



# COMESA-LLPI NEWSLETTER

## July - Sept. 2014 Issue

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### COMESA/LLPI Held a Successful Workshop on Strategy Formulation for EIFCCOS



**H.E. Mr. Tadesss Haile, State Minister of the Ministry of Industry of the Federal Republic of Ethiopia during the opening of the workshop**

A Workshop on the formulation of a Strategy for Ethio-International Footwear Cluster Cooperative Society Ltd (EIFCCOS) that was organized and fully sponsored by COMESA/LLPI, took place at the Ethiopian Management Institute, Addis Ababa, from July 10-11, 2014. The formulated Strategy would be used as a tool of transforming EIFCCOS into a first-class Cluster with a broader Regional and International orientation.

This two-day workshop was officially opened by H.E. Mr. Tadesss Haile, State Minister of the Ministry of Industry of the Federal Republic of Ethiopia. In his speech, the Honorable Minister reiterated the important role the SMEs were playing in contributing to the industrialization of Ethiopia. He pointed out that EIFCCOS has set a good example by establishing a formalized cluster, which was geared at improving the performance of

SMEs. He thus recommended SMEs in other sector to emulate EIFCCOS. The Honorable Minister also expressed his appreciation for COMESA/LLPI for its proactive holistic support to develop the leather sector in Ethiopia and in the COMESA region in general, and also for organizing the Workshop. The Minister finally thanked the EIFCCOS members and the representatives of different institutions for the massive turnout to this event.

Dr Mwinyihija Mwinyikione, Executive Director of COMESA/LLPI made an inspiring presentation that covered the importance of leather value chain globally and regionally. He demonstrated the opportunities that are available to EIFCCOS. Additionally he argued that Africa and COMESA are lagging behind despite the potential they hold given their population of livestock.

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**NEXT ISSUE**  
**DECEMBER 2014**



**Dr. Mwinyikione Mwinyihija, Executive Director of COMESA-LLPI**

Dear Readers,

Welcome to this third quarter (July–September, 2014) issue of the COMESA–Leather and Leather Products Institute Newsletter. As I mentioned in my Second Quarter message the year 2014 continued to be particularly eventful, marked by reinforced cooperation between COMESA/LLPI and member States and different institutions in the region and globally. I am delighted by the political commitments that the leather sector has been receiving in Member States. Our challenge is now to ensure that these commitments are turned into concrete actions.

In line with this, COMESA/LLPI continued to enjoy strong operational momentum across all its activities during the third quarter of 2014. Some of the achievements registered encompass Strategy Formulation for Ethio–International Footwear Cluster Cooperative Society (EIFCCOS) of Ethiopia, Leather Value Chain Strategy Development Consultative Workshops in Khartoum–Sudan, Bujumbura–Burundi, Lilongwe–Malawi and Asmara–State of Eritrea; Curriculum Development for Vocational Training in Leather Technology at Level I to III and Diploma Levels for Burundi and Sudan Institutions and participation in the World Export Development Forum 2014 and others.

I appreciate you taking the time to read our newsletter that also contains more information of interest from the region and elsewhere.

I would finally like to invite all of you to contribute to our Newsletter in the future issues and comment on how the Newsletter should develop.

Thank you for your loyalty.

Dr<sup>3</sup> Mwinyikione Mwinyihija  
Executive Director

#### Dr. Mwinyikione Mwinyihija, Executive Director of COMESA/LLPI, Graduated from Swiss Management Center University in Malta



*Dr. Mwinyihija giving an overview on the importance of his Doctoral thesis work outputs for the leather sector in region*

Dr. Mwinyikione Mwinyihija, Executive Director of COMESA/LLPI, graduated from the Swiss Management Center University in Malta with doctorate in management (D.Mngt.), on October 2, 2014, in the presence of H.E. Dr. Joseph Muscat, the Prime Minister of Malta graced the graduation ceremony. Dr. Mwinyihija's Doctoral work entitled "Conceptualization of Opportunity Management towards Value Addition Strategy for the Leather Sector in Kenya will have a wider application in the region for promoting value addition, productivity, competitiveness and trade integration. Dr Mwinihija has already published 8 articles from his doctoral work on peer reviewed reputable journals.

This Doctoral Degree is the third award for Dr. Mwinhija as he is holder of two other PhD degrees from his previous studies in Environmental Science (Ecotoxicology and Bioremediation related to the Tanning Industry) from University of Aberdeen, Scotland, UK and Post doctorate (Remediation and Tannery Waste Management) from the Atlantic

International University, Hawaii, USA in the same fields and discipline.

All COMESA-Leather and Leather Products Institute's Staff are proud of Dr. Mwinyihija's accomplishments and confident that he will continue with even more successes. Congratulations!!!!



*H.E. Dr. Joseph Muscat, Prime Minister of Malta and Prof. Ted Sun, Vice Chancellor of SMC University with 2014 (Sept./Oct.) Graduates*



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COMESA/LLPI Held a Successful

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**Dr Mwinyihija Mwinyikione, Executive Director of COMESA/LLPI making presentation**

In order to set the context for Participatory Strategy Formulation, Mr. Wondu Legesse, who is the Director General of the Ethiopian Leather Industry Development Institute (LIDI) made a presentation of the status of the Ethiopian Footwear sub-sector. The presentation highlighted the status, opportunities and the challenges the sub-sector was facing. This was followed by Mr Paulos Endashaw,



**Mr. Wondu Legesse, the Director General of the Ethiopian Leather Industry Development Institute (LIDI), Making Presentation on Ethiopian Leather sector**



**Mr Paulos Endashaw, the Chairperson of EIFCCOS Making General Remarks about EIFCCOS**

the Chairperson of EIFCCOS presentation who made general remarks about EIFCCOS.

Through the facilitation by Experts from COMESA/LLPI, using a participatory methodology, participants were able to identify and analyze the progress which they made since the formation of EIFCCOS six years ago. The achievements which they identified are as follows:

- » Good work place
- » Working in team
- » Having common management
- » Government recognition and support
- » Technology transfer
- » Strong vision
- » Patience

In the second session, the participants identified about 32 challenges, which the cluster was facing through participatory prioritizing system. They were able to come up with top nine that are presented here below in decreasing order of importance.

- » EIFCCOS management problem
- » Machinery problem
- » Working capital
- » Market problem
- » Access to training
- » Not having adequate support from Government
- » Raw materials problem
- » Lack of trust between cluster members
- » Lack of full understanding of the Cluster Concept

On second day of Strategy Planning Session, thorough discussions, on the nine Core Challenges of EIFCCOS business operations, were conducted in Nine Groups, during the break-out sessions of the workshop and were subsequently presented in the meeting. The strategy vision and identification of stake holders to assist in the implementation of the strategy and their responsibilities were also determined as way forward of the EIFCCOS Cluster.

The workshop was concluded after a vote of thanks by one EIFCCOS member and closing remarks by the Executive director of COMESA/LLPI.

#### LIDI Celebrates its Three Years Twining Project Successful Completion

The Leather Industry Development Institute (LIDI) of Ethiopia marked the successful completion of its three years twining project with the Central Leather Research Institute (CLRI) and Footwear and Design Development Institute (FDDI) of India that was launched in 2011. The Celebration took place at the LIDI's compound on September 12, 2014.

