May 7, 2014 to discuss collaboration. Dr. Mwinyikione Mwinyihija, Executive Director of COMESA/LLPI, and other COMESA/LLPI Experts participated in the discussion.

CAWEE is a non-profit organization that promotes Ethiopian women entrepreneurs, with a special focus on women exporters, both existing and potential/emerging exporters, mainly involved in Small & Medium Enterprises (SMEs). CAWEE aims at creating a core group of businesswomen engaged in export activities. Accordingly, the vision of CAWEE is to create a globally competitive core women entrepreneurs class in Ethiopia.

Mrs. Nigest Haile presented her Project entitled "Connecting 1,500 Women & Young Girls to the Export Market". Mrs Nigest said that the Project that has a life span of 2 years and is led by the 1st Lady of Ethiopia, with CAWEE being the lead project implementer.

The Project's main target is working on the value chains in six identified priority sub-sectors, namely: Traditional Hand Spinning; Hand Weaving, Embroidery, Crochet Works and Hand Knitting, Gem Stones and Jewellery, Basketry and Leather (with a special focus on

fashion accessories). The project targets women traditionally involved in handicrafts, and women & young girls that do not have the traditional skills but can be equipped with the required basic technical/marketable skills.

The project's leather sub-sector is planned to target two hundred (200) women and young girls, where special focus is given to young girls.

Mrs. Nigest also said that in 2014, three trade missions (expected to be led by the First Lady of Ethiopia) to Turkey (June 2014), India and Brazil will be organized. Activities envisaged as part of sustainability strategy, after the phase-out of the project encompassed credit facilities for purchase and ownership of the equipment/machineries/hand tools; trainings on establishment of share companies, cooperatives formation, entrepreneurship development, leadership, management, savings and credit, negotiation skills; and market linkages.

Prof. Mekonnen Hailemariam, Leather Value Chain Expert at COMESA/LLPI gave a brief background information on COMESA/LLPI and an overview regarding the leather sector potential of the Region (Africa). He said that, although leather and leather products are among the most widely traded commodities in the world, and Africa exhibits a huge potential in the sector, the Region (Africa) is unable to derive benefits commensurate to its abundant raw materials. Prof. Mekonnen also indicated that the Institute, established in 1990, is tasked with the job of promoting productivity, competitiveness, trade and regional integration in the leather industry.



Partial View of the Discussion Session

He said that the interventions that the Institute is undertaking in 6 pillar areas, namely, Regional Human Resource Development; Material and Technology Development; Investment and Trade Promotion; Information Dissemination; Consultancy and Extension Services and Regional Integration have the potential to enhance competitiveness, employment creation, inter and intra-regional trade and poverty reduction. Prof. Mekonnen also gave highlights of some of the achievements attained so far and ongoing and planned activities.

Finally, Dr Mwinyihija reiterated the importance of the leather sector for the Region's economy by bringing in some explanatory figures that shows the potential of the sector, demand in leather

products, current production levels and existing gaps. COMESA/LLPI's experience in collaborating with similar organizations particularly the recently established linkage with the Swaziland-based organizations working with women-"Gone Rural/ Khokho", was also presented.

Dr Mwinyihija also indicated that the CAWEE Project's leather sub-sector area falls directly under the COMESA/LLPI's mandated activity areas and creates a great opportunity for the collaboration and joint activities of the two institutions (CAWEE and COMESA/LLPI). The potential areas of collaboration mentioned were Capacity building, COMESA/LLPI Leather Portal Linkage, Technology Support and others. The possible participation of CAWEE in some of the upcoming activities of COMESA/LLPI that encompass the Stakeholders Meeting in Harare, Zimbabwe, Participation in D.R. Congo Kinshasa Trade Fair under the COMESA/LLPI Pavilion and Participation in the FEMCOM-COMESA/LLPI joint Project were suggested, and very much welcomed by the CAWEE participants. It was also agreed to have an umbrella Memorandum of Agreement to institutionalize the collaborative activities between the two institutions.

Kenya To Boost Leather And Textile Production With \$34m

VENTURES AFRICA – Kenya is keen on reviving its leather and textiles sub-sector and has committed Sh3 billion (\$34.1 million) toward growing capacity within the industry, Treasury Secretary, Henry Rotich has revealed.

Rotich, who proposed the sum, stated that there exists a huge demand of about 28 million leather units in Kenya, but regretted that local production is incapable of meeting this gap, which had hitherto been reliant on imported supplies.

Less than 4 million units of leather are currently supplied annually.

