

Ethiopian Leather Sector-Current status and future prospects

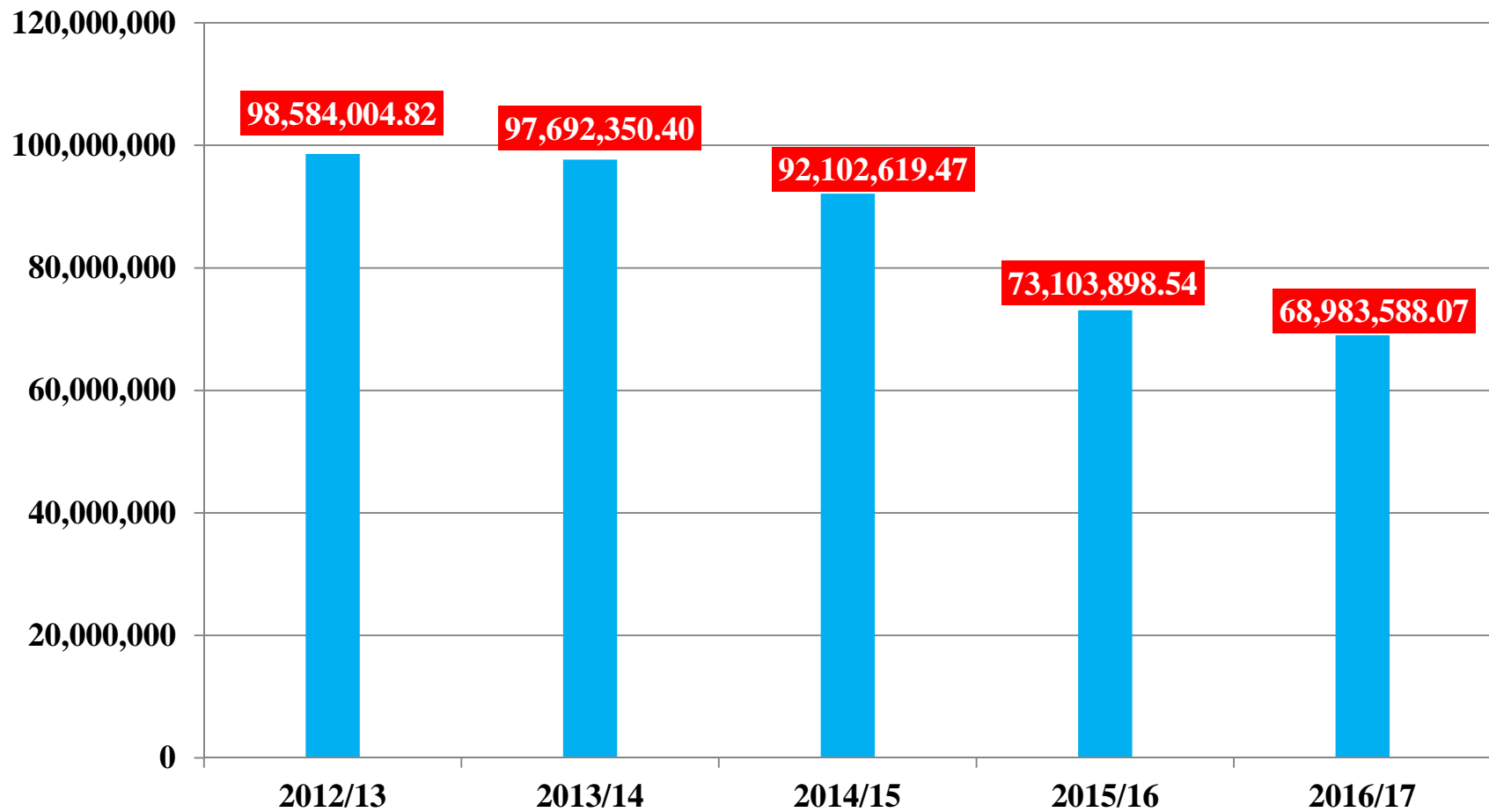
Introduction

- The country has about **57.83 million cattle; 28.04 million sheep** and **28.61 million heads of goat** livestock population.
- About **8 million of cattle hide, 12 million of sheep skin** and **8 million of goat skin** are available annually.
- Ethiopia's hides & skins are highly known for their natural qualities of clarity, flexibility, strength, thickness & compact texture.