The COMESA-Leather and Leather Products Institute's Executive Director, Dr. Mwinyikione

atmosphere where the manufacturers get good prices for their products and also traders who are engaged in leather sector run their business properly and efficiently. He also stated that the government emphasized on improving the quality and quantity of leather and leather products to be competitive in the global market. "I believe that the twining program helps LIDI to maximize its opportunities to learn and share experiences of Indian leather and footwear institutes." he said.

Mr. Wendu Legesse, Director-General of LIDI, in his welcoming address indicated that the twining program has played significant role in terms of building his Institute's capacity. He said that as part of the three years twining program, LIDI trained/ currently training 32 of its staff to Masters and 9 to PhD levels in India. More than 80 professionals have also attended short term trainings. Three articles emanating from the joint activities were published on peer reviewed reputable journals. He also said that as leather is one of the priority sectors outlined by the Ethiopian government in its Growth and Transformation Plan (GTP), many



During the Inaugural Ceremony

Mwinyihija attended the occasion. Other officials and dignitaries present were ambassadors of India, Kenya and Uganda to Ethiopia, CLRI Director, Experts from both CLRI and FDDI, country representatives of UNIDO and JAICA, factory owners and other stakeholders of the sector.



Partial View of the Participants

State Minister for Ministry of Industry, Mr. Tadese Haile who was the guest of honour at the occasion, in his opening statement said that, as the Ethiopian Government is following Agricultural Development Led Industrialization (ADLI), all the stake holders have the responsibility to create a conducive



Participants Visiting the LIDI Infrastructure

activities are underway to enhance export and add value to products.

The exhibition that was organized to mark the achievements of the project was also visited by the participants.



#### COMESA-Leather and Leather Products Institute (COMESA/LLPI), Sudan University of Science and Technology sign MoU



Dr. M. Mwinyihija (left) and Prof. Hashim (right) signing the MoU

COMESA-Leather and Leather Products Institute (COMESA/LLPI) and the Sudan University of Science and Technology (Department of Leather Engineering and Technological Leather Industry Incubator) have formalized their collaborative activities in leather sector development through the signing of a Memorandum of Understanding (MoU) on 25 September 2014.

The memorandum was signed by the Executive Director of COMESA/LLPI Dr. Mwinyikione Mwinyihija, and the Vice Chancellor of the Sudan University of Science and Technology, Prof. Hashim Ali Salim.

The MoU envisions that COMESA/LLPI and Sudan University of Science and Technology will work together in the areas of research, training, technology transfer, consultancy, exchange of programs, development of SMEs and other regional and international programs that will promote and sustain the value adding activities along the leather value chain, in the COMESA region in general and in Sudan in particular.

#### COMESA/LLPI Held Consultative Workshop and Meetings, respectively, on Strategy formulation and Leather Technology Curriculum Development in Bujumbura

The COMESA-Leather and Leather Products Institute's organized and fully sponsored consultative workshop for the Burundi Leather Sector Strategy formulation was held at Martha Hotel, Bujumbura, from August 21<sup>st</sup> to 22<sup>nd</sup> 2014.



Dr. Mwinyihija (Left) and Eng. Dismas (Right) Opening the Workshop

The formulated Strategy will serve as a road map to design and implement programmes and projects for the development and modernization of the Burundi leather sector so that it contributes to the country's poverty reduction and job & wealth creation efforts. The workshop that was organized in collaboration with the Minstere du Commercede l'Industrie, des Posts et du Tourisme was preceded by COMESA/LLPI Experts' Visits and meetings with the value chain actors and concerned stakeholders.

A total of 35 participants drawn from different leather value chain segments within and outside Bujumbura and concerned government ministries took part in the workshop. This two-day workshop was officially opened by In. Havyarimana Dismas, Directeur General de l' Industrie /Minstere du Commerce de l'Industrie, des Posts et du Tourisme. In his speech In. Dismas, indicated that Burundi currently participates almost exclusively at the lower end of the value chain rather than the higher value-added, export-oriented finished leather goods segment. Although the leather sector is believed to have a potential to increase its contribution to the economy in the form of employment, foreign currency earnings, the presence of wide ranging and mutually reinforcing problems at several stages of

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the value chain have kept production volume, value addition and quality low. Thus he called participants to contribute their level best in the formulation of the strategy that will take the sector towards higher value added and regionally competitive level.



**Dr. Mwinyihija Giving Opening Statements**

The COMESA/LLPI Executive Director, Dr Mwinyihija Mwinyikione, gave opening statement and made presentation on the importance of leather value chain. He thoroughly discussed the global and COMESA Region's leather sector context and illustrated opportunities that are available to Burundi.



**Partial View of Workshop Participants**

Workshop participants, after the two days discussions both in breakout groups and in plenary sessions, came-up with important issues. They also proposed interventions that will constitute important elements of the strategy. Parallel to the Workshop, a curriculum development Experts Team composed of participants from COMESA/LLPI, Ministère du Commerce de l'Industrie, des Posts et du Tourisme, Ministry of High Education and Scientific Research, the Ministry of Basic and Secondary Education held meetings and produced a draft Curriculum for Level I, II and III, and Diploma Level programmes in Leather Technology.

The principal objectives of these Curricula, other than empowering the youth, will be playing a fundamental role in availing middle level expertise to the Small and Medium Enterprise (SMEs), who will be engaged in the leather sector.



**Prof. Mekonnen Moderating the Workshop**



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### Leather Value Chain Strategy Formulation Process and Participatory Workshop Conducted in the Republic of Sudan

The Republic of Sudan submitted an official request to the COMESA-Leather and Leather Products Institute (COMESA/LLPI) to be supported in the formulation/designing of her Leather Value Chain Strategy.

Accepting the official request of the Sudan, the strategy formulation process was conducted in Khartoum and surrounding areas by Mr. Nicholas Mudungwe, Cluster Management and Dr. Tadesse H.Mamo, Training, Consultancy and Extension Experts of the COMESA/LLPI.

The formulation process of the Leather Value Chain Strategy that took place for 14<sup>th</sup> to 21<sup>st</sup> September 2014 involved the followings:

Rapid Data Collection Process involving numbers of the leather value chain stakeholders, such as; livestock traders and owners, abattoirs/ slaughter slabs, hides and skins collectors/traders and wholesalers, tanners, leather footwear, goods and articles manufacturers, concerned Ministries, Agencies, Research and Higher Learning and Specialized Institutions etc.

The Participatory Workshop that involved various stakeholders took place for 22<sup>nd</sup> to 24<sup>th</sup> September 2014 in Khartoum, at Police Home conference Hall.

The Workshop was officially opened by H.E. Excellency Dr. Yahiya Mukwar, Minister of Human Development and Labor of the Khartoum State. Other dignitaries from Ministries of Trade and Investment also made statement to the opening of the workshop.

After the Opening addresses and Statements, Dr. Mwinyikione Mwinyihija, the Executive Director of the COMESA-Leather and Leather Products Institute made presentation entitled: Importance of the Leather Value Chain Globally, Regionally and in the Sudan.

The workshop was attended by about 60 participating stakeholders from various public, private, Research, Higher Learning and Specialized Institutions all over the Khartoum State.