He however stated that the East African country has ideal production zones for quality leather, stressing that "with the global leather demand now estimated at more than Sh5.2 trillion (\$60 Billion)," Kenya must work assiduously to ensure it shares in the boom.

Industrialisation Secretary, Adan Mohamed also said



on Friday that his Ministry is set to improve efficiency in manufacturing companies.

"To bring down the cost of production, we are looking to lower the cost of power,

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improving the quality of roads to ensure market accessibility and improving value addition of raw products,” Daily Nation quoted Mohammed as saying.

Mohamed has also identified low grassroots production capacity as a factor hindering the growth of the indigenous leather industry.

More than 3000 direct jobs are sourced from the Bata factories, which produces 30 million shoes annually.

Source: <http://www.ventures-africa.com/2014/06/kenya-to-boost-leather-and-textile-production-with-34m/>

The COMESA/LLPI Partnered Workshop on “WTO and Post Bali Agenda for Africa” was successfully completed

COMESA/LLPI, in partnership with the Eastern Africa Economic Chambers of Commerce, Commonwealth Secretariat, AFR-EXIM BANK and Center for WTO Studies organized the “WTO and Post-Bali Agenda for Africa Workshop that was hosted in Nairobi, Kenya, at Fairmont Hotel, from 24th to 25th April 2014.



Partial View of the Discussion Workshop



The Workshop was organized for policy makers and other stakeholders who are directly or indirectly involved in WTO negotiations to deepen the understanding and development implications of relevant negotiating issues. The Workshop was attended by 34 participants from COMESA/LLPI, UNCTAD, Commonwealth Secretariat, Center for WTO Studies, East African Chamber of Commerce, ACP Geneva Office, Kenya Chamber of Commerce, Apex Fish Solutions, Policy Analyst Kippra and representatives from Ministry of Trade/Planning or Foreign Affairs of 9 countries namely, Kenya, Egypt, Madagascar, Malawi, Mauritius, Rwanda, Swaziland, Tanzania and Uganda.

Eleven technical papers and reports of country interventions on post-Bali program were

presented, respectively by Experts and country representatives.

The COMESA/LLPI Expert, Prof. Mekonnen Hailemariam presented a paper entitled “Mainstreaming of Agro-based Commodities in Trade Negotiations in Africa”. The paper, primarily presents the leather sector, which is globally the most widely traded Agro-based commodities and for which Africa exhibits a huge unexplored potential. Participants discussed on how to seize global market opportunities in the leather sector for its great contribution to growth and development of the Region. The Workshop was concluded after deliberating on general and specific messages pertaining to the post Bali work program.

Kenya Leather Sector Shifts Focus to New Abattoir Equipment

Production of poor quality hides and skins, which fetch low prices in the international markets, has barred Kenyan farmers from fully tapping into the leather industry's vast potential.

The Livestock and Fisheries Department says the country earns up to Sh10 billion from exports of wet-blue hides annually, against a potential Sh14-16 billion if better technology was used to reduce losses.

Kamau Waira, the Chairman of Ruiru slaughter house, says knives are used in slaughterhouses leading to cuts on the skins and hides, which compromises quality.

"There is not much to gain from this industry unlike in a country like Ethiopia where prices of skins and hides are better. In Kenya, prices are poor and can sometimes fall to as low as Sh10 per kilogramme of hides, to Sh40 when it's at the highest price," he says.

The low prices, Waira adds, discourage farmers and abattoir owners to the extent of neglecting the raw skins and hides to rot rather than selling them at throw-away prices.

"There is a poor market since Kenyans no longer buy local shoes as they used to in the past. There is so much dominance of foreign products in our markets and this is hurting the leather industry," Waira notes.

China is the world's leading leather exporter followed by India and Italy. In 2012, the global trade in leather was worth \$77.5 billion (Sh6.74 trillion) with footwear making up 60 per cent.

Livestock and Fisheries principal secretary Khadijah Kassachoon says the industry has a huge potential and that the country produces enough hides and skins to sustain it, but majority of Kenyans go for imported shoes.

"About 80 per cent of Kenyans wear shoes and we have enough hides and skins to sustain the industry. However, poor handling of hides and skins during the flaying process causes substantial damage that continues to hurt the industry," she says.

"Our focus is to create awareness to the public to promote what is locally made. The solution is there but the willingness is lacking. I believe if we do things right, we will surpass Ethiopia in the leather business," Kassachoon says.

In order to attain maximum returns from the hides and skins sub-sector, the Government has partnered with the German international Aid Agency GIZ and introduced an easy-to-use pneumatic de-hiders.

