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STRENGTHENING THE PLANNING UNIT OF
THE MINISTRY OF INDUSTRY AND TECHNOLOGY
BP/UGA/84/003
UGANDA

Technical report: Industrial sub-sector study of the leather and tanning industry in Uganda

Prepared for the Government of Uganda
by the United Nations Industrial Development Organization

Based on the work of Mr. B.R. Buckley,
Industrial engineer

Backstopping officer: W.H. Eckert, Industrial Planning Branch

* Thir document has not been edited.

46

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Explanations:

The value of the local currency New Ugandan Shillings (N.USh)
United States Dollars = US-$ mid September 1988
1 US-$ = 150 N.USh.

Abbreviations:

UDB	Uganda Development Bank
ULATI	Uganda Leather and Tanning Industry

Abstract:

This report has been prepared upon special request from the Government of Uganda by the Industrial engineer of project BR/UGA/84/003 - "Strengthening the Planning Unit of the Ministry of Industry and Technology". It contains information on the state and background of the leather and tanning industry in Uganda, evaluates the raw materials situation for tanning and leather goods production. One of the most critical pre-conditions for capacity utilization is the formulation of suitable procurement and marketing policies. The tanning process requires specialist skills and experience and so the production of the tanners will increase gradually also under consideration of quality aspects. With transition from export of hides and skins to export of wet-blue leather, the export value increases by 67%. As the world-wide increasing demand for leather exceeds the supply, Uganda's leather export will have good prospects.

The raw material supply for Uganda's leather goods industry by local leather production will save valuable foreign currency, which is now required for leather import.

TABLE OF CONTENTS

LIST OF TABLES

1. INTRODUCTION

The purpose of this Summary Study is to provide a background to the leather and tanning industry in Uganda and a basis for strategy development within the planning section of Ministry of Industry and Technology.

It is by no means meant to be a comprehensive document and the writer has relied on the limited information available in various Ministries and from feasibility and sectoral reports prepared over the past ten years.

The potential for the development of the leather and tanning industry in Uganda was recognised and included in the first five year Development Plan 1965 - 1970.

In 1964 the Uganda Development Corporation Ltd had investigated the " economic feasibility " of establishing a commercial tannery as a logical step in the effort to develop industries based on processing local raw materials for both export and to meet domestic needs.

Some countries had improved their market position by exporting wet salted hides. This option was not open to Uganda because of:

a) the prohibitive cost and shortage of salt supplies.

b) the added freight costs of shipping wet salted hides.

c) the comparative low quality of hides that would be competing against higher quality hides from other countries.

Thus prior to the setting up of the Uganda Leather and Tanning Industry in 1977 all hides and skins were being exported in their dry suspended condition (undressed). This meant a great loss in terms of additional foreign exchange, since hides and skins exported in a semi-processed or finished form have a much greater earnings value than those exported in a raw form.

In 1970 Uganda Bata Shoe Company was established, a number of other smaller shoe and leather goods factories were also set up and as finished leather was not available from local sources these materials were imported.

When ULATI came on stream in 1977 some finished leather was then available. However the demand was seriously depressed by the political and economic instability that followed which resulted in most manufacturing units either ceasing or drastically curtailing output.

At present only the Bata Shoe Company is operational and because of the lack of finishing capabilities at ULATI they must once again rely on imported finished leather.

ULATI has itself experienced many problems and is now undergoing rehabilitation. For the past number of years it has operated at only a fraction of its installed capacity and consequently Uganda has once again reverted to exporting raw hides.

In terms of development and progression, the programmes of the last 15 years have virtually collapsed and are now in need of urgent and immediate review.

2. RAW MATERIALS:

The raw materials used in the leather and tanning industry fall into two broad categories:

a. hides and skins in a raw state for the tanneries and in a finished state for the footwear and leather goods/crafts manufacturers.

b. chemicals used in the tanning process.

For the purpose of this exercise let us treat each separately.