The 3 days deliberations covered pertinent topics related to the National Leather Value Chain Development Process such as; Participatory Strategy Formulation, Identification and Prioritization of Hides/Skins Defects/Issues, Identification and Prioritization of Issues Constraining the Development of the Tanning Industry, Identification and Prioritization of Issues Constraining the Development of the Leather Goods/Articles and Footwear Sub-Sector, Leather Value Chain Strategy: Vision, Mission and Objectives, Identification of Stakeholders to assist in the implementation of the National Strategy and their Responsibilities.



H.E. Excellency Dr. Yahiya Mukwar Opening the Workshop



Partial View of the Workshop

The closing Remarks were made by H.E Dr. Yahiya Mukwar, Minister of Human Development and Labor of the Khartoum State and Dr. Mwinyikione Mwinyihija, Executive Director of the COMESA-Leather and Leather Products Institute.



### CAWEE, FEMCOM, UNIDO and COMESA/LLPI Met for Collaboration



Participants in the Meeting

COMESA/LLPI, Centre for Accelerated Women Economic Empowerment (CAWEE), Federation of National Associations of Women in Business in Eastern and Southern Africa (FEMCOM) and United Nations Industrial Development Organization (UNIDO) conducted a meeting on August 5, 2014 at LLPI Board Room in Addis Ababa, Ethiopia to discuss. On a Concept Note prepared by CAWEE entitled "Connecting 200 Women and Young girls to Export Market".

COMESA/LLPI was represented by Dr. Mwinyikione Mwinyihija, Mr. Zewdu Kebede, Dr. Tadesse H. Mamo, Mr. Awlachew Sintie and Prof. Mekonnen Hailemariam. From CAWEE side Mr. Robel Woldeyes was represented and FEMCOM was represented by its Chief Executive Officer Mrs. Katherine Ichoya.

The objective of the meeting was: (1) to refine the concept note with clearly defined duties and responsibilities of each collaborating institution/organization; (2) to define time lines for the operationalization of the concept note.

Mr. Robel, CAWEE's program Coordinator gave a brief overview on CAWEE's institutional background. He said, CAWEE that was established in 2004 has under taken different activities for economic empowerment of women. CAWEE worked and is working with different development partners that encompass Canada Fund for Africa, Netherland Embassy, UNDP, Regional Gender Program, ITC, Spanish-NEPAD Fund, EATH/USAID and UNDP. He then gave a highlight of the ongoing project

called Connecting 1500 Women and Young Girls to the Export Market that is owned by the first lady of Ethiopia with CAWEE being the lead implementer. The project, he said, has 6 pillars, namely traditional hand spinning, traditional hand weaving, embroidery and crochet, gemstones and Jewelry, Basketry and Leather. The concept note presented for this discussion is prepared for the leather part of the project. He further said that after the preliminary meeting of July 22, 2014 with LLPI activities undertaken included selection of trainees, selection of the area for the training, communication with partner companies for visit to their enterprise and further discussion to define and concretize collaborative activities and determine kinds of fashion accessories to be considered for the training.

Mrs Katherine N. Ichoya, Chief Executive Officer of FEMCOM also gave background information on how the establishment of FEMCOM was conceptualized. She said that the COMESA Charter Articles 145 and 155 that refer to gender and women in business in the COMESA region were basis for its establishment. Mrs. Ichoya indicated that FEMCOM since its establishment worked closely with associations of women in business in different countries including here in Ethiopia. She mentioned the existing close work relationship with CAWEE and expressed her happiness to be involved as partner in the implementation of present project proposal (Concept Note).

Prof. Mekonnen briefed participants on issues discussed during the preliminary meeting held on July 22, 2014. He said that members raised the following issues as relevant for revising and further strengthening the concept:

- » Identification of fashion accessories on which to base the planned training. This has to be done in common with the collaborating enterprises identified as possible market outlets for the products.
- » Contacting organizations/institutions that are identified as partners in the implementation of the project (to clearly define roles and responsibilities of each collaborating institution).
- » Communicating with Ethical Fashion Initiative based in Nairobi for possible linkage with CAWEE and future experience sharing.

Prof. Mekonnen took participants through the concept note. After brief presentation on the concept note members made thorough discussion on how to refine and further strengthen the concept note.

Finally, participants expressed their readiness to jointly work for the realization of the project and to expand it to other COMESA member countries. Next meeting is agreed to be called after consulting with each other.

## COMESA/LLPI Was Represented in the World Export Development Forum 2014

The World Export Development Forum (WEDF 14) that was organized by the International Trade Center (ITC) and the Rwanda Development Board (RDB) held on 15<sup>th</sup> – 17<sup>th</sup> September 2014 at the Kigali Serena Hotel.

The major objective of the WEDF 14 was to provide a forum to discuss and find ways to boost trade, particularly export trade, and employment creation through greater competitiveness of small and medium-sized enterprises (SMEs). SMEs create the majority of jobs availed for the women and youth of developing countries, whereby in Africa alone there are over 50 million SMEs employing about 60% of the workforce enhancing their competitiveness in international markets, sustaining development and poverty reduction and ensuring their economic growth.

The whole programme started on the evening of 15<sup>th</sup> September with a welcome dinner party, hosted by WVDF and addressed by the First Lady of Ethiopia H.E. Mrs. Roman Tesfaye Abneh. In the morning of 16<sup>th</sup> September, H.E. Mr. Paul Kagame, President of the Republic of Rwanda, officially opened the 14<sup>th</sup> WEDF which proceeded for two days and closed on the evening of 17<sup>th</sup> September 2014.

The first day started with the Welcome Remarks by Executive officials of the three relevant organizations:

- » Mr. Francis Gatare, CEO, Rwanda Development Board (RDB)
- » Ms. Arancha Gonzalez, Executive Director, International Trade Center (ITC)
- » Mr. Lamin M. Manneh, Resident Representative, UNDP – Rwanda

The official opening was honoured by the Statement of H.E. Paul Kagame, President of the Republic of Rwanda. His statement touched upon trade facilitation as being beneficial to Least Developed Countries (LDCs) which included small land locked and island African countries. The President forwarded his views on three human mindsets to overcome obstacles which make the development path harder and economic growth slower:

- » Mindset 1: Belief in ourselves, hard work and Resilience
- » Mindset 2: Never give-up, strive to be better

- » Mindset 3: See Competition as Opportunity, not Obstacle

Good governance means job creation and smart investment in human capital, a virtue to be sought and effected by African Leaders.

Plenary Sessions were also conducted on the following issues:

- » Plenary 1: Unlocking SME Competiveness for Diversification
- » Plenary 2: Boosting SME Participation in Trade through Trade Facilitation and Regional Integration
- » Plenary 3: Benefitting from South-South Trade Opportunities
- » Plenary 4: Tourism for Development: Opportunities for SME Trade
- » Plenary 5: Why Buy from Women-Owned Enterprises

This 14<sup>th</sup> World Export Development Forum (WEDF) (together with the 3<sup>rd</sup> Women Vendors Exhibition and Forum (WVEF), was given very high importance as it was graced by the presence of H.E. Paul Kagame, President of the Republic of Rwanda, and H.E. Mrs. Roman Tesfaye Abneh, First Lady of Ethiopia.

It was attended by over 800 delegates from 73 countries and addressed by over 60 high-level Speakers. The WVEF delegates reportedly concluded business deals worth US\$ 5.5 million.

The Panelists' presentations, the participants' discussions were lively and informative, (except for the women's exhibition being rather small). The Forum indicated the hitherto importance, current growing trends and future potential of SMEs in their contribution towards the economic growth of developing countries.

