



Princess Lalla Jumlala Alaoui, Moroccan ambassador to the UK, launching the Morocco British Trade Day event in London in June.

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Developing African opportunities

The geographical focus in this issue is on Africa, looking at recent developments in the leather industry in five countries across the continent.

Morocco: Building on an ancient art

A delegation of 28 Moroccan manufacturers from Morocco, including seven leathers and footwear producers, took part in a Morocco British Trade Day in London in June. It was revealed at the event, which was officially opened by Morocco's ambassador to the UK, Princess Lalla Jumlala Alaoui, that the North African country's leather sector has grown rapidly since the 1980s. It currently comprises 360 companies and employs more than 17,500 workers. Total production is worth around €27 million and its main customers are in

France, Italy, Spain, Germany and the UK.

Broken down into segments, there are approximately 58 leather garment and leathers and footwear firms in Morocco. These companies employ more than 2,000 workers and produce goods worth €2.7 million a year. The tanning segment employs more than 1,400 staff and also comprises 58 firms that have a combined annual production turnover of approximately €2.4 million. As far as the shoe sector is concerned, Morocco has 244 manufacturing firms producing footwear worth €72.1 million. The segment generates around 14,000

jobs. The main leathers and footwear clusters in Morocco can be found in Casablanca, Tangiers, Fès and Rabat.

Morocco has a long tradition in the leather sector and the industry is still an extremely important one in terms of the country's overall production and export levels. According to the country's minister for foreign trade, Abdellatif Maâzouz, the leather, leathers and footwear industry continues to be one of Morocco's top manufacturing sectors alongside textiles, phosphates, food processing and rock mining and processing.



Golf's greatest prize

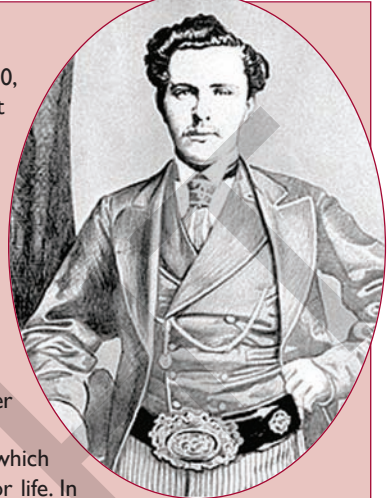
In the build-up to The Open championship for 2010, at St Andrews from July 15–18, the organisation that runs golf's oldest and greatest championship, the R&A, made a surprise announcement.

This year's championship is the 150th anniversary since the tournament began and to mark the special occasion, the R&A decided to return to the competition's roots and recreate the original winner's trophy, a commemorative leather belt.

The Open began in 1860 at Prestwick, with only eight competitors taking part. The prize for winner, Willie Park, was a belt made from red Moroccan leather with a silver buckle and metal medallions stitched on.

By 1870, Tom Morris Jr had won it three times, which meant he was entitled to keep the original trophy for life. In replacing it, the members of Prestwick Golf Club, the original organisers, opted instead for the famous silver claret jug with which the champion golfer is still presented to this day.

For the special anniversary this year, the R&A decided that the golfer with the best score should receive the replica belt as well as the jug. ☉



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Government help

The government has been working closely with the leather sector in recent years to find ways of improving conditions for workers, increasing productivity, producing better and more valuable goods and building better trade relations with other countries across the globe. It recently named the shoe and leather industry as one of eight segments that are expected to generate 70% of the country's anticipated industrial growth by 2015.

A special 'Emergence' plan has been launched to help leather and shoe firms take advantage of existing export opportunities and to help exporters make headway in new markets. Also as part of this plan, the government is looking for ways to help footwear and leather manufacturers increase market share within Morocco and has introduced an important new modernisation and upgrading scheme.

Other initiatives it has launched recently include a comprehensive training programme and a scheme to improve working conditions.

Government officials claim the country's strategic location and its high environmental standards will attract overseas investment for the leather and shoe sector. Government officials who attended the event also pointed out that it is rich in raw materials, has improved transport links, is building on centuries of craftsmanship and has a well-trained workforce. Added to this, the country has in place free trade agreements with the EU, the US, Turkey, Tunisia, Egypt and Jordan.

