



“Leather for Health, Wealth and Luxury”

Theme: Trends and Future Challenges

**Africa’s Renaissance and Potential in the Leather Sector with
Reflection to the Global Performance**

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Structure of Presentation

- Introduction
- Global Preview
- Africa's review & renaissance
- LLPI's Focus in Africa
- Conclusion



Who are we at COMESA/Leather and Leather Product Institute (COMESA/LLPI) !!!!

- ▶ The COMESA Treaty established LLPI as one of its specialized institutions, which was chartered in 1990 and started operation in 1993 in Addis Ababa, Ethiopia.
- ▶ 17 COMESA member States have signed the LLPI Charter.
- ▶ The COMESA/LLPI, now is a major coordinating Institute for the regional development of the leather industry and source of information for Africa!

Introduction

Hides, Skins & Leather in the Global Economy

- Leather and Leather products are among the most widely traded agro-based commodities in the world.
- The global estimated trade value of the sector is over US\$ 100 billion a year and continues to grow.
- World livestock population estimated at 3.5 billion.
- **Africa's represents 26.32% of World livestock Population**
- World hides and skins production estimated at 1.3b pcs
- **Africa's share is estimated at 14% of world production**
- Total world production of leather is estimated at 23 billion Sqft with 65% geared towards footwear production (i.e. 14.9 billion Sqft.)





