Exporting semi-processed hides and skins costing COMESA trillions

By Faridah Kulabako

The Common Market for Eastern and Southern Africa (COMESA) member countries are seeking to stimulate and enhance value addition to curb revenue loss in the leather subsector.

It is estimated that the COMESA region, which constitutes 19 countries, including Uganda, loses over \$4.5b (sh16.1 trillion) annually, through exportation of raw and semi-processed hides and skins, instead of exporting finished products.

However, member countries are seeking to rewrite this gloomy story through the creation of a supportive environment for the leather subsector to enhance value addition and increase export earnings.

Speaking during the opening of the COMESA Leather and Leather Products Institute conference in Kampala on Friday, trade minister Amelia Kyambadde said her ministry will implement the national leather policy and the leather value chain strategy to support industry growth.

The national leather policy was formulated in 2015 to guide and co-ordinate the sector in value addition and production of finished leather and leather products.

The leather value chain strategy on the other hand seeks to transform the leather value chain from the production and trading of raw materials towards the production and trading of value added products to boost earnings.

The value chain includes the rearing of animals to ensure that quantity and quality of hides and skins is prioritised right from the farms through the slaughter houses and preservation of hides and skins.

BETWEEN THE LINES: Value addition to the rescue

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Member countries also plan to enhance collaboration and skills transfer to support sector growth.

According to Kyambadde, the region has approximately 21% of livestock in Africa and 11% of global livestock, which should be harnessed through value addition to support economic growth.

She added that the region's failure to increase value addition has not only resulted in revenue loss, but also loss of employment opportunities to other players in the global market.

The exportation of raw and semi-processed hides and skins has seen the region's participation in the global trade of leather products remain marginal, despite possessing a significant portion of the world's livestock.

The COMESA Leather and Leather Products Institute co-ordinator, Nicholas Mudungwe, said the region commands only 0.003% of the \$800b (sh2,858 trillion) global leather products market.

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The executive director of Comesa Leather and Leather Products Institute, Prof. Mwinyihija Mwinyikione, said while the region's footware market is estimated at about 552 million pairs of shoes, over 70% of the market depends on imports, despite the region's huge potential to produce leather products.

Statistics from the leather tanning industry show that Uganda produces about one million pairs of shoes, against the annual demand of 25 million. The balance (24 million pairs), are imported, mainly from Europe, North America and Asia.

According to industry players, out of Uganda's 24 million pairs of shoes imported, only about 500,000 pairs are leather shoes.

The conference sought to build the capacity of the region's small and middle size enterprises (SMEs) in the subsector to boost the quality and quantity to meet the growing regional demand and also tap into the global market, with a special focus on the AGOA market. AGOA is a quota free access market extended to the African states over a decade ago by the US government.

The chairperson of the Uganda Footware and Leather Goods Manufacturers Association, Victoria Byoma, said they are working on an incubation and clustering centre to skill SMEs and individuals in the leather industry to support value addition.

If well supported, Byoma said the leather industry has the potential to uplift many households out of poverty and offer the much needed employment along its value chain.