



6th Edition of All African Leather Fair, February 20-22, 2013, Millennium Hall, Addis Ababa, Ethiopia



Report by M. Krishnaiah, Public Relations Officer, Council for Leather Exports

Introduction of All-African Leather Fair (AALF) 2013

▶ All African Leather Fair (AALF) is an ideal platform for Leather and Leather Products markets in Africa. It is the premium trade fair not only for leather and leather products but also for technology suppliers to the leather industry such as machineries, chemicals, components & accessories, etc.,

The general objective of the AALF is creation of business linkages and integration of Ethiopian and African leather industries with the rest of the world and its specific objectives included the following:

- To provide practical exposure of Ethiopian and African entrepreneurs in the industry to techniques of doing business with global partners
- To enhance exports through business contacts between Ethiopian, African sellers of leather and leather products and buyers from around the world and integrate the continent's industry into the global market intelligence network
- To create global market opportunities for Ethiopian's Africa's upstream leather goods industry and enhance the continent's benefits in exporting value added consumer goods of leather
- To promote Ethiopia's, Africa's cultural heritages and values as unique components of the continent's offers of leather and leather products
- To increase competitiveness of the Ethiopian, African leather industry by bringing representatives of the important players in the value chain together to a common platform where they forge the principle of working together in a Pan African Competitiveness context
- To expose investment opportunities in the leather sector in Ethiopia, Africa and build the image of the industry as credible partner to work with
- To expose and encourage micro and small enterprises, cluster, women participation of market linkages
- To improve performance and growth of the leather industry for more employment and the reduction of poverty

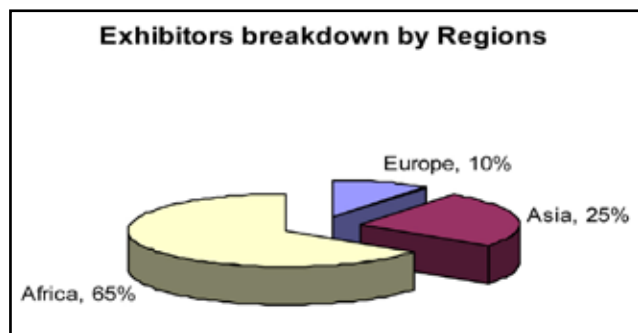
The 6th edition of All-African Leather Fair (AALF) 2013 was held during February 20-22, 2013 at Millennium Hall, Addis Ababa, Ethiopia

Vital Statistics of AALF:

| | |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Organizer | Ethiopian Leather Industries Association (ELIA), Ethiopia |
| Product Displayed | All types of finished leather, footwear, leather articles, gloves, machineries, chemicals, accessories, components, service of knowledge institutions, etc |
| Exhibitor companies | 202 |

| | |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibitors and Visitors countries | 43 Countries (Australia, Austria, Belgium, Botswana, Brazil, Burundi, Canada, Cambodia, China, Djibouti, Ethiopia, Egypt, Finland, France, Gabon, Germany, Greece, India, Indonesia, Italy, Kenya, Malawi, Malaysia, Namibia, Netherlands, Nigeria, Japan, Poland, Philippines, Rwanda, Somalia, South Africa, Spain Sudan, Switzerland, Tanzania, Thailand, Turkey, Uganda, UK, USA, Zambia and Zimbabwe) |
| International Group Pavilions | Indian Pavilion, BASF (Germany), COMESA-LLPI, COMESA SEM Pavilion, Huajian Group (China) |
| Visitors | 13, 300 visitors (out of which 2300 Overseas) |
| Supported by | Ministry of Industry, Federal Republic of Ethiopia, LIDI, UNDP, COMESA-LLPI, Ethiopian Air Lines Cargo. |
| Area of AALF | 4,000 sqm |

Distribution of Exhibit profiles



The 6th edition of All African Leather Fair was inaugurated by His Excellency Ato Hailemariam Desalgne, Prime Minister of the Federal Democratic Republic of Ethiopia. Other dignitaries present during the inauguration ceremony were of HE Ato Mekonen Manyazewal, Minister of Industry and HE Ato Tadesse Hail, State Minister of Industry, Mr. Wondu Legesse, Director General of LIDI, Mr. Solomon Getu, President, Ethiopian Leather Industries Association and Mr. Abdissa Adugna, Secretary General, Ethiopian Leather Industries Association.