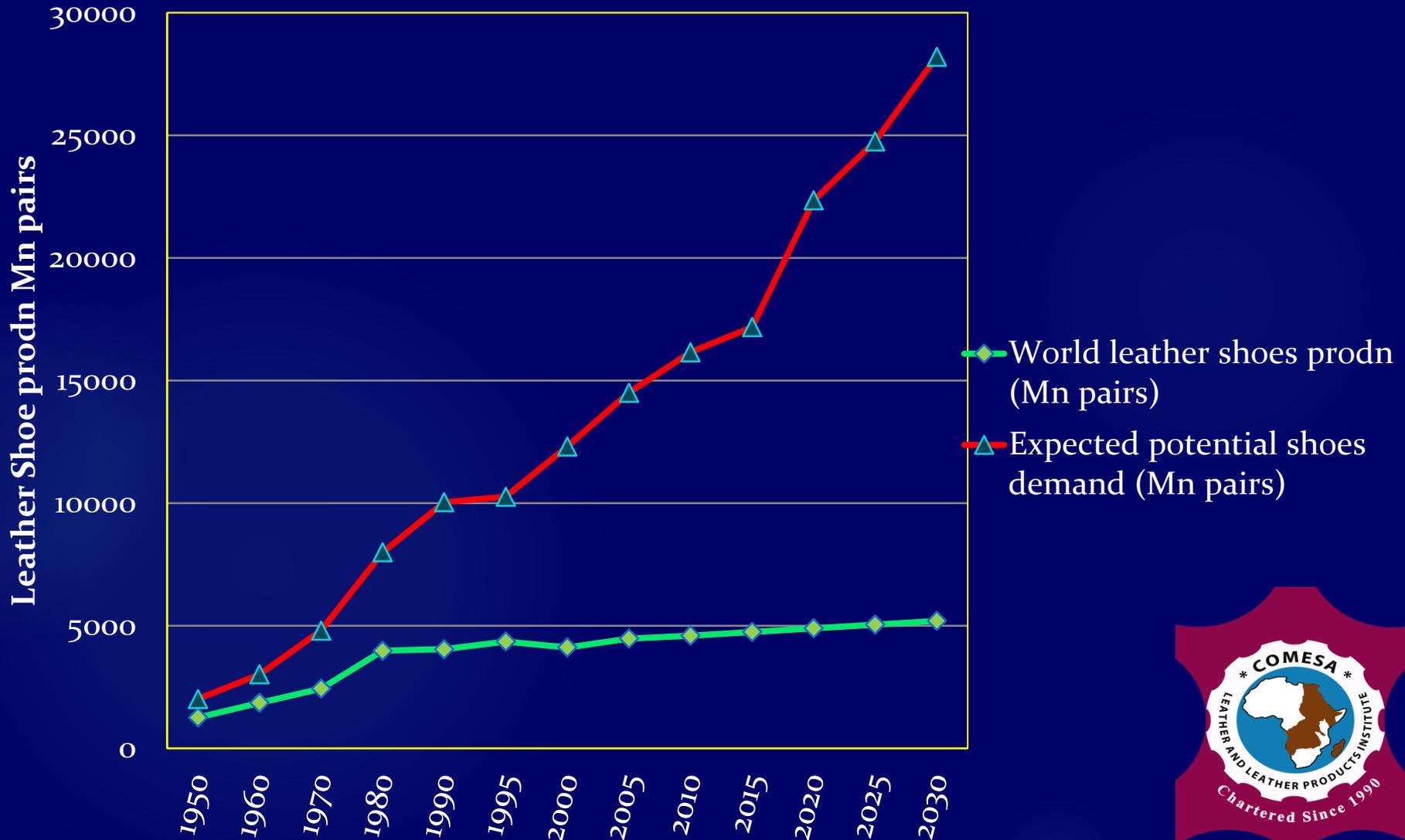
Continental footwear production