It indicated the challenges facing them and the role of the private sector, cooperating partners, and Government policy makers have to play in order to jointly boost National, Regional and Global economic growth.

The Institute was represented by Mr. Zewdu Kebede, Regional Coordinator of LLPI.



#### Eritrea National Leather Value Chain Strategy Endorsed

The Ministry of Trade and Industry has endorsed the National Leather Value Chain Strategy on September 13 2014. It was devised in cooperation with the Common Market for Eastern and Southern Africa - Leather and Leather Products Institute (COMESA/LLPI) and the Eritrean Leather and Allied Industries Association.

Speaking at the time of endorsement ceremony at As-



mara Palace Hotel, Mr. Arefaine Berhe, Minister of Agriculture, pointed out that the export potential of hides and skins, as well as related products plays vital role in enhancing the nation's export. To this end, efficient administration and awareness is essential towards realizing such an objective, the Minister elaborated.

Likewise, Dr. Mwinyikione Mwinyihija, Executive Director of COMESA/LLPI, said that the regional organization is exerting the necessary effort towards attainment of the set goal.

Mr. Semere Petros, Chairman of the Eritrean Leather and Allied Industries Association, commended the encouragement that the Government is extending to promote the development of the industrial leather and allied products sector. Mr. Semere extended that COMESA/LLPI's magnificent contribution and enthusiasm for the betterment of the sector will not be forgotten, and will have made a lasting impact to those tasked with the next stage of implementation.

#### Bata Moves to Sell on Jumia Kenya Online Marketplace

The company, which boasts over 100 ultra-modern stores across the country and stocks fashion shoes for ladies, men and children, has chosen to list on the online marketplace in a move to reach a wider market and increase sales.

Franklin, representative Bata, "The convenience Jumia online marketplace offers to our customers is exciting, making sure our customers have access to their favourite products from Bata just a click away and have deliveries anywhere in Kenya, it's awesome."

The JUMIA online marketplace is a platform that allows merchants to showcase their products on [www.jumia.co.ke](http://www.jumia.co.ke), transforming their physical store to an e-store and bridging the gap between online and offline sales. The seller centre allows merchants to monitor their sales as well as pending, shipped and cancelled orders on their own.

Merchants listing on the website enjoy a stress-free selling experience, with JUMIA handling the product warehousing, marketing, customer care, delivery

and after sales and remitting cash resulting from the sales to the merchants at an agreed date.

Parinaz Firozi MD JUMIA Kenya, "Bata customers will now have access to a stylish range of shoes without having to fight through traffic or visit the stores, they can shop straight from their mobile phones through our mobile app, when they shop on Jumia online marketplace, they are still shopping from Bata."

To sell on the website, the product needs to be brand-new, unused, unopened in its original packaging, with all original packaging materials included. Original protective wrapping, if any, should be intact and the product should include the original manufacturer's warranty, if any, with warranty details included in the listing comments. The seller will then upload the product image with a description before the product goes live on the company's website.

Source: <http://in2eastfrica.net/bata-moves-to-sell-on-jumia-kenya-online-marketplace/?k=66f3679a569d9e12aa61bbe885310343>

#### Arzignano wins EU funding for 'Green Leather Industry' pilot



Two of the biggest tanners in the Arzignano cluster in northern Italy have formally launched a pilot project for making leather production more environmentally friendly. The tanners, Gruppo Dani and Gruppo Mastrotto, are working on the pilot project with three technical partners: chemical supplier Ikem, biotechnology firm Ilsa and the cluster's wastewater treatment service provider, Acque del Chiampo.

Called 'Green Leather Industry for the Environment', the pilot project is being co-financed by the European Commission as part of a wider initiative called LIFE, which is a funding programme for the environment and climate action.

The main aims of the Arzignano pilot are to find ways for tanners to reduce their consumption of natural resources, to find ways to create more value from the industry's waste and by-products (particularly with applications in agriculture and energy) and to calculate all the benefits and costs

accurately with a view to scaling up emerging technologies for wider use across the Arzignano cluster.

Leather industry leaders in Arzignano have expressed their delight that the 'Green Leather Industry for the Environment' pilot won funding. Across all industrial sectors in Italy, 421 projects applied for funding under the most recent round of LIFE initiatives, with only 47 proving successful. As well as technical merit, successful applications had to show high levels of support from the industries concerned and a high level of ambition to bring world-leading environmental standards to Italian production.

The pilot will run for three years and will mean a total investment of €2.3 million, with 50% of this money coming from the European Commission and the other 50% from the five project partners.

Project leaders said after the formal launch that priority research areas will include metal-free tanning and innovation in unhairing.

To help keep other Arzignano tanners up to date with progress, a new website dedicated to the pilot project will launch in the coming months. The project leaders have stressed that they view the 'Green Leather Industry for the Environment' pilot as complementary to other initiatives taking place in Arzignano at the moment.

Source: <http://leatherbiz.com/fullitem.aspx?id=135319&uid=137018&cid=z>



#### **Bangladesh's Apex Group Emerges As Shoemaker to the World**

To see a different face of Bangladesh manufacturing, a country that has earned notoriety with its ready-made garment plants, one drives 25 miles north of Dhaka city to Gazipur district. Amid a predominantly industrial enclave of garmentmakers is a 24-acre site where 5,500 workers, mostly women, are busy stitching not clothes but a range of stylish leather shoes.

This is the factory of Dhaka Stock Exchange-listed Apex Footwear, Bangladesh's leading footwear exporter. It started manufacturing leather shoes more than two decades ago. Today it is among the largest shoemakers on the subcontinent, shipping 4.5 million pairs annually to 130 retail customers in 40 countries, including Macy's, J.C. Penney in the U.S., ABC Mart in Japan and Deichmann in Germany. Additionally, it produces 3 million pairs for the domestic market that are sold through a chain of 550 outlets across the country.



**Apex's Nasim with his father Manzur Elahi**

Visiting Apex Footwear's factory in Gazipur one hot and humid June morning I quickly grasp that this is no sweatshop. The complex includes, among much else, an effluent treatment plant, a purification plant for drinking water, a medical clinic and a day nursery. Workers, I'm told, get an average monthly wage of \$100, which is higher than the \$75 mean in the garments sector. In addition, they are covered for medical and life insurance, and get bonuses twice a year plus a share of profits.

Thirty-year-old Rawshona Khatun, who works on the shop floor, says these benefits and an 8-hour workday drew her from a previous job at a garments unit nearby where a 12-hour daily shift

was the norm.

"Since shoemaking is a very labor-intensive business and we operate in the heartland of the ready-made garments industry, we have to remain a step ahead. We see our compliance standards and worker benefits as our competitive advantage," says Manzur Elahi, founder-chairman of the \$200 million (sales) Apex Group, whose other listed entities are leather-producer Apex Tannery, Mutual Trust Bank and Pioneer Insurance.

Seated in his Dhaka office in the tony Gulshan area, Elahi points proudly to the gold certification received by Apex Footwear from Worldwide Responsible Accredited Production, a U.S.-headquartered social compliance monitoring organization.

A former tobacco executive, Elahi, 71, along with his son Nasim Manzur, 45, who runs operations as managing director, is spearheading Bangladesh's charge into the global footwear trade. While China still has the biggest footprint, with a 60% share of global shoe production, its rising labor costs have made big retailers look elsewhere, to countries like Vietnam and Indonesia.