Source: <http://allafrica.com/stories/201405090627.html>

Nigeria Bank Invests in Leather Sector

The management of Fidelity Bank in Nigeria has approved a six hundred million Naira (US\$3.73 million) loan to support the garment and leather products sectors for shoe, belting and bag makers in Aba, the commercial hub of Abia State. The loan is aimed at upgrading the capacity and product quality of the operators in the region.

Michael Nwagbara, Branch Manager of Fidelity Bank said that the bank believes in entrepreneurship, which is why it is interested in helping the micro, small and medium enterprises (MSME).

"The bank has looked at what is happening in Aba and has developed a product tailored

to the garment and leather manufacturers. As we speak today, the bank has mapped out N600 million for the leather and garment sectors," he said.

Source: http://www.internationalleathermaker.com/news/fullstory.php/aid/657/Bank_invests_in_leather_sector.html

BMW Interior Award Spells Success for Olive-Leaf Tanning Process

BMW's i3 urban electric car has won the Automotive Interiors Expo Award for 2014.

At the time of the announcement the automotive brand said the sustainability of the materials it has used in the model's interior had helped it win the award, and leather has played its part.

"Leather surfaces are treated using environmentally sound methods," BMW said. "The leather set aside for the interior of the BMW i3 is tanned in a natural process using extract of olive leaves."

The company later confirmed to leatherbiz that the tanning process in question is Wetgreen, a tannage based on residues from the olive oil industry, principally the leaves of the olive trees, which are traditionally discarded and burned. It produces a leather with a shrinkage temperature of about 76 degrees Celsius; it's suitable for

retannage using vegetable or synthetic tanning material. No aluminium, chromium product or salt is necessary.

Wetgreen now operates as a brand in its own right and is based in Reutlingen, home of the former influential centre for leather education, the Lederinstitut Gerberschule, which closed in 2011.

Asked for confirmation of the source of the leather, a BMW spokesperson said: "I can confirm that this is the Wetgreen tanning system. Please understand that we do not comment on the supplier structure in detail." However, further enquiries have revealed Rehau-based Hewa Leder as the tannery concerned.

Global Tannery of the Year in 2011, Heller-Leder, was one of the first to put Wetgreen into production, towards the end of 2011. Joint-Managing Director of Heller-Leder, Frank Fiedler, told leatherbiz on hearing the news: "We congratulate BMW, Hewa and Wetgreen for their success in the Automotive Interiors Expo Award 2014. Wetgreen was part of all developments for BMW in the i3 interior and



we think it's a very good thing for BMW to focus on new sustainable technologies for its interior designs."

Source: <http://leatherbiz.com/fullitem.aspx?id=135016&uid=137018&cid=z>

Experts Tackle Scourge of Counterfeiting at Beast to Beauty Conference

The rapid rise in the number of counterfeit leather goods seized and the impact on both the fashion industry and wider global economy was top of the agenda at the fifth Beast to Beauty conference, held on June 4, 2014 in London.

Speakers discussed how fake products, imported mainly from Asia but also increasingly from other destinations, were hitting companies' profitability, duping consumers and in some cases flooding the market with unsafe products.

Some of the strategies British leathergoods brand Mulberry adopts to counter the problem were outlined by the Company's lead of legal, Kate Anthony Wilkinson. She quoted a European Union estimate that counterfeits from Asia are costing the UK £30 billion and 14,800 jobs per year, and said her team helps shut down between 150 and 200 fraudulent websites per month.

As well as undermining brands, the counterfeiting industry often supports poor labour practices and organised crime, she added.

Amanda Michel, from Consultancy Leatherwise, talked of mislabelled materials and 'faux leather' such as PVC-coated textiles, while Trading

Standards' Handley Brusted showed the dangers presented by counterfeit upholstery or worse - fake medicine, food and drink.

Andrew Hawley, an attorney at law firm Marks & Clerk, said brands can gain some protection by registering trademarks, while investigators John Lambert and Lee Kent from POC Management discussed actions that can be taken to uncover and dismantle counterfeiting operations.

Fresh from Graduate Fashion Week, a number of the UK's top young designers displayed their leather handbag and footwear collections and were able to network with prospective employers.

The event was sponsored by Pittards, the Worshipful Company of Leathersellers and Marks & Clerk, and organised by World Leather, Leatherwise and the University of Northampton.

Source: <http://leatherbiz.com/fullitem.aspx?id=134717&uid=137018&cid=z>

Guarantee of Leather for Shoe Industry

In Nicaragua, an agreement has been made to allocate 20% of the leather production for use in the local footwear industry.