(including synthetics)

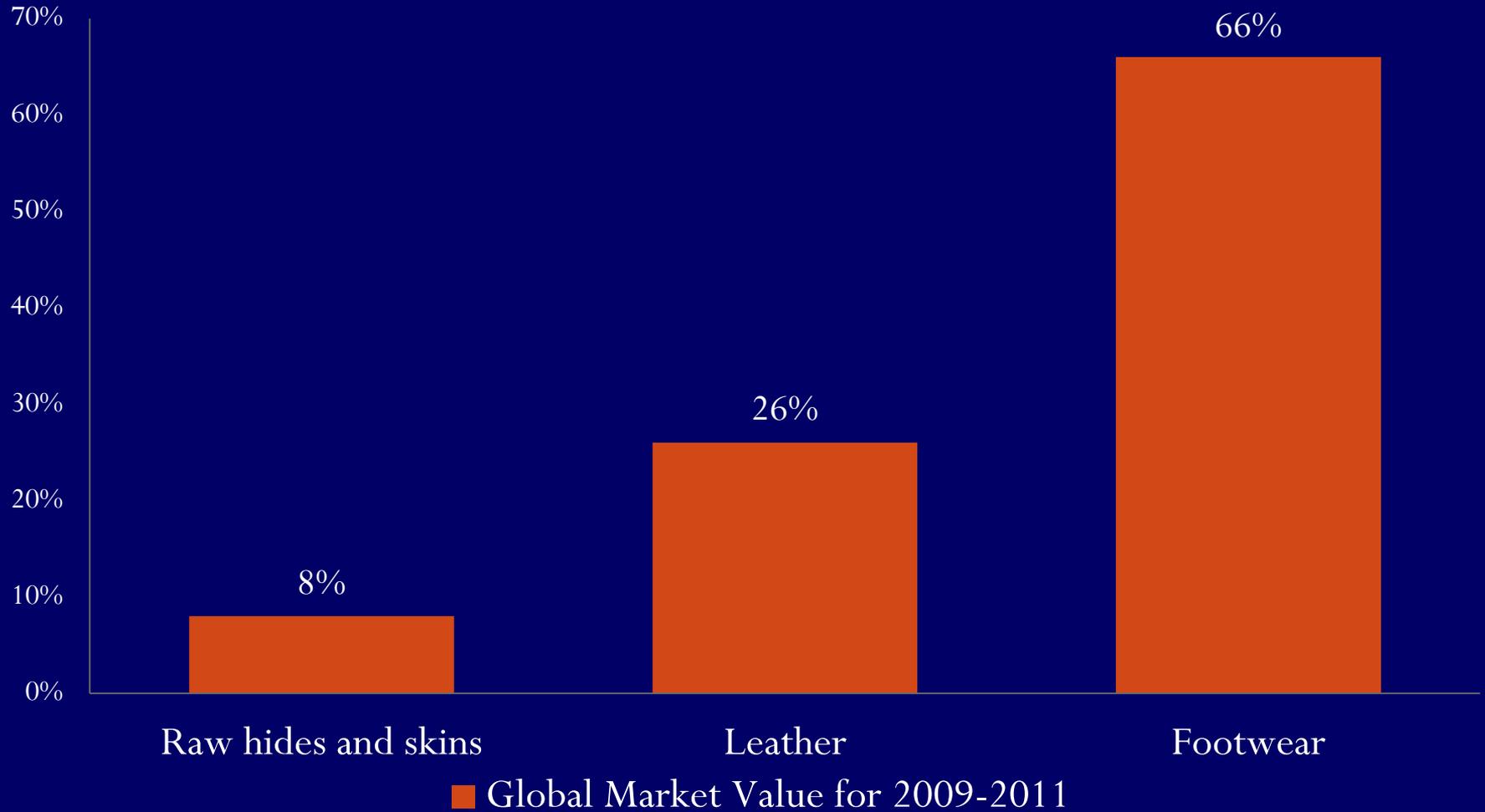
totaling 12.03 (Billion pairs)