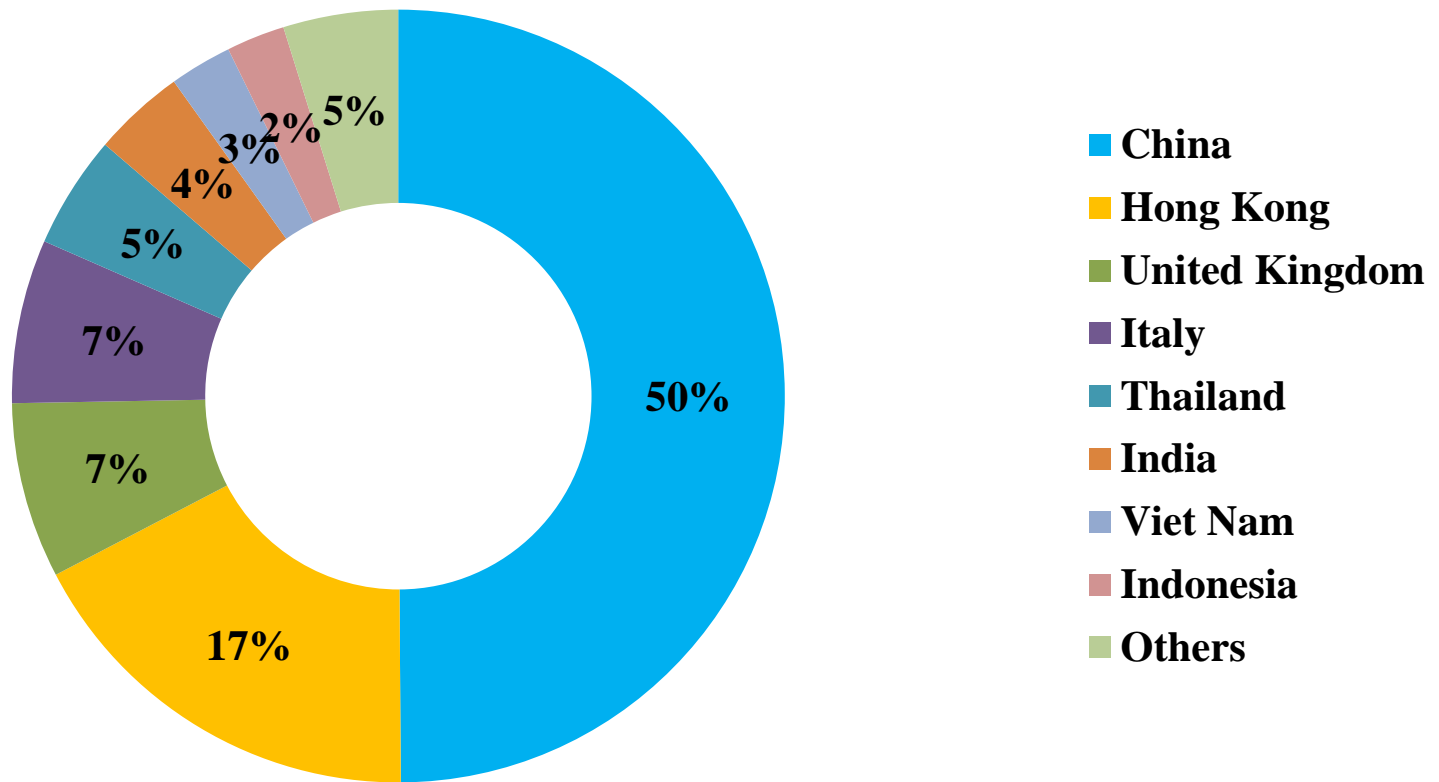
Profile of Tanning Sector

- There are **34 tanneries** in Ethiopia and two of them are under establishment.
- All of them are owned by private sector.
- Tanneries are owned by both local and FDI.
- Till present they contribute major share of export.
- More than **6000 workers** are involved in these sector.
- In average per year **20 million skins** and **2 million hides** are consumed
- They supply also finished leather to the leather product manufacturers.