The time is ripe, say the father-son pair, for Bangladesh—where the cost of labor in shoemaking, at less than one-fourth that of China, is the lowest in Asia—to gain a significant berth as a profitable manufacturing hub.

The country's annual leather exports, including footwear, have been climbing lately, doubling since 2010 to just over \$1.1 billion, though its global share remains less than 1%. The Apex Group accounts for 15% of those.

"Apex has led the way in the shoe sector and been a source of inspiration to others. It remains well ahead of the curve on several counts," says Farooq Sobhan, a former diplomat who is president of the Bangladesh Enterprise Institute, an independent research outfit.

Elahi, who hails from a family of legal luminaries, stumbled into the shoe trade. One of seven siblings, he grew up in Calcutta, India where his Muslim father was the chief justice of the high court and was awarded a knighthood. In 1962 Elahi immigrated to Dhaka (then part of East Pakistan) to enroll in Dhaka University. After graduating two years later, he joined the local

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arm of British American Tobacco in Karachi.

But Elahi, who says he admired Jamsetji Tata, the legendary founder of India's Tata empire, was nursing a dream to start his own business. A chance meeting with a French trader, who was sourcing Bengal Black Kid semifinished leather from Dhaka that was much sought after by France's shoemakers, sealed his fate.

In 1972, a year after Bangladesh won its independence, Elahi quit what he calls his "golden cage" on his 30th birthday to become an agent of the French firm. He recalls that his siblings, who were vehemently opposed to his plans, stopped speaking to him for two years. "They were hopping mad as they saw businessmen as crooks and said I would bring disgrace to the family," he says with a smile.

In 1975 Elahi jumped into manufacturing when the government decided to privatize tanneries that had been nationalized postindependence, only to run up losses thereafter. He snatched the near-defunct Orient Tannery situated in Dhaka's Hazaribagh area in an auction for 1.22 million takas, the equivalent of \$100,000. "My lucky numbers are one and two," says Elahi.

Changing its name to Apex Tannery to reflect his ambition to reach the pinnacle of success, Elahi sought to start afresh. When he refused to give in to the union's demand that none of the tannery's 82 workers would be sacked, he was locked inside the factory for a night. A senior union member who turned out to be a school buddy eventually rescued him.

In 1982 he took the tannery public with the aim of graduating from producing "wet blue" semifinished leather to making crust leather, a more finished form that required new machinery and know-how from Italy, Apex's main market at the time. Thereafter the company expanded into finished leather and new markets such as Japan, China and Brazil.

Today, to meet new compliance requirements, Dhaka's tanneries, Apex included, are being relocated from Hazaribagh, now a largely residential neighborhood, to the city's outskirts in a government-built leather industrial park with a central effluent treatment plant.

From supplying leather for shoes to making shoes themselves was a logical step, says Elahi, and he set up Apex Footwear in 1990. Neighboring India, now a major shoe producer, was manufacturing mainly shoe uppers at the time. Son Nasim, who had just completed undergrad studies at Wharton, turned

down offers from consulting firms to return home to work in the family "startup" for the equivalent of a \$100 monthly salary. (Today he and Dad have listed holdings totaling \$32 million.)

Procuring machines and designs from Germany, Apex started making shoes for Europe. But the quality was poor, and the factory struggled to produce 400 pairs a day. (Today it churns out 21,000 pairs daily.) "Quite frankly, we didn't have a clue back then," recalls Nasim.

Neither did the world about Bangladesh's fledgling shoemaker. The first shipment to Belgium was confiscated by customs. "They didn't believe any company in Bangladesh could make shoes."

With no new designs in the pipeline, Apex lacked the "software" to export to Europe. "So we went back to the drawing board," says Nasim. Apex tapped into the International Executive Service Corps, an American nonprofit that sends volunteers to help businesses in emerging markets. A retired shoemaker was assigned to help upgrade quality and improve capacity utilization.

They got a break in Japan with shoe retailer Marutomi, a big buyer of what was known as the formal "salaryman shoe." Says Nasim: "These were not fashion-forward but rather like the Model T Ford equivalent in shoes—any color as long as it's black."

When the Japanese economic bubble burst in the early 1990s, demand for formal shoes tumbled. Elahi took the footwear outfit public in 1993 with the aim of reentering Europe. But it remained a struggle until 1996 when Apex found an Italian collaborator that was willing to provide designs, help with cranking up production and marketing. The company changed its name to Apex Adelchi to underscore its Italian connection.

But Apex's shoes were more expensive than shoes made in China, since they were routed to the world via Italy. In 2003 father and son decided that Apex had to sell directly to customers to be able compete with China and India. "Once we'd earned our customers' confidence that we could deliver, our sales took off," recounts Nasim.

Last year Apex finally parted ways with its longtime Italian collaborator. One reason Nasim cites was the rising cost of making samples in Italy that was hurting profitability. "We wanted to walk on our own and build our own design capability," he adds.

Apex has set up a new-product development center in Taiwan, which has a long history of manufacturing shoes. Five years ago Nasim forged a joint venture,



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Blue Ocean Footwear, with Taiwan's Green Land Group, which makes shoes for the export market from a newer factory in Gazipur. Apex Group holds 51% (see box).

Apex has also been pressing ahead with expansion in the domestic market, where it has become the second-largest shoe retailer. Nasim sees huge potential for growth as Bangladesh's per capita consumption is less than one pair of shoes.

But the challenges of being a Bangladeshi manufacturer are ongoing. The Rana Plaza

garment factory collapse in April 2013 that took more than 1,100 lives has put everyone under scrutiny. Nasim insists that Apex aims to go well beyond mandated compliance standards: "We have to up our game. These are the new rules we must learn to play by."

Source: <http://www.forbes.com/sites/naazneenkarmali/2014/08/27/bangladeshs-apex-group-emerges-as-shoemaker-to-the-world/?k=9cc38d9a4d618aafb90030cfbdb653a3>

### New Middle East Leather Exhibition

Messe Frankfurt, a major global fair organiser, is establishing a new leather and leather products fair aimed at the Middle East market. Leatherworld Middle East is set to take place in Dubai, UAE, May 4-6, 2015.

Strategically located at the crossroads of Asia, Europe and Africa, Dubai is the main business and trade hub for the entire Middle East region and beyond.

Its first-class logistics facilities, tourist amenities and relatively liberal policies make it one of the world's most successful and vibrant cities.

Easily accessible from Europe and Asia, Dubai makes the perfect city, thanks to its modern infrastructure, including over 20 free zones, four seaports and two international airports, from which the new cargo airport is directly linked to the major Jebel Ali Free Zone and Port.

The organisers are looking to attract leather and leather product makers as well as finished leather goods wishing to tap into the Middle East markets and neighbouring African countries.

Further information about the fair can be found at [www.leatherworldME.com](http://www.leatherworldME.com).

Messe Frankfurt is one of the world's leading trade fair organisers, generating around €545 million in sales and employing some 2,000 people worldwide. Its events take place at more than 30 locations around the globe. In 2013, Messe Frankfurt organised a total of 113 trade fairs, of which more than half took place outside Germany.