Continent	No of Pairs (Billions)	% Representation
Asia	9.98	82.8
South America	0.83	6.9
Europe	0.63	5.3
North America	0.30	2.5
Africa	0.15	1.3
Oceania	0.14	1.2

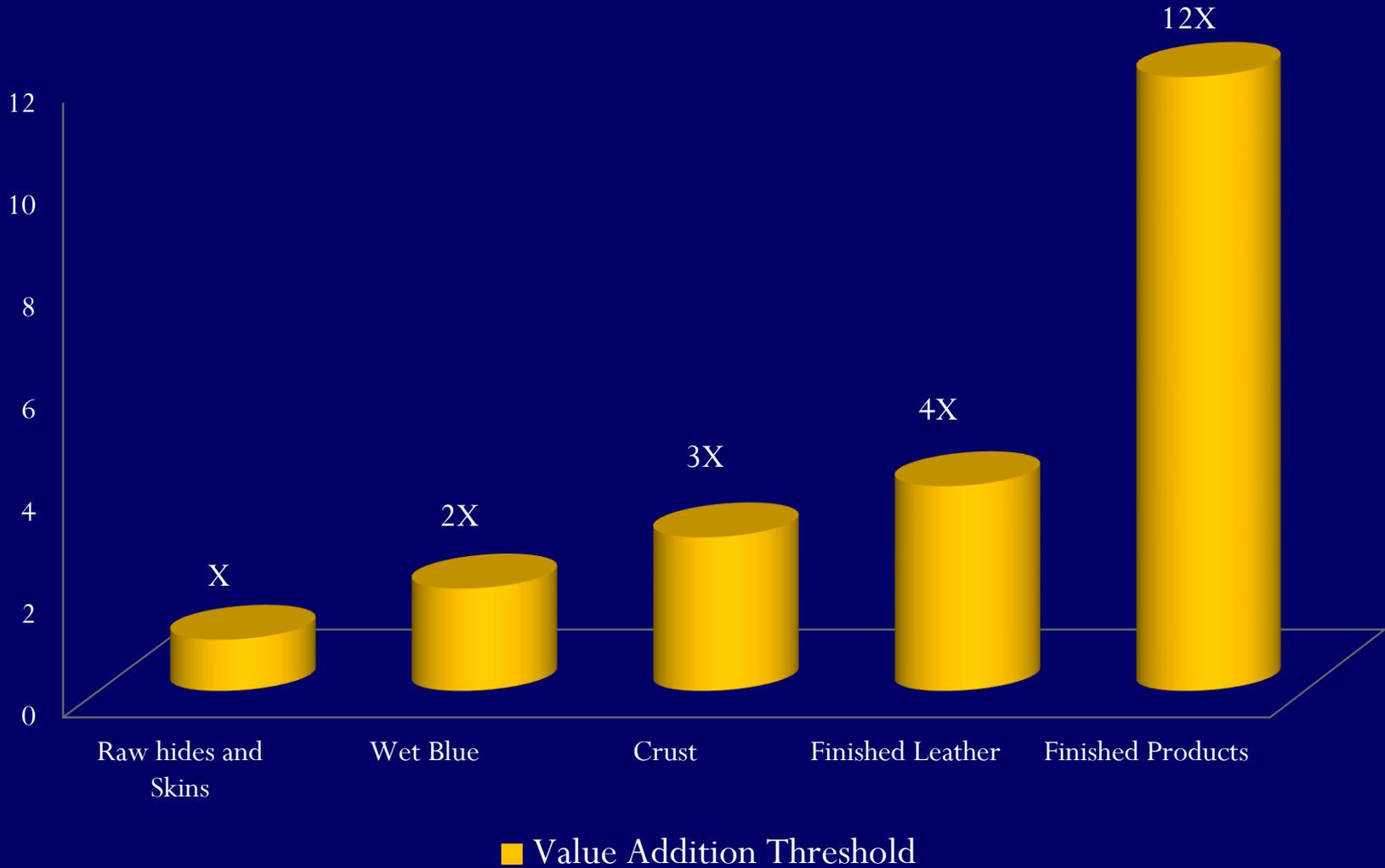
Comparison between World shoe production with expected demand (Mn pairs) 1950-2030.



