SACU

Since 1910

SOUTHERN AFRICAN CUSTOMS UNION

SACU INVESTMENT ROUNDTABLE

INVESTMENT AND EXPORT OPPORTUNITIES IN THE PRIORITY SECTORS

Leather and Leather Products

12-13 APRIL 2022

GABORONE, BOTSWANA

INTRODUCTION

Background

The leather value chain globally is estimated at over USD 100 billion. A comparison of this value chain with other commodities reveals that its trade is greater than the combined trade of meat, sugar, coffee and tea.

Vision:

Development of an integrated, sustainable and globally competitive of SACU Leather & Leather Product Value Chain.

Mission:

Promoting integrated and sustainable industrial growth of value-added manufacturing in SACU Leather & Leather Product value chain.

Enhancing continental and global competitiveness of the SACU Leather & Leather Product Value Chain.

Promoting continental and global trade of the SACU Leather & Leather Product Value Chain.

Rationale:

SACU member States have abundant resources of Hides and skins which are by products obtained from various primary upstream diverse platforms such as Red Meat Industry, Ostrich, Crocodile, Animals from wild, Game and Hunting industry and downstream manufacturing capacity.

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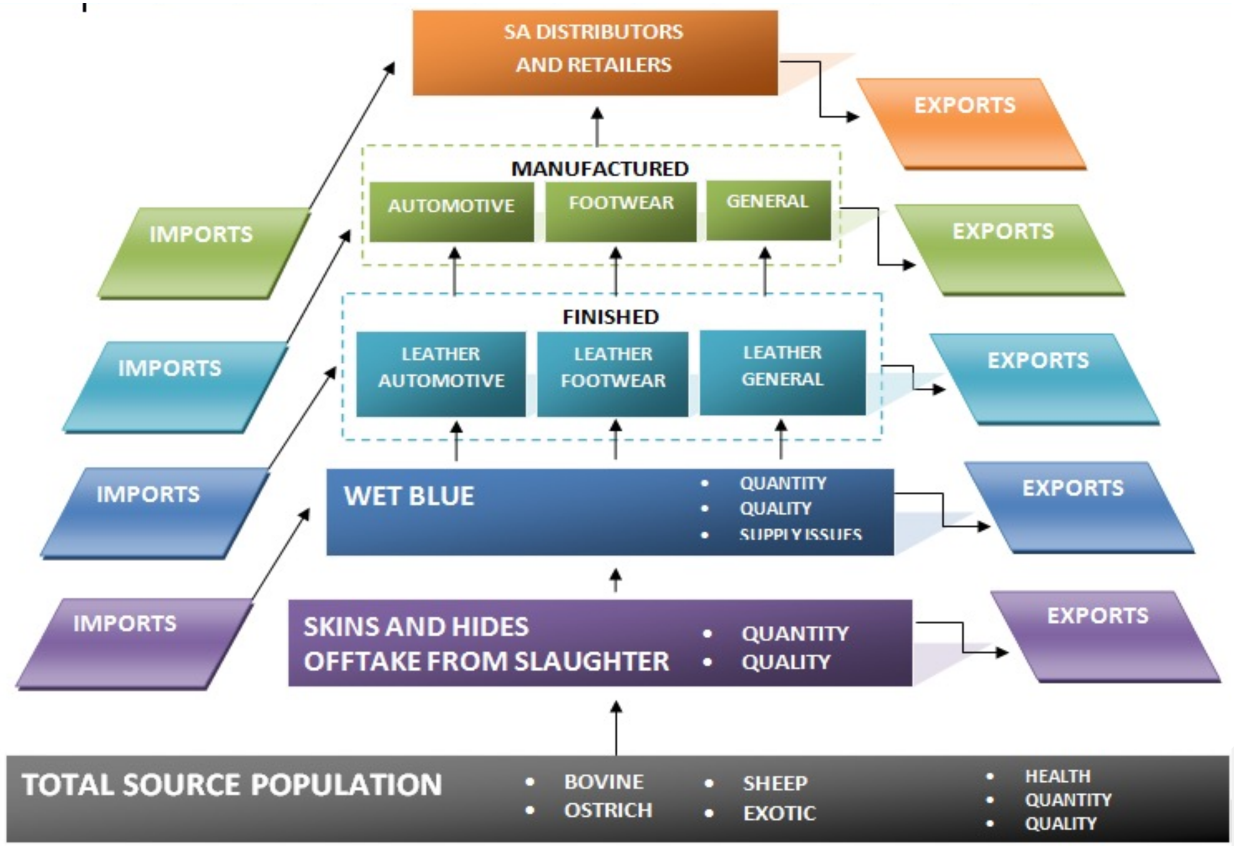
Leather Value Chain Pyramid