REPORT

Mr. Solomon Getu, President, Ethiopian Leather Industries Association, Ethiopia in welcome address said that All African Leather Fair was first launched and inaugurated by the late Prime Minister Meles Zenawi in 2008, it was the time when Ethiopian Leather Industry was exporting non value added products like semi processed leather. The Ethiopian Leather Industry now celebrating the 6th edition of All African Leather Fair at this stage, we are exporting not only value added leather but also final products like footwear and gloves in large quantity to many destinations globally.



A view of dignitaries with attendees in the inaugural session

Speaking at the opening of the Fair, the Prime Minister, HE Ato Hailemariam Desalgne made the following remarks about the Ethiopian leather industry:

- Ethiopia has not been benefiting from its huge livestock resource as it was exporting raw skin and hides rather than value added products for a long time.
- The Government has put in place policies and strategies to enable the sector become globally competitive through export of value added products as part of the activities to help the country benefit from the resource
- Ethiopia has envisaged to secure export of 500 million US dollars from the sector by 2015
- The event also expected to help investors in the sector to consolidate market bonds.



His Excellency Ato Hailemariam Desalgne, Prime Minister of the Federal Democratic Republic of Ethiopia inaugurating the Fair

After the inaugural function, the Prime Minister, HE Ato Hailemariam Desalgne visited the fair

Some facts of the Fair from 1st to 6th edition of the AALF

| Edition | Year | Companies participated as Exhibitors | Number of Visitors | Number of Participated countries |
|---------|------|--------------------------------------|--------------------|----------------------------------|
| 1 | 2008 | 173 | 7500 | 24 |
| 2 | 2009 | 190 | 8200 | 37 |
| 3 | 2010 | 196 | 9500 | 31 |
| 4 | 2011 | 198 | 9800 | 34 |
| 5 | 2012 | 196 | 11,000 | 38 |
| 6 | 2013 | 202 | 13,000 | 48 |

Indian Pavilion @ All African Leather Fair 2013:

For the first time; CLE participated in the AALF in Ethiopia with 14 member-exporters in 135 Sqm areas. The list of Indian participants at this Fair along with their display products tabulated below:

| S.No. | Name of the Participant | Display Products |
|-------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | M/s. Banik Rubber Industries (India) Pvt. Ltd., Kolkata | Footwear including Hawaii (Flip-Flop) |
| 2 | M/s. C & E Limited, Chennai | Leather, Chemical |
| 3 | M/s. Classic Polymers, Delhi | Footbeds, Shoe Inserts, Sockliners, Cup Insoles & EVA Foam |
| 4 | M/s. Eskay Sales Corporation, Agra | Metal Fittings, Elastic, Velcro, Solvent activated / Heat activated sheets etc. |
| 5 | M/s. Ess Aar Universal Pvt. Ltd., Noida | PU Soles / Footbeds, Rubber Soles & TPR Soles |
| 6 | M/s. Fibertech Leathers Pvt. Ltd., Jalandhar | Finished / Un Finished Bonded Leather |
| 7 | M/s. Forms N Fashions, Chennai | Leather Wallets & Leather |
| 8 | M/s. K V S Exim Pvt. Ltd., Kanpur | Safety Footwear. Shoe Uppers, Belts, Wallets, Purses |
| 9 | M/s. Nadeem Impex, Kolkata | Leather Hand Bags & Leather Wallets |
| 10 | M/s. Relaxo Footwear Ltd., Delhi | Slippers, Flip Flops, Sneakers, Canvas Shoes, Sports Shoes, School Shoes, Sandals, Bellies etc., |
| 11 | M/s. Sanghavi Shoe Accessories Pvt. Ltd., Mumbai | Plastic Shoe Lasts |
| 12 | M/s. Sperry Plast Ltd., Delhi | TPR (Thermoplastic Rubber) Granules |
| 13 | M/s. Top Lasts, Agra | Plastic Shoe Lasts |
| 14 | M/s. Versatile Enterprises Pvt. Ltd., Ludhiana | Laminated Fabrics (with Form/ EVA) Interlinings, Moulded Socks (EVA/PU Form) Fur Linings, Mesh Linings, Knitted Ribs, Fleece, Air Mesh, Reinforced Fabrics, Canvas, Check fabrics, Woollen Lining. |
| 15 | Council for Leather Exports | Publications of CLE |

A view of CLE Pavilion





Visitors at CLE Information Stand:

In the CLE'S information stand, Publicity and Promotional materials such as January 2013 issue of Leather News India, Members Directory 2013 in hard and CD copies, All African Leather Fair 2013 participants profile booklet, brochure on Indian Leather Industry were distributed to the trade visitors.