Source: [http://www.internationalleathermaker.com/news/fullstory.php/aid/936/New\\_Middle\\_East\\_leather\\_exhibition.html](http://www.internationalleathermaker.com/news/fullstory.php/aid/936/New_Middle_East_leather_exhibition.html)

### US Apparel and Footwear Industry Renews Call for Immediate, and Long Term Extension of AGOA

The head of the American Apparel and Footwear Association (AAFA) on August 4, 2014 renewed calls for swift action to renew the expiring African Growth and Opportunity Act (AGOA). In a letter sent on August 4, 2014 to President Barack Obama on the eve of a historic African leaders summit, AAFA president and CEO Juanita D. Duggan urged the President to support renewal along four key principles.

These four principles include:

Immediate renewal

Long term renewal

Long term extension of flexible rules of origin

Application of flexible rules of origin to all countries.

"I know you share our belief that the time is now to strengthen and expand trade and investment linkages with Africa," Duggan wrote. "Swiftly renewing AGOA along these four principles will create a sustainable U.S./African trade partnership that will benefit Americans and Africans for decades to come."

#### China Issues New Mandatory Standard for Children's Footwear

The General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the Standardization Administration Committee of the People's Republic of China (P.R.C) have recently approved a new mandatory standard, GB 30585-2014 Safety Technical Specification for Children's Footwear, which will take effect on January 1, 2016.



The requirements in the standard are applicable to footwear worn by children under 14 years of age (and where the shoe size

is not larger than 250 mm), excluding children's vulcanized shoes.

Summary of Technical Standard:

##### Product Classification

- » Infant footwear is defined as footwear not larger than 170 mm in size to be worn by an infant under three years of age.
- » Children's footwear is defined as footwear between 171 and 250 mm in size to be worn by

a child above 3 and under 14 years of age.

##### Physical and Mechanical Requirements

- » The product shall not have accessible sharp points, sharp edges or broken needle.
- » On infant shoes, attachments shall be able to withstand 70N or higher pull force and detachable components shall not be a small part.
- » Shank shall meet China GB Standard 28011.
- » Heel height shall not be greater than 25 mm.

##### Odours

- » Odour shall be assessed and result may not be greater than Grade 2.

##### Chemical Requirements

- » Restrictions are placed on the footwear for chrome VI, azo dyes, formaldehyde, heavy metals, Dimethylfumarate (DMFu), Nitrosamines and Phthalates.

Source: <http://www.blcleathertech.com/blog/china-issues-new-mandatory-standard-for-childrens-footwear/2014/07/29/>

#### Leather Centre Formally Opened in Jalandhar, India

The formal opening of a new Common Facility Centre (CFC) for the leather industry in Jalandhar, Punjab took place on September 11. The CFC Jalandhar was formally inaugurated by Madan Mohan Mittal, Minister for Industry and Commerce, Technical Education & Industrial Training, Government of Punjab in the presence of senior leather industry representatives.

The CFC has three floors, with total area of 7500 sq ft. The facilities at the CFC include a product display hall (1550 sq ft), conference hall (1150 sq ft), resource centre (500 sq ft) and the regional office of the India Council for Leather Exports (1000 sq ft).

The Foundation Stone for the CFC Jalandhar project was laid by Rajendra Kumar Jalan, Chairman, Council for Leather Exports on May 17, 2013 at the project site with R. Ramesh Kumar IAS, Executive Director, Council for Leather Exports (CLE).

The Indian leather industry is not only a major foreign exchange earner for the country but one of the largest employment providers, particularly for weaker sections of the society.

Exports from the leather sector have grown from US\$3.4 billion in 2009-10 to an all time high value of US\$6 billion in 2013-14. Exports are projected to grow at more than 20% in the next five years. The domestic market for leather, leather products and footwear, which is presently around US\$5 billion, is also expected to grow in the next 5 years.

In line with the national trend, the leather industry is Punjab has also achieved significant growth in the recent years. According to membership records of the CLE, the export of leather and leather products from Punjab increased from Rs.216.97 crore in 2008-09 crore to Rs.342.30 crore in 2012-13 (1 crore = 10 million). The major export items are finished leather, leather footwear, leather goods and leather garments. Jalandhar is a major production centre for finished leather, leather goods, footwear and leather garments, contributing a share of more than 80% of the exports from Punjab.

Source: [http://www.internationalleathermaker.com/news/fullstory.php/aid/1011/Leather\\_centre\\_formally\\_opened\\_in\\_Jalandhar.html?k=88e52943be02e1123bd9944c29049b15](http://www.internationalleathermaker.com/news/fullstory.php/aid/1011/Leather_centre_formally_opened_in_Jalandhar.html?k=88e52943be02e1123bd9944c29049b15)

#### Synthetic Substitutes for Leather “one of the biggest” Polluters

Polymer producer Bayer MaterialSciences has developed a new system for the manufacture of polyurethane-coated fabrics saying that it will allow manufacturers of synthetic materials to clean up their production. The company has acknowledged that these synthetic substitutes, whose makers and sellers often specifically target the leather market, have one of the worst track-records among all types of coated fabric for causing health and environmental problems.

Bayer says 7 billion pairs of shoes, 2 billion handbags and 1 billion garments containing PU-coated fabrics are made around the world every year. The global leather industry has acknowledged that there are not enough hides and skins in the world to make all of these products from leather and that there is demand at lower price points for goods made from synthetic substitutes instead. Its objection is to the use of the word ‘leather’ to describe many of these products because this is unfair to the leather industry and to consumers. In its announcement about the new system, Insqin, the company carries on this practice, as does the name itself. Bayer has insisted that Insqin stands for “innovation in every square-inch”, but the name sounds like ‘in skin’.

However, for what leatherbiz believes is a first for a company with the global reach and reputation of Bayer MaterialSciences, there is an admission in the launch information that PU-coated fabrics are much more damaging to the environment than many manufacturers and finished product brands have claimed until now.

The company says its new system will offer a cleaner alternative to manufacturers because it will allow them to make PU-coated fabrics without the use of solvents, making the coatings water-borne instead. It claims that Insqin can reduce water consumption by up to 95% and energy consumption by up to 50% in the coating process.

Using figures from a Chinese industry association for PU-coated materials manufacturers, Bayer has said that more than 4 billion square-metres of synthetic materials imitating leather are produced around the world every year, with 90% of this total being produced in China.

“The social and environmental benefits of water-borne PU technology are of particular importance

to PU leather (sic),” Bayer MaterialSciences said at the time of the launch, “which has been one of the largest sources of environmental and health hazards amongst all types of coated fabrics.”

It went on to say that there was “fast growing demand” for these fabrics and that global dependence on China as a source of them was putting “a heavy strain on local ecosystems”.

In its conclusions, Bayer MaterialSciences said: “Worker exposure to solvents needs to be addressed and pollution risks need to be minimised. Sustainability goals will be hard to achieve if the industry continues to use the mainstream solvent-based processes.”

Source: <http://leatherbiz.com/fullitem.aspx?id=135329&uid=137018&cid=z>

#### Trumpler to Present Chrome VI Prevention Agent at ACLE

At the 2014 All China Leather Exhibition in Shanghai (September 2-4), leather chemicals manufacturer Trumpler has said it will present innovative products and recipes for leather types and all segments of leather production: beamhouse, dyehouse and finishing.

In addition, Trumpler will present the latest fashion trends for autumn-winter 2015-2016.