Land of leather

During the Morocco British Trade Day, the president of the export commission, FEDIC (Federation of Leather Industries) and chief executive of Benson Shoes, Mohamed Benamour, gave an overview of the nation's leather sector. He described Morocco as a "country of leather" and said there is a great deal of respect for the sector there, not least because it is very important to the economy. However, while it has been producing and handcrafting leather for many years, Mr Benamour says the Moroccan leather industry tends to fall short in terms of design and fashion direction. Nevertheless, he believes this will soon change as the country is collaborating with several fashion schools in Europe so that the next generation of leathers goods and shoe manufacturers will have both the crafting skills and the design knowledge they need.

The industry, as in most countries worldwide, has been badly hit by the financial crisis, Mr Benamour claims. However, he believes the balance of trade is beginning to shift. While for some years people have been looking to China as the shoe producing region because of its ability to produce *en masse* and to keep costs very low, he believes that flexibility and quick reaction times will drive demand for Moroccan leathers goods in the coming years.

Morocco can provide this, he says, and is able to ship raw material from Europe in a week. Once the product is made it is then able to ship it back within a week, making it an attractive prospect for EU customers.

The country's free trade agreement with the US allows European companies to avoid paying customs when shipping shoes to the US if they use Morocco as a manufacturing base. Mr Benamour also stated that the major advantage of producing in Morocco is that it is in Africa, where rapid economic growth is taking place. "Africa cannot be forgotten in the future," he says.

According to Martyn Roberts, one of the founders of Vauxhall Fashion Scout, a London-based catwalk event that prides itself on unearthing talented emerging designers, the last eight years or so have seen many well-known fashion brands move their production lines to the Far East, particularly China. However, since the economic downturn, he claims many of the smaller designers have moved production out of China and are looking for new places to manufacture their goods. This is partly because shipping times have lengthened and shipping costs have increased, but it is also because of problems with ethical concerns, fears about counterfeiting, and problems when it comes to communicating design ideas.

Mr Roberts believes Morocco offers a really good alternative as it has excellent factories, is in a convenient location, is relatively low cost and has massively improved communication levels. He argues that companies that constantly look for cheaper production cannot be sustainable; they should be looking for good quality and value instead. Moroccan leather and leathers goods producers, he says, have something European designers



want because they already have the necessary skills and expertise behind them. On the whole they are good at keeping in close contact with designers and can offer flexibility when it comes to order sizes and turnaround times.

Adapting to change

Backing this up, Yassine Berrada, administrator at shoe industry society SONIC, says that in the last five years many European designers have shifted from large orders to smaller, more frequent orders, which has not been a problem for Moroccan companies, but has been difficult for some mass production units in the Far East. He also claims that while some Moroccan leathersgoods manufacturers are using European designs, many are starting to produce designs of their own.

One of the most important developments within the Moroccan leather sector, he says, is a new industrial zone in Fès, which houses a number of tanneries and was established with government help. According to Mr Berrada, the government is also supporting leather companies at a marketing level and has introduced various new subsidies to help during the production stages.

Moroccan leathersgoods firms are now shipping their goods across the globe, claims Mr Berrada, with particularly strong links to the EU, Russia and the US. "Basically, we have the know-how, the flexibility and a definite uniqueness," he says. ☺



Morocco's government to save famous Fès tannery

The government of Morocco is to help save a famous traditional tannery in Fès. The Chouara tannery is well known for the photographs of its multicoloured tanning pits, which have appeared in books and travel brochures all over the world. (Whilst certainly picturesque, and tourists may be delighted with the decision, it is not necessarily the image that the tanning industry of the 21st century would wish to promote on internet search engines.)

Secretary of state for artisan industries, Anis Birou, has announced that the government will help the tannery's owners find an initial \$1.5 million to renovate the site, which has become run-down; the government is keen to preserve jobs in traditional industries and believes it can also boost tourism by improving the Chouara facility.

Two other traditional Fès tanneries, Aïn Azliten and Sidi Moussa, will be moved to the Aïn Nokbi business district of the city as a means of revitalising their activity too. ☺

Tunisia: Exports rise and government targets green issues

Government sources in Tunisia have reported that the country's leather and footwear exports rose 13.1% year-on-year during the first five months of 2010. The value of its leather and footwear exports totalled \$255 million during the five-month period. Footwear exports grew 19.5% to \$157 million, accounting for 61.5% of the sector's total shipments to overseas markets.

Italy, France and Germany were the destinations for 89.3% of Tunisian leather and footwear exports, with shares of 48.7%, 29.2% and 11.4%, respectively. Leather and footwear imports rose by 11.2% during the five-month period and primarily came from the same three European countries as well as from China and India. Italy supplies 53% of Tunisia's leather imports with a trade-flow valued at 135 million dinars (€2.36 m).