Global Leather Commodity Chain and Market Value



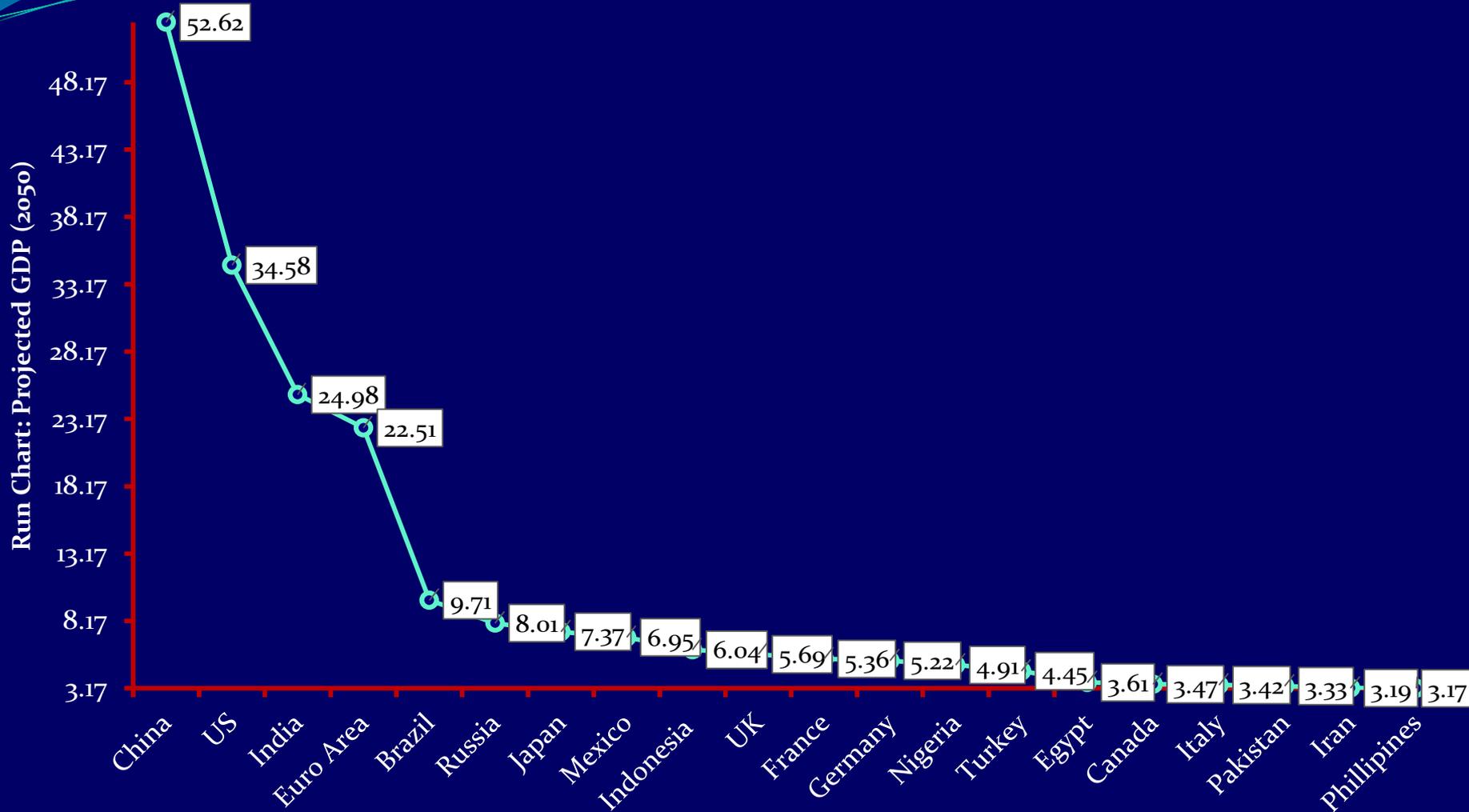
Value Addition Chain



Africa

- Population : 1.1 billion
- GDP (US\$): 2.39 Trillion
- Overriding policies remains high growth
- Fiscal imbalances need to be addressed in a few countries.
- Growth is on average 5% (2014) with a projection of 5 (3/4) in 2015.
- Strength of Africa's exports is on commodities. Agro-based industry being fundamental as experienced in Guinea Bissau!
- Critical pathway to a progressive Africa is value addition where its strong in natural resources e.g. Animal Industry
- NB – COMESA GDP 571 Billion (popn 450million) whilst EAC's GDP 99.8billion (popn 160million).