According to the company, highlights will include TRUPOZYM CBL, a newly designed ammonium salt-free bating agent with enhanced degreasing properties. Trumpler has said this product will “recognisably improve” the scud loosening and cleanliness of pelts, without any negative impact on structure and tightness.

Another product on display in Shanghai will be TRUPOSOL AMF, which Trumpler says is particularly suitable for automotive leather as well as for softy leathers, “guaranteeing an excellent cost-performance-ratio”. Leathers produced with this fatliquor exhibit what the company has called “outstanding inner softness along with extremely fine grain characteristics and a pleasant round handle”.

TRUPON LH is a new, highly concentrated lecithin-based fatliquor, especially designed for



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all types of soft leathers. It “relaxes” the grain and will help tanners produce leathers that exhibit high levels of softness along with a pleasant, round, slightly waxy handle, the company said.

Finally, TRUPOFIX SA2 is an auxiliary agent designed to prevent the formation of chrome VI. TRUPOFIX SA2 helps to prevent the oxidation of chrome III to chrome VI and reduce any existing chrome VI content in wet blue hides, according to Trumpler. The product can be applied at wet blue, crust or finishing stages and touch, colour and physical properties remain unchanged, the company has claimed.

Source: <http://leatherbiz.com/fullitem.aspx?id=135253&uid=137018&cid=z>

### World Leather Announces Fourth Global Tannery of the Year Winner



At the end of an exciting event in Shanghai on September 3, World Leather magazine announced the winner of the fourth global Tannery of the Year.

Following presentations from nine finalists, a panel of independent judges chose Wollsdorf Leather, from Austria, as the winner of the most prestigious award in the global tanning industry.

On accepting the award, Wollsdorf chief executive, Andreas Kindermann, said: “We always say that we are not a cheap producer of leather, but we always try to make the best product we can. This means we focus on innovation, technology and the environment. Our customers understand that and that’s why they source from us.”

Mexico’s president, Enrique Peña Nieto, has approved a series of measures aimed at providing

protection and support to the country’s footwear manufacturing industry.



On August 28, Mr Peña Nieto gave the go-ahead to proposals to suspend tariff-free access for imported shoes, re-establish a guaranteed import price of shoes from overseas, reduce the number of entry points through which imported shoes can come into Mexico and establish an approved list of footwear importers.

Most of the measures will come into force on October 1.

These new policies mean footwear manufacturers overseas will have to pay a tariff of at least 25% to customs to bring their products into Mexico. The guaranteed price measure means importers will have to declare a price for imported shoes that is in keeping with the customs authorities’ estimated value, or make up the difference.

Following the president’s approval of the measures, a high-ranking finance ministry official, Luis Videgaray, travelled to León, Guanajuato, to address representatives of the footwear industry at the Sapica exhibition. When he announced the measures, industry members interrupted his speech with applause. He later said: “This will give us much more accurate tools for tackling something that has been a cancer for our footwear industry: shoes coming into Mexico at falsely low prices.”

Mr Videgaray added: “We believe that the Mexican footwear industry can compete and win. It can prosper, but for that to happen, there has to be a clear public policy and we have to put a minimum number of measures in place.”

Source: <http://leatherbiz.com/fullitem.aspx?id=135905&uid=137018&cid=z>

### Quality Japanese Leather Producers Invest in Ethiopia

Hiroki Co. Ltd, a Japanese-based leather producing factory, is set to start production in Ethiopia in mid-March, with an investment of close to 10 million Br (0.5million USD).

The first Japanese foreign direct investment (FDI) to Ethiopia in the leather industry, Hiroki, which already established the Hiroki Addis Manufacturing S.C in September last year, will start producing leather garments, bags, wallets and shoes for export to the Japanese market.

The Company decided to engage in production having studied the marketability of Ethiopian leather, says Youngil Song, president of Hiroki Addis.

"We decided to open a factory in Ethiopia because of the availability of quality leather raw material," Song said. "It is one of the finest leather in the world."

Hiruki's decision to open up a factory in Ethiopia – which will be based in a rented building in Alemgena town, in the Oromia Region, located some 26 km from Addis Abeba – was also prompted by the availability of cheap labour.

Hiruki's leather jackets are sold at high prices in Japan, costing between 2,000 dollars and 5,000 dollars. Hiroki's leather specialty shop is located in the Yokohama Motomachi area, which is one of the biggest shopping streets.

The factory targets an annual production of 1,300 pairs of Ethiopian sheep garments, 8,000 bags, 3,600 wallets and 7,000 shoes during the first year of production. The Company will start production with 30 employees, according to Song.

The arrival of three machines from the Port of Djibouti, which the factory expects in three or four weeks of time, will lead to the commencing of production, Song told Fortune.

In three years time, however, it plans to acquire a plot in the Bole Lemi Industrial Zone – the first hub exclusively for export-oriented manufacturers – to build its own factory. When it moves to Lemi, the factory plans to raise the number of employees to over 100.

For the government, which managed to earn 32.1 million dollars in the first quarter of the current fiscal year from the export of leather, Hiroki's investment is a welcome opportunity.

"Hiroki's decision to invest in Ethiopia is a welcome decision, as it focuses on high quality products," says Tadesse Haile, state minister for Industry. "They recognise the unique character of Ethiopian leather."

The leather industry is one among those in the manufacturing sector that have been given priority under the government's Growth & Transformation Plan (GTP). However, Ethiopia earned 123.4 million dollars in leather exports in the 2012/13 fiscal year. This was just 64.3pc of the projected target of 192 million dollars.

The decision to start production in Ethiopia is part of Hiroki's 13-year plan, which also includes introducing products to the European market in 2015.

For Wondu Legesse, director general of the Leather Industry Development Institute (LIDI), Hiruki's investment in Ethiopia is an opportunity for the emerging leather industry.

"Their quality of leather making is superior," Wondu said. "They bring expertise and technique to the sector."

Source: <http://addisfortune.net/articles/quality-japanese-leather-producers-invest-in-ethiopia/>

From THESAURERREPORT ([www.thesaurerreport.com](http://www.thesaurerreport.com))

### SHOE UPPER LEATHER SKINS:

International skins traders report there is more interest for African shoe upper leather suitable skins in Italy but also by shoe manufacturers in Eastern European countries. This could possibly counter balance the reduced interest for these skins from China.

### EAST AFRICA:

The Annual Budgets were presented again in Kenya, Uganda and Tanzania. There is no change in the present duty structures in Kenya and Uganda for hides and skins whereas the Export Duty for Raw Hides in Tanzania has been brought down from 90% to 60% effective 1st. July 2014. We are eager to see what change it makes.

News received just after the above says there will be a meeting in Dodoma/Tanzania tomorrow with leading figures from trade and industry to look at possible alternative ways of taxing. A tax per container was mentioned.

### AFRICA:

Shipments of wetsalted hides from Africa to China have practically come to a stop because of the problems there and the many closed tanneries which used to work these hide types.

What is left is demand from countries like Pakistan and India for drysalted and dry hides. But of these there are not many.

Possible origins are Somalia, Djibouti, Yemen, Madagascar which all can supply limited volumes only. There is also South Africa but it produces heavy types of over 10 kilos while buyers prefer light 4/5 kilo types which offer a much better yield. Because of this forced change on the trade certain producers in East Africa have started to dry their hides again. If China is out for wetsalted they don't have much choice really.