Tanning groups and manufacturers of leather footwear in Tunisia could be on the verge of receiving a boost from being among the companies that the government is keen to confirm as green.

A number of manufacturing companies from across the North African country have been attending awareness and information days that the government has been hosting since April to let interested business leaders know what they have to do to achieve the environmental standards imposed by important trading partners such as the European Union.

Tunisia's minister for the environment and sustainable development, Nadhir Hamada, has played a leading role in encouraging companies in various sectors to improve their environmental performance, notably through better

waste management and industrial water treatment. The minister has set a target of accrediting 500 Tunisian companies as environmentally friendly by 2014 and has secured government funding to help companies achieve the necessary improvements.

On the other side of the environmental coin, Tunisia's ministry for industry, energy and small and medium businesses has said that 20% of industrial companies in the country are causing pollution and that 70% of these businesses can be classed as "severely polluting".

A senior official at the ministry, Abderrazak Rassaa, has said that 3% of the companies involved were in the leather and footwear sectors, while 49% of polluting companies were in the food industry, 17% in the chemical sector and 13% in textiles and apparel. ☺



Ethiopia: Tannery of the Year winner could take on shoe production

The Ethiopian Tannery Share Company (ETSC), now owned as well as run by UK-based tanning group Pittards, won the 2009 Tannery of the Year competition for its commitment to corporate social responsibility. Already named regional winner for Africa at the leather industry's sustainability 'Oscars' in Hong Kong at the end of March, the company fought off competition from Europe, China, the Americas and the rest of Asia to become the first global winner.

The judging panel, made up of independent business leaders, mostly from outside the leather industry, praised especially ETSC's commitment to the 600-plus people who work in the tannery and to the community in the nearby village of Ejersa. For example, the people there now have a supply of clean drinking water because ETSC paid the contribution the community had to make to match a government water grant. A possible next step will be to use the hot water supply the from new bore holes it has sunk for production reasons at the tannery to supply a shower block in the village as well.

The tannery built and continues to support the local school; the teachers are able to work long days and teach the local children in two shifts partly because they eat in the tannery canteen between morning and afternoon classes. On a recent visit from headquarters in the UK, Pittards' Jason Perry decided to take ten new



footballs to donate to the school. He expected to hand them over to one of the teachers in the canteen, but found out to his surprise on arriving at Ejersa that the children wanted him to present the new balls at a formal ceremony in front of the whole school; they all wanted to be there for the big moment.

A clinic attached to the tannery offers blood tests and health advice on a wide range of important topics—including HIV and malaria—to the whole community. It's not always popular with the locals when a tannery sets up for business in the neighbourhood, but you will understand readily if the good people of Ejersa take a

different view.

Pittards began operating the ETSC on behalf of its previous owner, the Ethiopian government, in 2005. The transfer of ownership that went through at the end of last year is a clear indication that both parties were pleased with how well the partnership has worked. And the government is still a very interested observer in what goes on at the facility. So much so that, at the firm suggestion of the government in Addis Ababa, ETSC may soon extend its activity to footwear manufacturer. This is the message the Pittards chief executive, Reg Hankey, gave at the Beast to Beauty 2010 conference in London in June.

The tannery's output at the moment is predominantly leather for gloves, 60,000 sheepskins and 12,000 goatskins a week. Goat has always been a good option for footwear, especially as an alternative to calf leather in women's shoes, but it is helping ETSC satisfy its clients' glove demands. At the same time, though, the facility is processing 1,500 bovine hides a week and these have been turned into leather for local footwear manufacturers such as Ambessa, which is state-owned.

Reg Hankey says the Ethiopian government has placed great emphasis on educating its people, but it knows that education can only take people out of poverty if they have jobs to go to, and it wants established companies such as his to



The Ethiopia Tannery Share Company became the first global winner at the 2009 Tannery of the Year Awards.

CREDIT: WTP



Jason Perry of Pittards presents some new footballs to the children of the school in Ejersa that the tannery built and continues to support.

CREDIT: PITTARDS



help it create more jobs. Asked how the tannery can achieve this, he says: “Shoes, shoes, shoes. We are seriously contemplating whether we can make shoes in Ethiopia. The government is looking to basic industries to help, and leather is part of that. That won’t change because Ethiopia has the

tenth largest animal population in the world, so the raw material is there. As far as people are concerned, we have recruited six chemistry graduates in the last 12 months without any problem at all. Our production levels in Ethiopia are just as good as they are in the UK. We have highly skilled people

there, people who just want to do as well as they can to help their families.”