World Bank Projected GDP Performance By 2050

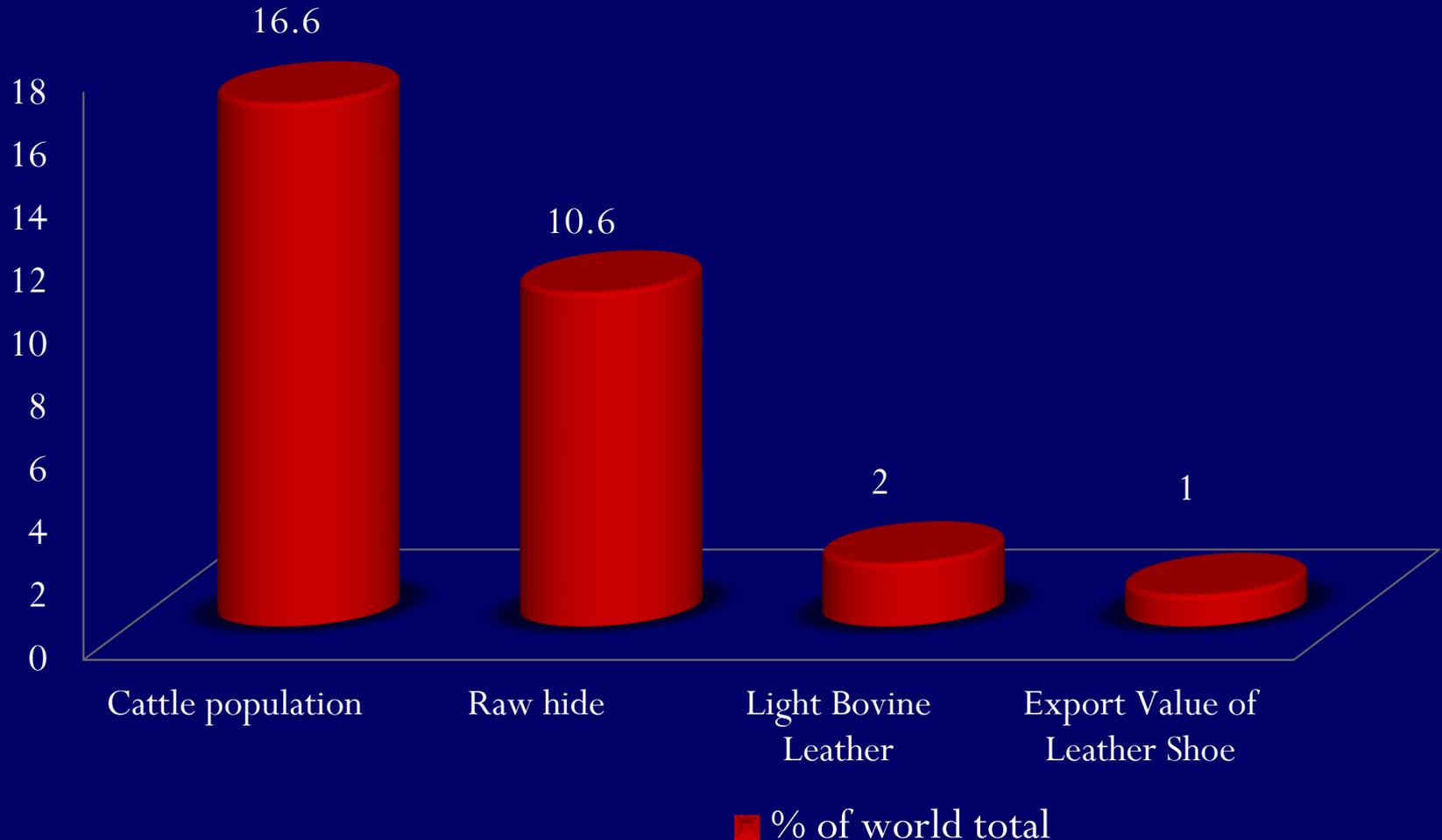


MINT Positions – Mexico (8), Indonesia (9), Nigeria (13) and Turkey (14) in 2050

Africa's Potential of the Leather Sector

- Huge livestock resource with 867.9 million cattle, sheep and goats population
- 37.7 million hides and 150.3 million Sheep and goat skins
- A continent with rich and varied cultural heritage with hides and skins/ leather and leather products often playing significant role with many varied uses.
- However the Sector suffers huge income losses due to quality defects and low value addition

Africa's Leather Value Chain Relative Importance in the Global Context (Output)



Theme: Export Oriented Production and Marketing”

Demand Side Potential

- The African region has 1.1 billion human population
- Considering 0.8 pairs of shoe per capita the annual requirement may be estimated at 880 million pairs
- With an output estimated at 154.9 Million pairs for the region, there is a shortfall of 725 million pairs;
- The region imports 23.4 Million pairs of shoe per annum