Hides from Sudan (a big producer) and from most West African countries still find their way to Nigeria where they are being roasted and eaten. As such they have a much higher value than the leather industry would be prepared to pay and hence very few hides from those countries ever arrive on the hide for leather markets.

Wetsalted hide prices still remain the same but there is no business.

### Burundi

Wetsalted hides		
Abattoir and country hides mixed, hand flayed		
Av kg/pc	selection	USD/kg cfr/ori/c/off
14/16	70/30 i/ii	1.80-2.00

Wetblue sheep			
Sqft/dzn	selection	lb/100 pcs raw	USD/dzn cfr/ori/c/off
50/55	tr rejects out	140/160	35.00
42/60	15/25/50/10 a/d		nq

Wetblue goatskins			
Sqft/dzn	selection	lbs/100 pcs raw	USD/dzn cfr/ori/c/off
45/50	tr i/iii rejects out	90/110	35.00
30/60	15/30/40/15 a/d		nq
av 60	40/30/30 a/b/c		nq

Remarks: December: 21  
There is nothing to sell since all has been sold already or is just smuggled over the border. It is expected that the new supplies after the holiday will cost at least the same as the last prices of 2 weeks ago. There is demand for sheep and goat, but little or nothing to buy

### Kenya/Uganda

Wetblue goats				
Grade	sqft/dzn	range	previous price	USD/dzn fob/ori/c/off
20/40/40 tr/iv/v	55/60		62.00	60.00
tr/iv/v	60/70		68.00	nq
tr/iv/v	70/75		70.00	65.00
vi	50/55	for work gloves	38.00	36.00
vii	50/55	for work gloves	22.00	22.00

#### NOTE:

For selections with a price graph only an average price can be quoted instead of the usual price range (for technical reasons).



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. Wetblue goats can be sold with the following size indications Small=av 3.25 sqft, Medium=av 4.25 sqft, Large=av 5.25 sqft, XLarge= av 7 sqft

Wetsalted hides, good h/f				
Kg/pce	Country	selection	previous price	USD/kg cfr/ori/c
-/10	Kenya			1.30
12/16	Kenya	50/50 i/ii	1.625	1.60
12/16	Kenya			1.75-1.95 cfr/t/c/off
13/15	Uganda	40/40/20 a/b/c		2.30 cfr/t/c/off

Hides of over 16 kilos may bring a 5 cents premium over the usual 12/16 weight range. NOTE: for selections with a price graph only an average price can be quoted instead of the usual price range (for technical reasons).

Wetblue hides				
Ex fresh and/or w/s hides, in sides, unsplit				
Sqft/pce	Selection		previous price	USD/sqft cfr/ori/c
av 10/16 calf	20/40/40 tr/iv/v			nq
av 23/27	30/40/30 tr/iv/v/vi	Kenya	0.88-1.17	1.08 cfr/ori/c/off but also 1.22-1.29 cfr/t/c/off
av 28/32	t/r/vi	Kenya		nq
av 20/26	vi	for gloves	0.85	0.72-0.85
	vii or rejects		0.60	0.65
-/30 av 23/25	tr (i/v)	from Uganda		1.30-1.39 cfr/t/c/off
av 35	30/40/30 i-iii/iv/v	from Uganda		1.45 cfr/t/c/off
av 38.75	t/r	from Uganda		1.50 cfr/t/c/off

Wetblue sheep	
Various sizes	

Grade	Sqft/dzn		previous price	USD/dzn fob/ori/c/off
t/r iv/v	55/60		57.00	55.00
v grade	55/60			45.00
vi	50/55	for work gloves	36.00	35.00
vii	50/55	for work gloves	21.00	20.00
tr/iv/v	70/75		65.00	60.00
v	70/75		44.00-45.00	47.00
vi	mixed			35.00

Remark:

10 June:

East Africa is waiting for the new annual budget announcements which a.o. usually indicate possible changes on export duties for hides and skins.

There is a lot of confusion in Tanzania where rumors speak about the introduction of 5% export duty on wetblue while decreasing the export tax on raw. We should know more next week when official news should be available.

For now nothing has changed with the hides market still firm and skins market still weak.

18 June:

Shipments of wetsalted hides from Africa to China have practically come to a stop because of the problems there and the many closed tanneries which used to work these hide types.

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24 June:

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25 June:

The raw hide suppliers know that the Chinese market is full of problems for their hides and that obtainable prices are down but they still refuse to drop their prices.

Goat and sheepskin markets are down also. The sheepskin market is even called disastrous by some but they also believe it will soon revive and this for the sole reason that it has been down for so long now.

The reduction of the export duty on raw in Tanzania from 90 to 60% must have an impact on local prices in Kenya soon since it is clear to the trade that many hides will now be taken across the border to Tanzania to be exported from there.

### Malawi

Wetsalted hides				
Kg/pce	selection	flay	previous price	USD/kg cfr/t/c/off
14/16	70/30 i/ii	h/f	1	1.95
		hand assisted m/f		2.00

### Sudan

Drysalted hides				
kg/pce	selection	price range	previous price	USD/kg cfr/ori/c
9/+ av	70/30	1.75-	2.00	2.10
10/11	a/b	1.85		

### NOTE:

for selections with a price graph only an average price can be quoted instead of the usual price range (for technical reasons).

Wetblue goat				
Sqft/pce	selection		previous price	USD/dzn fob/ori/c/off
60	20% ii/vi run			nq

55/60 sqft/dzn	t/r	0.8 mm		48.00
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Wetblue sheep		
Sqft/dzn	selection	USD/dzn cfr/ori/c/off
75/85	30/70 standard/v-vi	87.00
d or iv		nq
e or v		nq

Wetblue unsplit hides, Ex drysalted hides			
Selection	sqft/pce if different from above	previous price	USD/sqft cfr/ori/c/off
30/40/30 a/b/c	22/26	0.90-0.92	1.02
iii			nq
d			nq

### REMARK:

18 June:

Shipments of wetsalted hides from Africa to China have practically come to a stop because of the problems there and the many closed tanneries which used to work these hide types. What is left is demand from countries like Pakistan and India for drysalted and dry hides. But of these there are not many. Possible origins are Somalia, Djibouti, Yemen, Madagascar which all can supply limited volumes only. There is also South Africa but it produces heavy types of over 10 kilos while buyers prefer light 4/5 kilo types which offer a much better yield. Because of this forced change on the trade certain producers in East Africa have started to dry their hides again. If China is out for wetsalted they don't have much choice really. Hides from Sudan (a big producer) and from most West African countries still find their way to Nigeria where they are being roasted and eaten. As such they have a much higher value than the leather industry would be prepared to pay and hence very few hides from those countries ever arrive on the hide for leather markets.

**July - Sept. 2014 Issue**



## 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 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.

## Address

**COMESA—Leather and Leather Products Institute (COMESA/LLPI)**

**For more information about LLPI, please contact:**

**P.O. Box 2358 Code 1110**

**Addis Ababa, Ethiopia**

**Phone: 251—11-4390228/4391319/4390327/4390928**

**Fax: 251-11-4390900**

**E-mail: [comesa.llpi@ethionet.et](mailto:comesa.llpi@ethionet.et)**

**[comesa.llpi@comesa-llpi.org](mailto:comesa.llpi@comesa-llpi.org)**

**Website: [www.comesa-llpi.org](http://www.comesa-llpi.org)**