Banning the importation of raw hide and designating about twenty percent, or whatever it takes, for the production of finished leather for local consumption, are some of the measures to be established in order to strengthen the production chain and leather industry in the country", said Laprensa.com.ni.

The agreement between various players in the chain was reached at a multi-sectoral meeting of the National Leather and Footwear Committee, said the Minister for Development, Industry and Trade (MIFIC), Orlando Solorzano.

The country's slaughterhouses produce an average of 65,000 skins each month, and the municipal slaughterhouses some

17,700 a month, giving a total of 82,700 skins. The leather and footwear industry uses on average about 12,000 skins per month for fine footwear and around 7,000 units for boots.

Source: http://www.centralamericadata.com/en/article/home/Guarantee_of_Leather_for_Shoe_Industry

E-Leather Receives Investment From Environmental Technologies Fund

E-Leather, one of the fastest-growing private technology companies in Britain, has received investment from Environmental Technologies Fund.

Environmental Technologies Fund has invested £5m of growth capital investment into E-Leather Ltd, the world's only manufacturer of high-technology composition leather. The financing will underpin the company's continuing rapid expansion into global transportation and commercial upholstery markets.

E-Leather products are manufactured by hydro-entangling leather fibres and a high performance core material. The material looks and feels like traditional leather while being more durable and lighter weight.

E-Leather also increases yield during the cut and sew process as it is supplied in rolls rather than irregular shaped traditional hides. E-Leather has been used in the aviation industry for over eight years and is currently sold to more than 70 airlines.

ETF's investment will help the company to expand its customer base in the bus, coach and rail sectors as well as developing further growth opportunities.

The global leather industry processes one billion leather hides every year but many thousands of tonnes of leather is trimmed off and discarded to landfill during the process.

"E-Leather's patented process uses these unwanted offcuts to produce a material that is almost indistinguishable to the passenger from traditional leather but has superior properties," says Chris McBean, CEO of E-Leather. "We're delighted to have ETF as financial and strategic partners supporting our next stage of growth to strengthen our global position.

Patrick Sheehan, Partner of the Environmental Technologies Fund, adds: "We have been impressed by

the team at E-Leather, and by all the things they are doing to create a great company based on unique technology. They have already done a fantastic job to make E-Leather the upholstery material of choice for the airline industry. E-Leather is poised to become an industry standard in other market sectors and we believe that the company has huge global potential."

About Environmental Technologies Fund

Environmental Technologies Fund is a leading growth capital investment fund investing in some of the most exciting growth companies in Europe. Environmental Technologies Fund supports companies whose products and services deliver a significant environmental and economic benefit. The team is backed by leading institutional investors and has a great deal of experience gathered over decades of working in growth capital and with environmental companies.

Environmental Technologies Fund is supported by the European Union through the Competitiveness and Innovation Framework Programme.

Source: <http://uk.prweb.com/releases/2014/05/prweb11876682.htm>

Lanxess Launches Water-Based Transfer Coating Process

Specialty chemicals company Lanxess has introduced a new water-based transfer coating process called Aquacast for finishing leather. Unlike most conventional processes, the company said at the time of the launch, Aquacast requires no solvents.

Other advantages it listed were good physical properties of the treated leather, versatility of surface



design and a wide range of materials that the coating can be applied to using what it called a “simple and robust process”. Also, the compact machinery required to apply Aquacast can save space inside tanneries.

The Aquacast process is also simpler, the company has claimed, more robust and more reliable. Its airless spray application requires less monitoring than blade systems, while the one-component system used for the adhesion coat also helps to simplify the handling procedure. Furthermore, avoiding the use of solvents means there is no need for costly air treatment.

“Increasingly strict environmental regulations are limiting the use of solvent-based coatings for a growing number of applications,” said Lanxess’s head of new business for leather,

Dr Marc Hombeck, at the time. “This patented transfer-coating technology uses water-based instead of solvent-based products.”

The process involves the coating of a release paper or mould with several layers, which are then applied to the leather substrate by means of a thermal press. After removing the substrate from the mould the desired surface pattern becomes visible.

According to Lanxess, the physical characteristics of leathers that have been coated using the Aquacast system mean they can be used in a wide range of applications, even meeting the strict requirements of the automotive sector. Furthermore, the process can be applied to a wide range of materials, from splits to highly buffed leather.

Source: <http://leatherbiz.com/fullitem.aspx?id=134304&uid=137018&cid=z>

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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 Heads of 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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