SACU OPPORTUNITIES



LEATHER VALUE CHAIN PYRAMID

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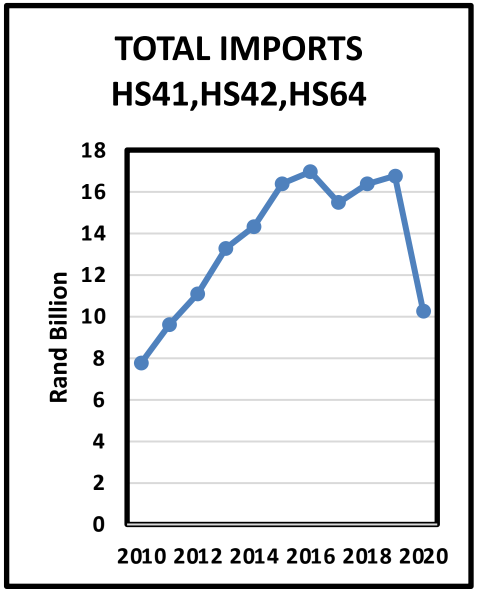

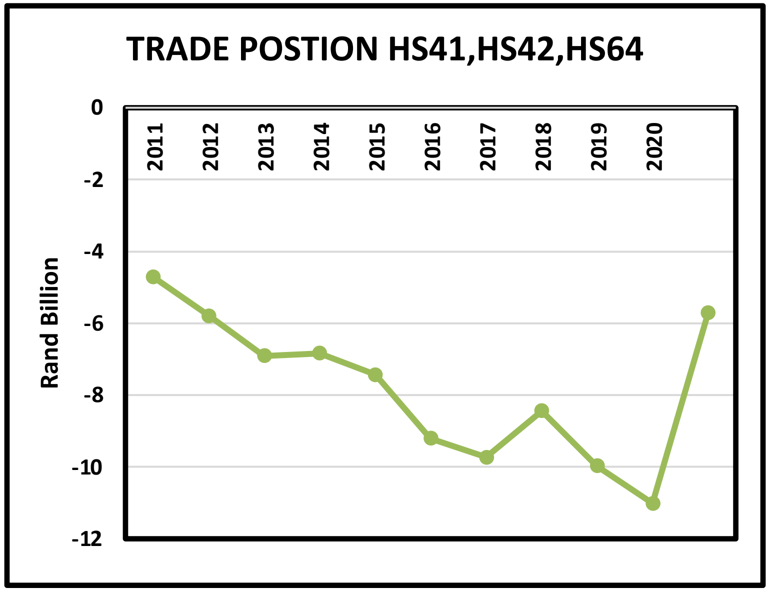

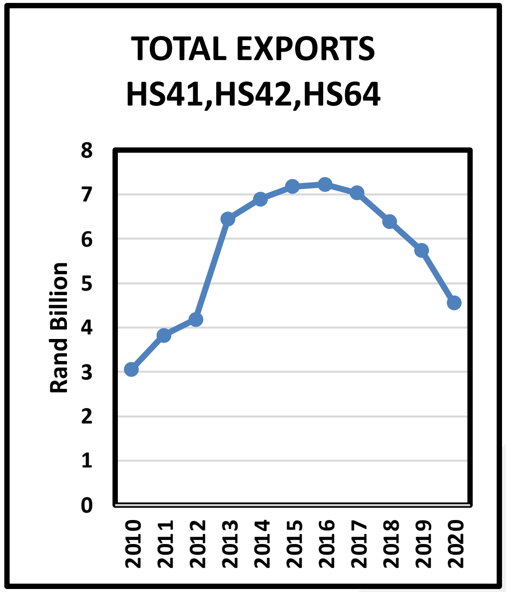

Source: Quantec (2010-2020)

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Growing The Reginal Value Chain

Drivers for growing the regional leather & leather products value chains

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1. Sufficient cattle population to produce enough hides to sustain the leather industry.
2. Animal husbandry practices that enable the production of high-quality hides. (Reduction of man-made defects, brands, quality of flaying)
3. Security of supply of hides (restrict exports of live animals)
4. Availability of Slaughter facilities and the ability to attract investment in abattoirs that meet export market requirements, with adequate capacity of tanneries to process raw hides.
5. Skills development for leather beneficiation. (leather & footwear technology education)
6. Research and Development across the entire Leather Value Chain

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Leather and Leather Products Value Chain

Leather & Hide production in the SACU & SADC countries in (tonnes)