Encouraging people to use their talents to the full, and turning at least some of the available raw material into shoes in-house, adding further value to it, is a logical next step for ETSC and for Ejersa. ☺

Kenya: Beyond bovine

While it still has one of the biggest cattle populations in Africa, with 13 million head, as well as 10 million goats and nine million sheep, the livestock landscape in Kenya is changing.

This is largely thanks to the work of the country’s ministry of livestock development, which has a leather and leather products development directorate. Attracted by the earnings potential of other types of meat and of more exotic hides and skins as a by-product, the picture in Kenya now includes ostrich, crocodile, Nile perch, camels and donkeys. Pigs, too, are part of livestock strategy now.

In a recent presentation that Dr Mwinyikione Mwinyihija, deputy director for leather development, gave to the International Council of Tanners, he said the government was intent on encouraging companies involved to add more value to the leather sub-sector in Kenya. Dr Mwinyihija explained that 80% of the country’s leather exports at the moment are at the wet blue stage, making it clear that this is the bulk of the current output from its 12 registered tanneries. Other players in a supply chain that employs an estimated 10,000 people are the 1,500 officially

recognised slaughter facilities, 2,760 hide traders and 16 registered exporters. The total export income the country earns from this is, the deputy director said, is \$55.2 million a year, with the traders taking a share of almost 40%.

Another consideration is that around 70% of the total livestock population is reared in parts of the country that are officially designated as arid and semi-arid lands (ASALs). “The majority of livestock keepers in these regions have limited husbandry skills,” Dr Mwinyihija said. “Overstocking, poor animal health services and cattle rustling impose heavy constraints and affect productivity in terms of meat, milk, hides and skins.”

He confirmed that Kenya’s tanneries are taking a keen interest in the developments in the raw materials supply chain. He classified three of the tanneries—Leather Industries of Kenya, Alpharama and Bata—as large already. Eight of them—Zingo, New Market, Nairobi Tanneries, Nakuru Tanners, Dogbones, Aziz Tanneries, Sagana and East Africa—are medium-sized at the moment, although half of these have plans to move or expand to increase their production capacity (Alpharama is expanding already).

Only one of Kenya’s tanneries, FAASO, falls into the small category but Dr Mwinyihija said it too intends to move to new facilities. This seems encouraging from a point of view of future growth, although he also pointed out that, while Bata and Zingo are currently running at 80% of capacity, the others are at 50% or lower.

If these operators can increase their production capacity and add value, the government already has a clear idea of what it would like to do with their output. China, Italy, Spain, Japan, South Korea, Mexico, Turkey, Pakistan and India are all potential export markets for Kenya’s raw hides and skins and wet blue. Moving up the value chain, the government is also sure it can sell crust and finished leather to China, Italy, India and South Korea.

At the top of the value chain, Kenya is already proud of its ability to make finished footwear; Dr Mwinyihija believes “the sky is the limit” for Kenyan shoes. Lucrative markets in Europe, particularly in Scandinavia, the UK, the Netherlands and Germany and North and South America offer good potential as destination markets for these finished products and for finished leathergoods, he said. ☺

Namibia: RVF prompts Namibian livestock auction closures

Namibian agricultural co-operative AGRA had to cancel several livestock auctions at the end of May because of an outbreak of Rift Valley Fever (RVF). The organisation, which has 18 outlets across Namibia, cancelled all auctions that had been scheduled to take place on May 26-28.

Livestock operations manager, Patrick van der Westhuizen, told local media that his company had been preparing to auction up to 2,500 head of cattle over the three-day period. The outbreak of RVF occurred on six farms in the Hardap Region and one in the Karas Region in the early part of May.

Following the outbreak, authorities in neighbouring country South Africa cancelled import permits for venison, beef, mutton and goat meat shipments from



abattoirs in Namibia. The South African department of agriculture, forestry and fisheries said it had received notification from the Namibian veterinary authorities and had placed trade restrictions on meat imports from Namibia.

“Import permits already issued for the commodities of live RVF susceptible ruminants, including game animals, venison, beef, mutton and goat meat not slaughtered at South African-approved abattoirs are considered to be cancelled,” the department said in a statement. RVF is a viral disease of animals that is transmitted by mosquitoes and causes termination of gestation and deaths of young livestock. Humans can become infected from contact with infected animal tissue and, less frequently, from mosquito bites. ☺