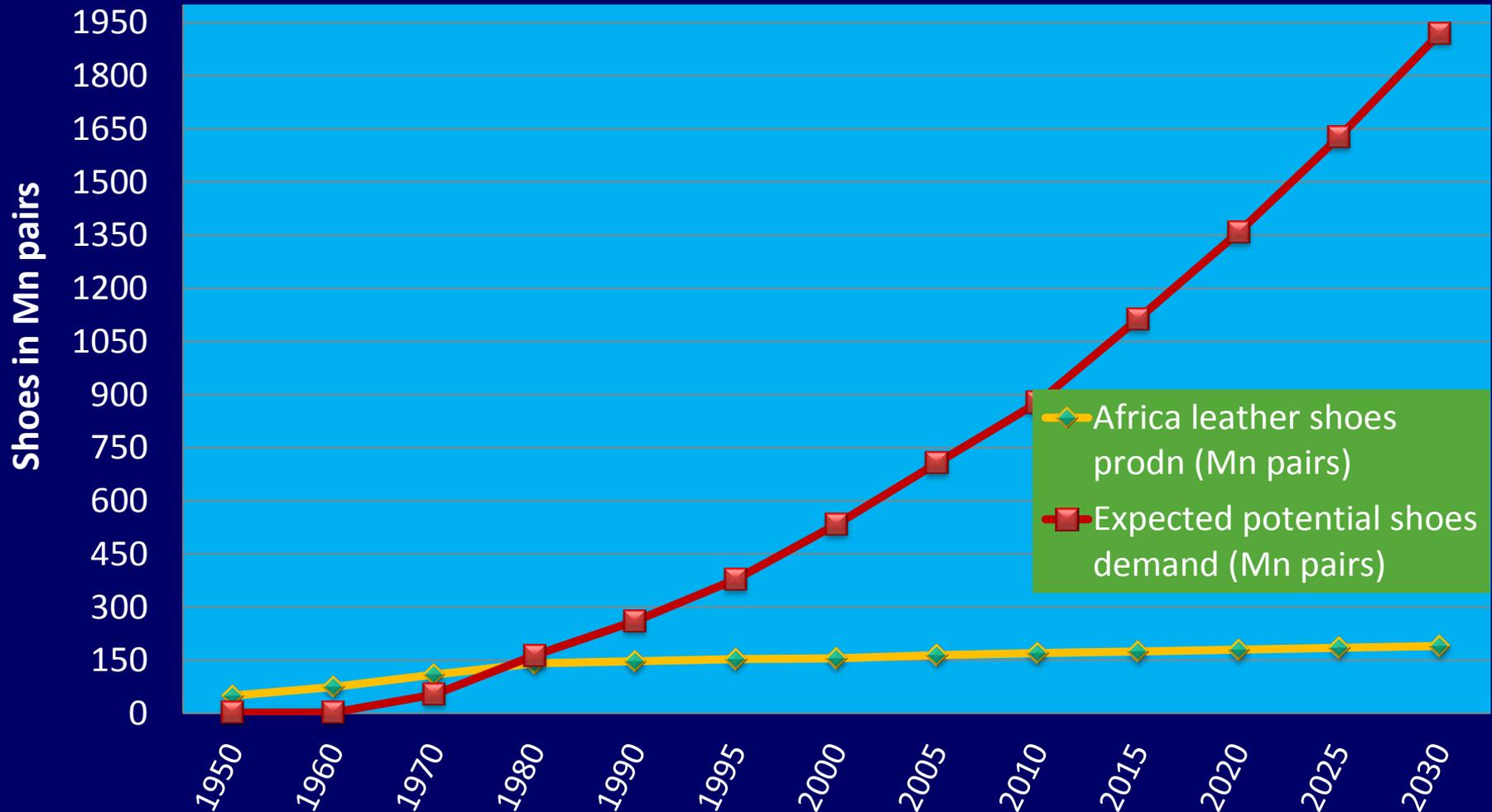
*Cont.....***Demand Side Potential..**

- The shortfall of 725 million pairs has the potential of creating 725,000 jobs
- The indirect jobs creation potential (raw materials supply and finished products marketing) can also exceed 100,000.
- The shortfall in production has pushed up imports from the rest of the world as shown in the next slide for COMESA region (in monetary values)

.....Cont.....Demand Side Potential...

- Realization of the potential of the leather sector calls for concerted efforts in the development of SMEs.
- A dynamic SME sector and cluster approach would contribute towards
 - Employment generation (one SME employs on average 5.5 persons) ,
 - Gender parity (female employees represent 20-40% of the SMEs' working force)
 - Rural development
 - Poverty reduction

Africa's shoe production (Mn pairs) related to expected potential demand (1950 – 2030).