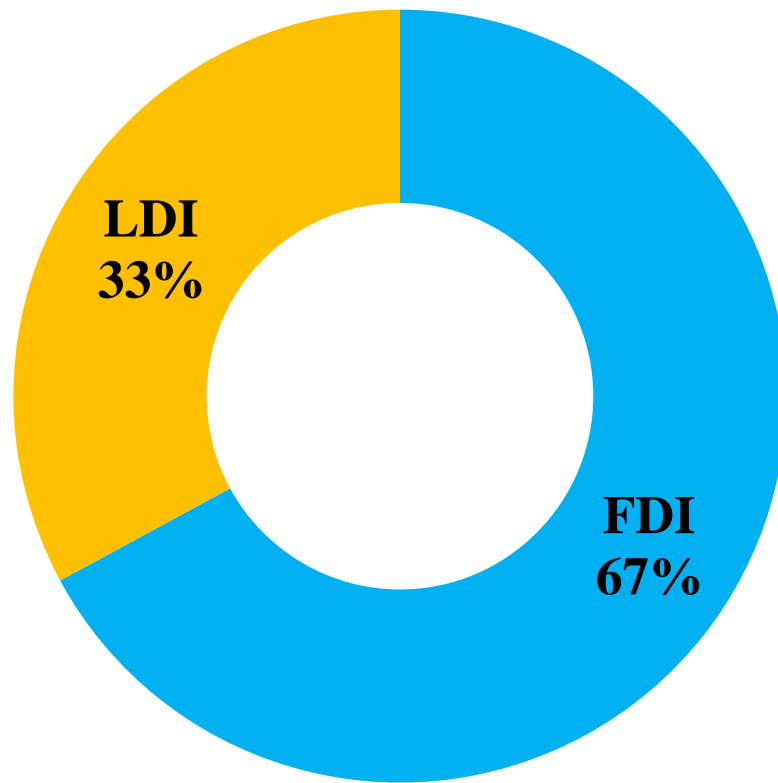
Finished Leather Export



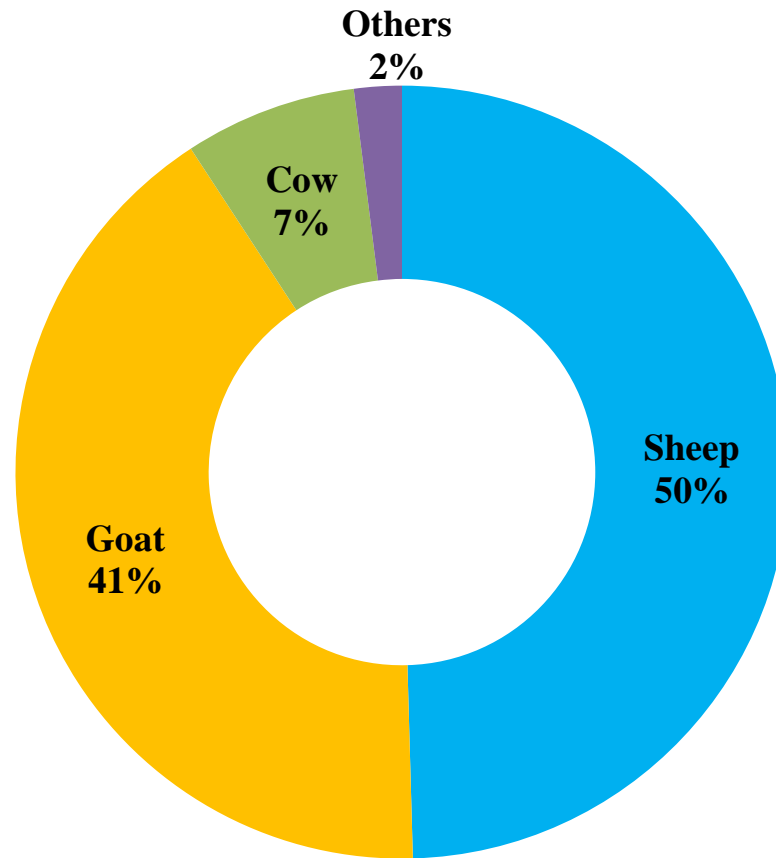