H.E. Ato Hailemariam Desalgne, Prime Minister of Ethiopia, Mr. Utpal Aich, Second Secretary (Consular, Commerce & Culture), Embassy of India, Ethiopia and Mr. Abdissa Adugna, Secretary General of ELIA visited CLE Information Stand. The Representative of CLE provided a kit containing all publications of CLE.



H.E. Ato Hailemariam Desalgne, Prime Minister of Ethiopia visiting CLE information Stand. Mr. Krishnaiah, PRO, CLE is at extreme left



Mr. Abdissa Adugna, Secretary General of ELIA visiting CLE Information Stand.



Mr. Utpal Aich, Second Secretary (Consular, Commerce & Culture), Embassy of India, Ethiopia visiting CLE Information Stand

Business Generated and Members Feedback:

As per the feed back provided by the participants 162 trade enquiries were generated at CLE India Pavilion. Few of them have secured firm orders amounting to USD 1,90,000. The Members were also confident of getting further orders in future as per the indication given by some of the buyers. As per the feed back of the participants, most of the participants want to participate in the next edition, which is scheduled from 20th to 22nd February 2014 at Millennium Hall, Addis Ababa, Ethiopia.

Leather Fashion Show during AALF 2013:



Leather Fashion Show was held on 21st February 2013 at 6.30 p.m. in Millennium Hall, Addis Ababa, Ethiopia coinciding with 6th edition of All African Leather Fair 2013. The Leather Fashion Show showcased the potential of the Ethiopian Leather Industry sector particularly focusing on

value added finished products namely finished leather, apparels, shoes, bags etc.,

Factory visit of Indian participants in Addis Ababa, Ethiopia:

The delegation of Indian Participants visited few shoe factories in Addis Ababa to know their production capacities / capabilities on 22nd February 2013.



Participants visit to Embassy of India, Addis Ababa, Ethiopia:

Some of the Indian Participants of AALF including COA member Mr. Sudhir Rustagi who is also the President of IFCOMA and Mr. Vipin Seth, Convenor of Footwear Component Panel of CLE met H.E. Mr. Bhagwant Singh Bishnoi, Ambassador of India to Ethiopia and Djibouti in his Office and made presentation about Indian Leather Industry (including Footwear components) and invited him to participate in the Interactive Meeting held on 22nd February 2012 at Hotel Bole Ambassador, Addis Ababa, Ethiopia, organized by Ethiopian Leather Industry Association (ELIA), Ethiopia and Indian Footwear Components Manufacturers Association (IFCOMA), Noida (India).



Signing of MOU:

On the last day of the Fair, the Ethiopian Leather Industries Association organized a Interactive Dinner Meeting on 22nd February 2013 at 6.30 p.m. in Hotel Bole Ambassador, Addis Ababa, Ethiopia with Indian Participants. During this meeting, Memorandum of Understanding (MOU) for co-operation between the Ethiopian Leather Industries Association (ELIA) and the Indian Footwear Components Manufacturers Associations (IFCOMA) was signed by

Mr. Solomon Getu, President, ELIA and Mr. Sudhir Rustagi, President, IFCOMA in presence of H.E. Ato Tadesse Hail, State Minister of Industry, H.E. Mrs. Gennet Zewide, Ambassador of Ethiopia, H.E. Mr. Bhagwant Singh Bishnoi, Ambassador of India to Ethiopia and Djibouti, Mr. Utpal Aich, Second Secretary (Consular, Commerce & Culture), Embassy of India, Ethiopia Mr. Wondu Legesse, Director General of LIDI, Mr. Solomon Getu, President, ELIA, Mr. Abdissa Adugna, Secretary General, ELIA and Indian Participant of AALF. The MOU's objective is to foster a closer working together and networking between the Indian Footwear Components Manufacturers Association (IFCOMA) and Ethiopian Leather Industries Association, (ELIA). On the occasion of signing of MOU, the Hon'ble Minister also made the announcement of removal of import duty on all Footwear Components and Leather Footwear manufacturing Machinery. The following are the major provisions of MOU