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SADC member state	Average Production (tons)
South Africa	31,875
Tanzania	8,550
Namibia	2,135
Angola	1,548
Lesotho	1,353
D.R Congo	1,279
Madagascar	801
Botswana	440
Mozambique	374
Malawi	328
Zambia	222
Swaziland	130
Zimbabwe	94
Mauritius	31
Seychelles	Not available

Source: FAOSTAT (2016)

Leather & Leather Products Value Chain in SACU & SADC countries

Input	Step1 Significant Cattle Breeding	Step2 Non Artisanal Slaughter	Step3 Hide Tanning	Step4 Leather Processing	Step 5 Leather and leather products export
AO	Y	Y	n/a	n/a	n/a
BW	Y	Y	N	Y	Y
DRC	Y	Y	n/a	sp	Y
LS	Y	Y	N	n/a	Y
MG	Y	Y	Y	Y	Y
MW	Y	Y	N	sp	Sp
MU(*)	sp	n/a	Y	Y	Y
MZ	Y	Y	N	N	N
NA	Y	Y	Y	Y	Y
SC	N	N	N	N	N
ZA	Y	Y	Y	Y	Y
SW	sp	sp	N	N	Y
TZ	Y	Y	Y	Y	Y
ZM	Y	Y	Y	Y	Y
ZW	Y	Y	Y	Y	Y
Output	Animals for meat and hide production	Hides	Leather	Leather Products	Leather Products Export

Y=yes N=no n/a= not available sp=small production

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SACU Value Chain Development

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	Botswana	Lesotho	Namibia	South Africa	Eswatini
Raw hide	Contract tanning at SA	Contract tanning at SA	Export to SA	Export to SACU	Contract tanning SA
Wet blue hides	Establish wet blue plant with CETP (Central Effluent Treatment Plant)	Establish wet blue plant	Expand wet blue plant.	Enhance wet blue plant	Establish wet blue plant
Crust and Finished leather	Establish Auto leather tanning and finishing.	Expand Auto Leather Seat Sewing plant capacity.	Expand hide & sheep skin tanning. Develop fur seal skin tanning capacity.	Contract tanning for BSNE. Establish Auto Leather Seat Sewing plant.	Establish leather tanning and finishing
Sheep & goat skins	Contract tanning or Pickling export to SA	Contract tanning or export to SA	Contract tanning or export to SA	Expand breeding stock	Contract tanning or export to SA
Ostrich skins	Export to SA	Export to SA	Export to SA	Enhance tanning and finishing	Export to SA
Crocodile skins			Collaboration with SA to enhance tanning capacity.	Develop CITES e-permit system. Standards for crocodile industry.	
Fur Seal Skins			Contract tanning at SA. Develop fur seal skin tanning capacity	Expand fur seal skin tanning capacity	
Export policy, CITES e-permits and standards for crocodile industry	1. Harmonize hides & skins exports restrictions within SACU. 2. Exports of live seeps and goats outside SACU to be restricted. 3. SA to develop CITES e-permit system. 4. SA to update Standards for Crocodiles in Captivity SANS 631 for crocodile industry.				

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Key Opportunities

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- Hides and skins are by-product of the meat industry
- Only South Africa has a complete and operational full leather and exotic leather processing value chain (65% of hides are processed in automotive seats, 20% in furniture upholstery and about 15 % to 20% in footwear leather)
- Namibia has opportunity to scale up down stream processing of hides and skins
- Botswana is the second largest hide producer in SACU and can augment leather processing capacity
- Lesotho has a few footwear factories and leather car seat sewing plants
- Eswatini has potential to develop a footwear manufacturing and medium scale footwear leather tannery
- Sheep & goat skins available in SACU are under beneficiated and have a declining breeding stock

Source: FAOSTAT (2016)

Y=yes N=no n/a= not available sp=small production

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Key Opportunities

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- SACU Member States can collaborate through contract tanning to take advantage of the capacity in South Africa, thus achieving economies of scale and controlling costs.
- There is potential for establishing wet blue plants in members states, which will open up opportunities for crust and finished leather processing.
- Export of live sheep and goats should be restricted,
- Capacity for tanning exotic and high value skins (crocodile and seal skin) can be expanded to reduce exports of un-processed skins.

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Conclusion

- Combining Strength in the Leather Value Chain is the way forward for SACU in a Globally competitive environment
- Integration of each stage of the supply chain from collection of hides and skins, to tanning; product manufacturing and marketing of products is a key factor in realising growth in the leather sector for SACU member states.
- Therefore, member states must leverage on the strengths of each country across the leather value chain and further capacitate the sector to benefit from the opportunities presented by the global market.

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THANK YOU

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