Finished Leather Export Destination



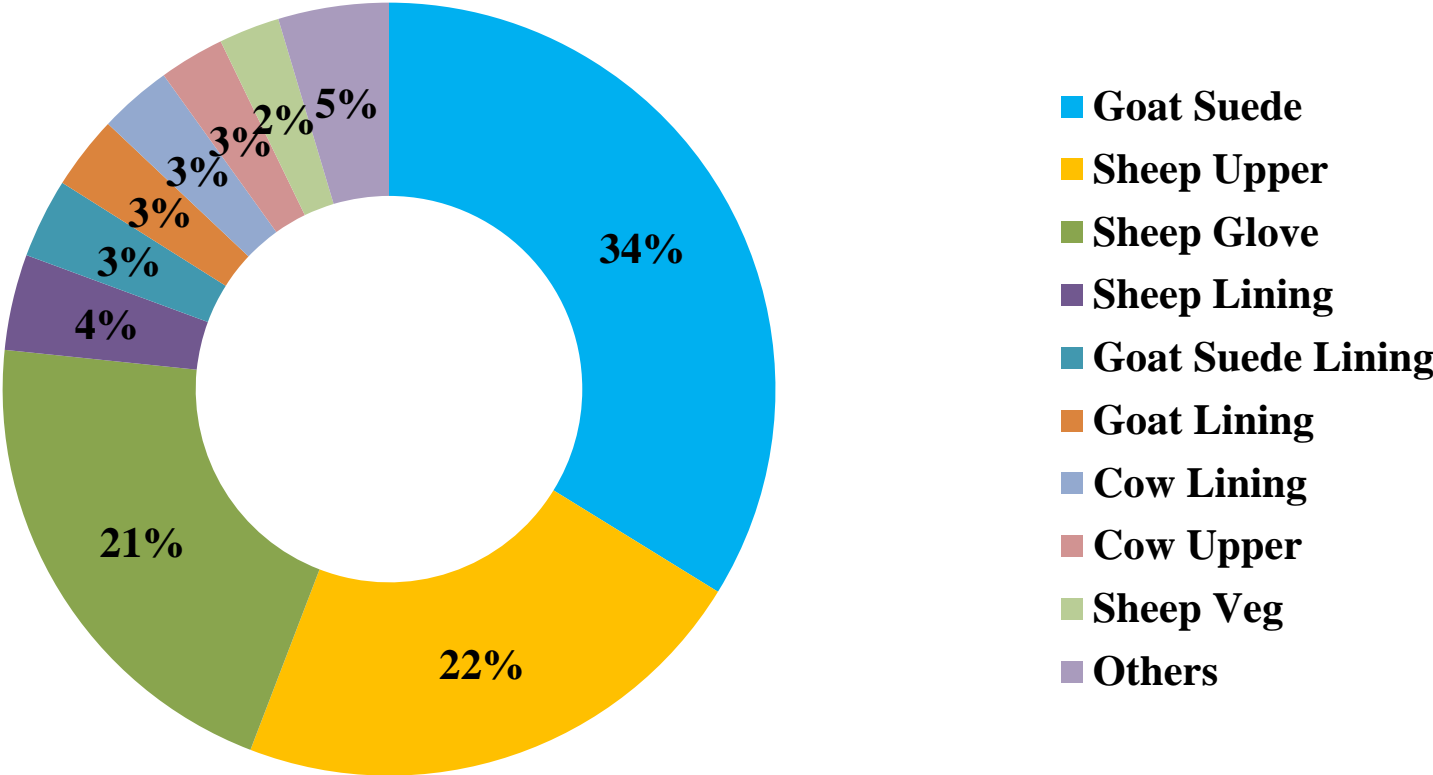
Finished Leather Export Share-by Investment Type