Source: Mwinyihija , 2013

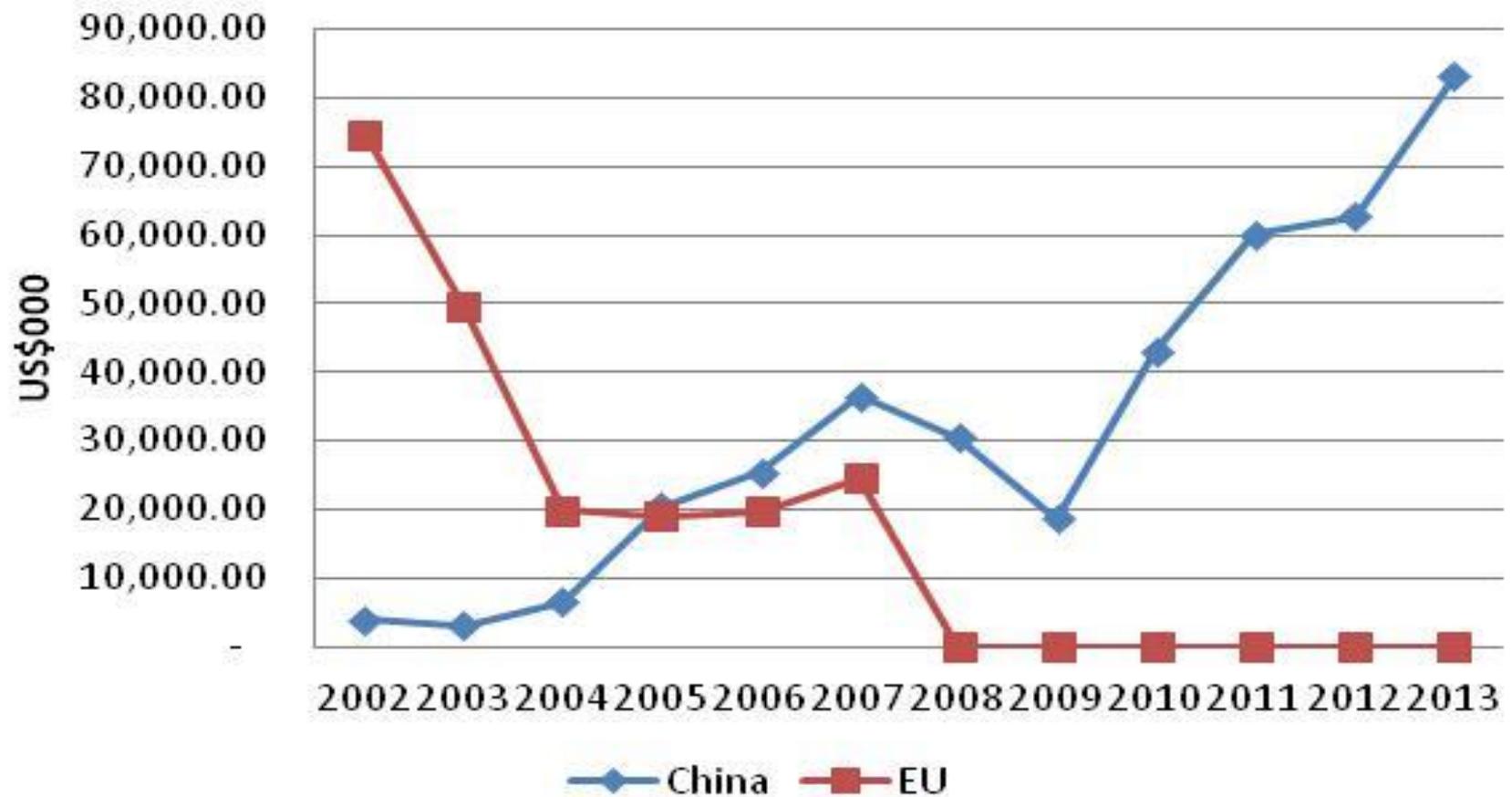
Importance of SME's

- To meet the clarion call to indigenization SME's provide an important pathway to this intent. Immediate gains of following SME's and mainstreaming their role include their tendency ; -
 - To create jobs.
 - Provide additional purchasing power
 - In curbing inflation
 - to stimulate rural development
 - to reduce rural urban migration
 - Activates a platform for gender and youth empowerment
(impacting positively on curbing illicit trade)

Importance of Quality and Standards

- The ability to produce consistently high quality standard products is a key factor for penetrating high value markets, increase market share and for international competitiveness
- Safety and quality standards are now becoming increasingly complex and mandatory in markets.
- Trade in leather and leather products, be it regionally or internationally, thus requires the establishment of more defined quality and standards

Implementation of REACH and its Impact to COMESA Members



LLPI's Focus in 2015 towards Africa's Renaissance

- LLPI is a mandated institution and is geared towards transforming the region's leather sector into value added, strong, dynamic, sustainable and internationally competitive industry led by the private sector
- The organization and its team are focused to enhance collaboration with all the stakeholders to spread the accruing benefit to all with tangible trickling down effect.
- Facilitate market linkage between & among SMEs, medium & large scale industries for drawn synergies and aggregate impacts .
- Provide business and technical skill training support
- Develop Leather Portal that will further be transformed into a Virtual Trade Fair window

.....*cont*.....

- Developed **Leather Value Chain Training** Manual
Sponsors SMEs participation in trade fair & exhibition
- Supports **model Enterprises (enterprises with best practice)** with the objective of expanding their top performance to others
- Set up **platform for coordination** among and between enterprises and supporting organization (Core Team, Regional Technical Team, etc..)



Conclusive Remarks

- Leather sector occupies a place of prominence in the Region's economy
- Comparative advantage is not yet turned into a competitive advantage
- Potential of hides and skins as a product is not realized in most countries in Africa
- Despite the constraints that exist today, the investment potential is clear and market opportunities are abound.
- Value addition and enhanced participation in the global leather and leather products market will have great contribution to job creation and poverty reduction in the region)

Acknowledgement

- COMESA Secretariat
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- AUC
- FAO
- EU
- ICT
- Ege University
- CLRI
- Member states
- Private sector



COMESA Leather and Leather Products Institute (COMESA-LLPI)



Thank you
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