1. IFCOMA and ELIA will cooperate to foster a closer networking to promote the footwear industry.
2. They will contribute articles to each other's publications, assist with the identification of best practices and emerging issues, and will maintain links to each other's web pages.
3. Both the Associations will continue to jointly organize seminars, workshops and conferences that involve all players
4. The two Associations will actively get involved and extend technical support in the implementation of programs, and other initiative as agreed by both parties
5. The ELIA and IFCOMA Secretariats will liaise with each other in organization of joint events and other activities as agreed between the two organizations
6. The websites of both the organizations will be linked for wider dissemination of information for the benefit of both Associations
7. IFCOMA and ELIA will work together to enhance the professional development of stakeholders



India's Import of Raw Hides & Skins and Leather from Ethiopia

Value in Mn. US\$

| Product | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|------|------|------|------|-------|------|
| Raw Hides & Skins | 3.94 | 3.80 | 3.69 | 0.32 | 0.08 | 0.22 |
| Leather | 0.75 | 1.07 | 0.74 | 4.06 | 10.81 | 9.44 |

Source: DGCI&S

Introduction of Ethiopia:

Ethiopia is found in the north-eastern part of Africa known as Horn of Africa. It enjoys a unique location at crossroads between Africa, the Middle East and Asia. Ethiopia is bordered by Djibouti and Somalia to the east, Eritrea to the north, the Sudan and South Sudan to the west and Kenya to the South.

Ethiopia is a peaceful country with a mature political system and stable macro-economic and social policies. The country has now become the third fastest growing economies in the world with a double digit GDP rate of about 11% for the last nine years. Ethiopia is investing heavily in infrastructure, telecommunication, education and energy to make it a competitive investment destination.

In the area of investment there is an immense opportunities in agriculture, agro-processing, horticulture, livestock; manufacturing sector such as textile, leather and leather products, chemical, metal industries, pharmaceutical and mining. Ethiopia provides a very friendly invest climate with the provision of many incentives.

Economic Environment:

- Economic reform programmer being carried out since 1992
- Double digit annual GDP growth rate for the last nine year
- The Government has set up a five year plan csalled Growth and Transformation Plan (GTP) from 2010-11 to 2014-15.
- The GTP gives special emphasis to agriculture and rural development, industry, infrastructure, social and human development

Main Manufactured products:

Textile, foodstuffs, tobacco, beverages, cement, leather and leather products, wood, metallic and non-metallic products, paper, plastic, tiles, apparel, sugar and molasses

Leather and Leather products:

Ethiopia's hides and skins are highly regarded for their natural qualities of clarity, flexibility, strength, thickness and compact texture. Leather Footwear and Leather Garment,



luggage, handbags and gloves, saddle and harness, chemical, Accessory and components for leather products (Molds, Lasts, Sole, Shoe Box, Cutting dyes, Insoles, Shanks, etc) and integrated tanning and manufacturing are the major opportunities in this area.

Leather:

Currently, Ethiopia offers a wide range of processed and semi-processed hides and skins to the world market. Some of the products, such as Ethiopian highland sheepskin (which has gained international reputation for making gloves), are known for their quality and natural characteristics.

Ethiopian hides and skins exports include pickled sheep skin, wet blue sheep skin, crust sheep skin, wet blue goat skin, crust goat skin, crust cow hides, finished garment leather, finished glove leather, lining/upper leather, suede leather, full grain leather, corrected grain leather, embossed leather and patent leather.

The export of finished leather and leather products such as leather garments, foot wear, gloves, bags and other leather articles is also highly promising for investors.

Livestock:

Ethiopia is the tenth in the world and first in Africa in terms of livestock population. There are 43 million head of cattle, 31 million head of sheep, 27 million head of goats, 53 million poultry, 2.3 million camels and 7 million equines.

Competitive advantage of Ethiopian Hides and Skins

- 70 % of Ethiopian sheep skins are collected from the high land area.
- Its fiber structure is very strong. Its strong property goes up to 0.3mm thickness. The area ranges from 3 – 5.5 ft²
- Has special brand called “Red Hair Ethiopian Sheep Skin”.
- It is the most preferable skin for the production of gloves, garments, ladies and Gents shoes
- 80% of world’s Golf Glove is made from Ethiopian sheep skin.