Finished Leather Export Share-by Input Type



Finished Leather Export Share-by Product Type



Ethiopian Shoe Industry

- All are owned by private sector
- It is a growing sector both in production and export
- About **24 million pairs** are produced both for the local and export market from leather and non leather materials and most of them are plastic shoe.
- Only **3.54 million pairs** are exported to the international market, **95%** is from leather.
- **91 %** of the export is done by FDI and we are working to bring local manufacturers to the export market.
- More than **10, 000 workers** are involved excluding micro and small enterprises.

Glove Factories

- Even though the Ethiopian High Land skin suitable for dressing glove the glove factories were coming recently after the policy change towards value addition.
- There are about 4 glove factories; 1 local and 3 FDI's
- Export is in a growing trend from 0 to 6 million USD for the last 6 years.
- More than 2000 work forces involved

Leather Goods and Garment

- This industry is growing
- The participation of FDI is there in small amount but majority is local entrepreneurs.
- The contribution of this sector was very small, but now it is growing fast
- Mostly it is operated in small scale
- The export contribution reached nearly to **3 million USD.**
- But if they get more manufacturing premises, they will boost in a very short time.

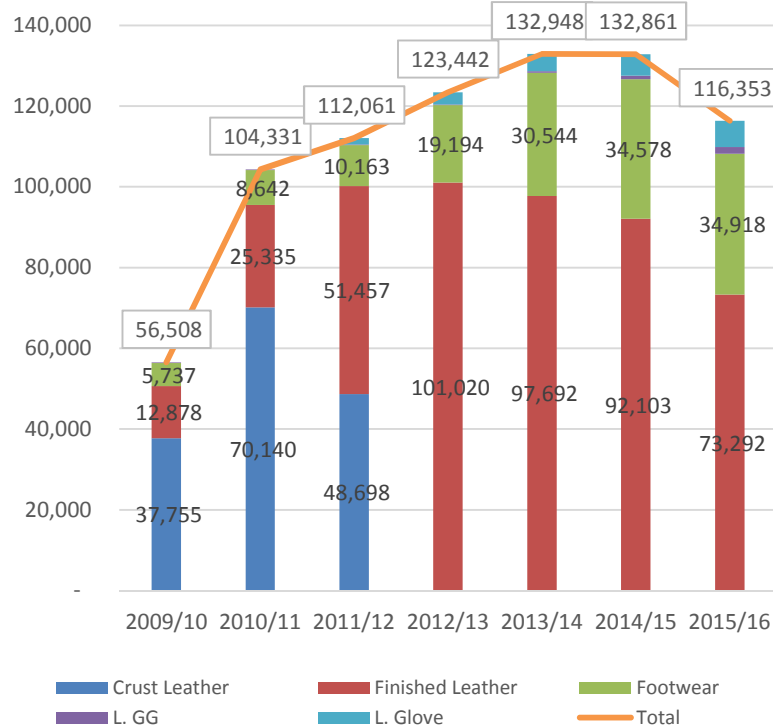
Present status of the shoe industry

- There are **8 shoe factories** under construction and are expected to produce **115,300 pairs** of shoes /leather and non-leather per day.
- The export performance for the last 6 years

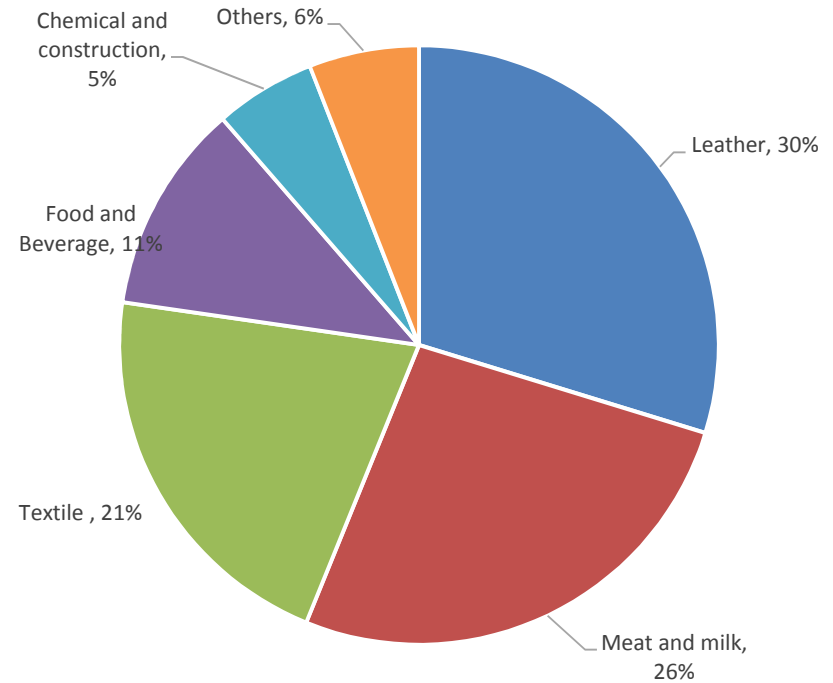
Performance	Year of Export					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Export /Million pairs/	0.82	1.43	3.08	3.37	3.54	3.6
Export /million USD/	10.16	19.19	30.86	34.58	34.92	35.02

Leather and Leather Product is the Leading Export Item

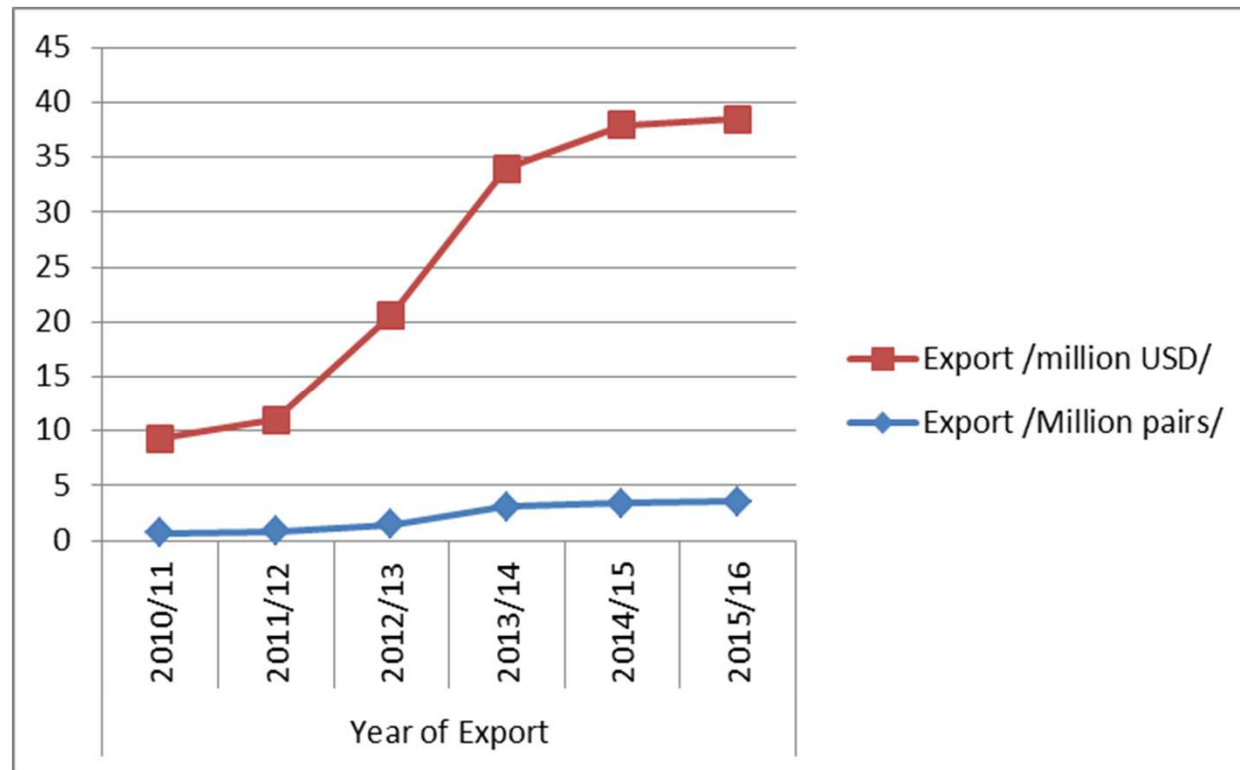
The sector has experienced more than 150% growth in export earnings in the first 5 years (from \$56 million to \$133 million)