The Footwear Industry:

- The footwear industry is composed of two groups : 1) Large mechanized footwear industries & 2) Micro, Small and Medium Enterprises (MSMEs)
- There are 18 mechanized medium to large footwear producers in the formal sector.
- The installed capacities of the companies are about 8.4 million pairs per annum.
- The current actual productions of the companies are limited to 6.2 million pairs per annum.

Other Leather Products:

- Leather garments and goods are included here.
- Major producers of leather garments and goods are 13 in number
- The current total production capacities of the companies are about 1.2 million pcs of leather garments and goods per annum.

Strengths of the Ethiopian Leather and Leather Products Industry

- Availability of raw material (Histological fine raw material esp. Sheep skins)
- Trainable workforce at reasonable cost (2 US\$ per day)
- Strong Institutional support (LIDI)
- There are international, regional market accesses through: COMESA, EU, AGOA. Etc
- High demand in the local market of 84 million people
- Friendly Business and policy climate
- Active association of producers and exporters (ELIA)

Opportunities

- There is an export-led government industrialization policy and strategy, in which Leather & leather products Industry identified as priority sector and fully supported by the government.
- A clear vision become set for the sector by the Government “Enabling the Ethiopian Leather Industry competitive in the world market.”
- Competitive advantages of high quality, fine grain high land sheep skins.
- Effective coordination of private and public institutions to improve the efficiency of the chain.
- Perceived shift of business from Asian countries to Africa, possibility to be leader in Africa.
- Logistical advantage (being nearer to Europe)
- Relocation of production from European countries through outsourcing and sub-contracting of direct investment.
- Regional and sub-regional market for leather products (COMESA).
- Clustering and networking between formal and informal sector.
- The creation of a trade mark or product image “Made in Ethiopia”. Like TAYETU.
- WTO access will possibly stimulate the growth of FDI.

Investment Incentives:

No discrimination between domestic and foreign investors with regard to the provision of incentives

Customs duty exemption:

100% exemption from payment of import customs duties and other taxes levied on imports to import all investment capital goods, such as plant machinery and equipment, construction materials, as well as spare parts up to 15% of the value of capital goods imported

Income tax exemption:

Income tax exemption for the period between 2 to 7 years, depending on the type of the investment, volume of export, and the region in which the investment is undertaken

Losses carry forward for half of the tax holiday period following the expiry of the exemption period.

Land lease with reasonable price. The minimum lease period is 60 years. An investor is required to pay 10% of the lease value up front and pay the rest during the lease period.

Government has established an Institute, Leather Industry Development Institute, to train skilled manpower and to give technical support to the sector.

Taxation:

| S.NO. | Type of Tax | Rate |
|-------|---------------------------|-----------------|
| 1 | Corporate Income Tax | 30% |
| 2 | Turn over Tax | 2% and 10% |
| 3 | Excise Tax | 10 % up to 100% |
| 4 | Customs Duties | 0% to 35% |
| 5 | Income Tax for Employment | 0% to 35% |
| 6 | Withholding Tax | 2% |
| 7 | Value Added Tax | 15% |
| 8 | Export Tax | NIL |
| 9 | Royalty Tax | 5% |
| 10 | Dividend Tax | 10% |

Export Incentives:

Duty Draw-back Scheme: Duty paid at the port of entry and locally on raw materials used in the production commodities is refunded, 100 %, upon exportation of the commodity processed.

Voucher Scheme: It is a printed document to be used for recording balance of duty payable on raw materials imported for use in the production of goods for external market. The beneficiaries of the voucher scheme are exporters. It is a paper money. An investor may bring in raw material from abroad without tax and then export freely. However, there is a lot of paper work thus, recently a better scheme is implemented which is the bonded manufacturing warehouse.

Bonded Manufacturing Warehouse Scheme: Producers wholly engaged in exporting their products who are not eligible to use the Voucher Scheme and who have license that enable them to operate such Warehouse.

Policy towards Leather garment : Leather garment is encouraged. In fact in the Leather manufacturing sector has 3 subsectors. Similar incentives are provided to all the sub sectors.

1. Leather food ware
2. Leather Articles
3. Leather garment