Leather is the top manufacturing export product



The Export Performance of footwear sector for the Last 6 Years



Present status of the industry

- The major export destinations of footwear manufactured in Ethiopia are: (Value in mill. USD)

Destination Country	Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
USA	3.49	12.99	19.06	17.14	18.71
China	-	-	-	5.88	7.86
Kenya	-	-	5.53	6.39	5.21
Canada	-	-	0.89	1.21	1.38
Sudan	0.55	0.79	0.78	0.83	0.41
Djibouti	-	0.90	0.69	-	-
Italy	1.13	0.76	-	-	-
Germany	2.50	0.69	-	-	-

Factors to invest in Ethiopian

Raw material

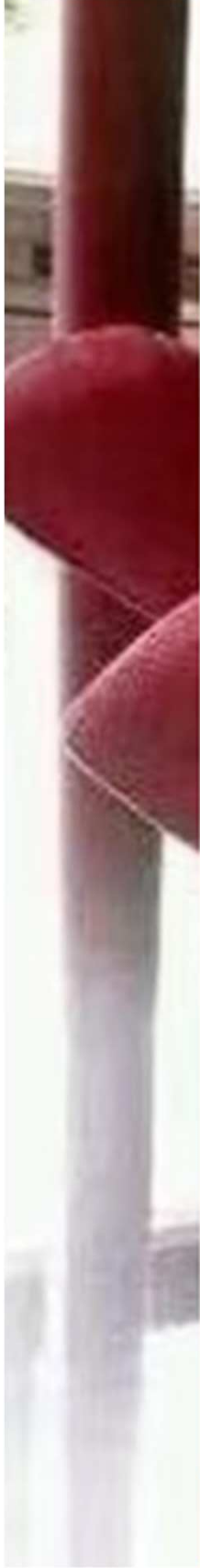
- Endowed with abundant live stock resources, Ethiopia produces large quantity of leather which is the major raw material for shoe manufacturing.
- Ethiopia allows duty free import of all materials (including leather) for export manufacturing of footwear.
- Easily trainable and large young force.
- Low Utility costs.

Ethiopian Leather Challenges

- The quality and quantity supply of raw hide and skin
- The technology to overcome the surface defect of hide and skin
- Weak value chain linkage among stake holders
- Infant development stage of product industries to absorb finished leather
- Lack of supporting industries like Chemical manufacturing companies, accessory and component manufacturers, etc and almost all supporting inputs are imported.
- Pollution problem of Tannery wastes and their high treatment costs.
- Poor market linkage with customers, high involvement of middle men, not getting good prices.

Future Prospects of Tanning Sector

- There is a big Project for establishment of MLC-CETP
- Availability of skilled manpower
- Inflow of support market (chemical companies through bonded warehouse)
- Inflow of slaughter house investments



Thank you!