2.1 Raw Hides and Skins:

Livestock keeping is an old established enterprise in Uganda. Cattle, sheep, goats and pigs are found in most areas except where Trypanosomiasis makes cattle keeping impossible. Livestock is kept for both subsistance and commercial purposes, over 90% of the national herd is kept by small scale farmers, while the rest is made up of ranches and dairy farms.

In 1978 the livestock population stood at 5.3 million cattle, 2.6 million goats, 1.2 million sheeps and 170,000 pigs.

During the following years the country incurred heavy losses of animals due to the general economic decline and the gradual but steady break-down of disease control facilities and lack of proper management as extension workers were restricted in their movements due to lack of transport. The situation was further aggravated by the liberation wars and the increasing incidents of cattle rustling.

In 1986/87 an Agricultural Sector Study was undertaken by the Ministry of Animal Industry and Fisheries to obtain a quick update of basic data for development planning in the Agricultural Sector. Although the survey was limited to 25 districts it was possible to estimate the livestock population for the whole country.

Seven districts were not included, representing 23% of the whole country, however estimates were made for this north eastern area. Furthermore the results for the Mbarara district were rejected and again estimates were made for this area.

The survey disclosed that years of extrapolation of out of data information had led to a serious everestimation of the cattle and sheep population and a gross underestimation of goats and pigs. The livestock population in the surveyed area and the estimated numbers for the whole country respectively are:-

	Survey Area 000s	Whole Country 000s
Cattle	2510	3910
Goats	1770	2500
Sheep	510	680
Pigs	440	470

TABLE 1 - LIVESTOCK POPULATION 1987

Allowing for a cattle population growth of 2% per annum and a growth of 3% for goats, sheep and pigs , the Projected livestock population in Uganda to 1992 in 000s is as follows:

YEAR	ACTUAL 1987	1988	1989	1990	1991	1992
CATTLE	3910	3988	4068	4149	4232	4317
GOATS	2500	2575	2652	2732	2814	2898
SHEEP	680	700	721	743	765	788
PIGS	470	484	499	514	529	545

TABLE 2 - PROJECTED LIVESTOCK POPULATION

According to the East African Livestock Survey and Annual Reports the "Hide Extraction Rate" in Uganda is about 12% of the cattle population.

Although there are no available statistics on the extraction rate of skins, it is believed that the rate is higher than for cattle hides since the rate at which goats, sheep and pigs are slaughtered is considerable higher. In this report an extraction rate of 25% has been adapted.

On this basis of the hides and skins extraction rates, the current and projected future availability of hides and skins in 000s are set out below based on figures presented in Table 2 - Projected Livestock Population.

	ACTUAL 1987	1988	1989	1990	1991	1992
HIDES	469	479	488	498	508	518
GOAT SKINS	625	644	663	683	703	725
SHEEP SKINS	170	175	180	186	191	197
PIG SKINS	118	121	125	128	132	136

TABLE 3 - PROJECTED HIDES AND SKINS AVAILABILITY

These projected figures presented above merely indicate the hides and skins available in Uganda and, because of the loosely controlled pattern of trading that has developed over the years, should not be taken to mean that the total hides and skins will be available for local processing.

For example, in 1987 it is indicated that 469,000 hides would be available for processing and export. In fact the official figure for exports, as presented by the Hides and Skins epartment of the Ministry of Animal Industries and Fisheries, stands at only 260,000.

This apparent shortfall of 209,000 could result from:-

a) hides being left to rot at the point of slaughter.

b) rejections at the tannery due to unacceptable quality

c) unauthorised and therefore unrecorded exports i.e smuggling.

In view of the discrepancy between the two statistics a separate investigation should take place prior to basing any firm plans or projects on the presented or projected information.

The figures presented also represent the whole of Uganda and recognition must be taken of this fact. Hides and Skins will deteriorate rapidly unless treated and, as ULATI is the only tannery currently operating, an effective collection and transportation system must be developed.

To illustrate the distribution of the livestock population the country has been divided into five regions and a breakdown by animal category is given for each. Please refer to Table 4 - Livestock Distribution.

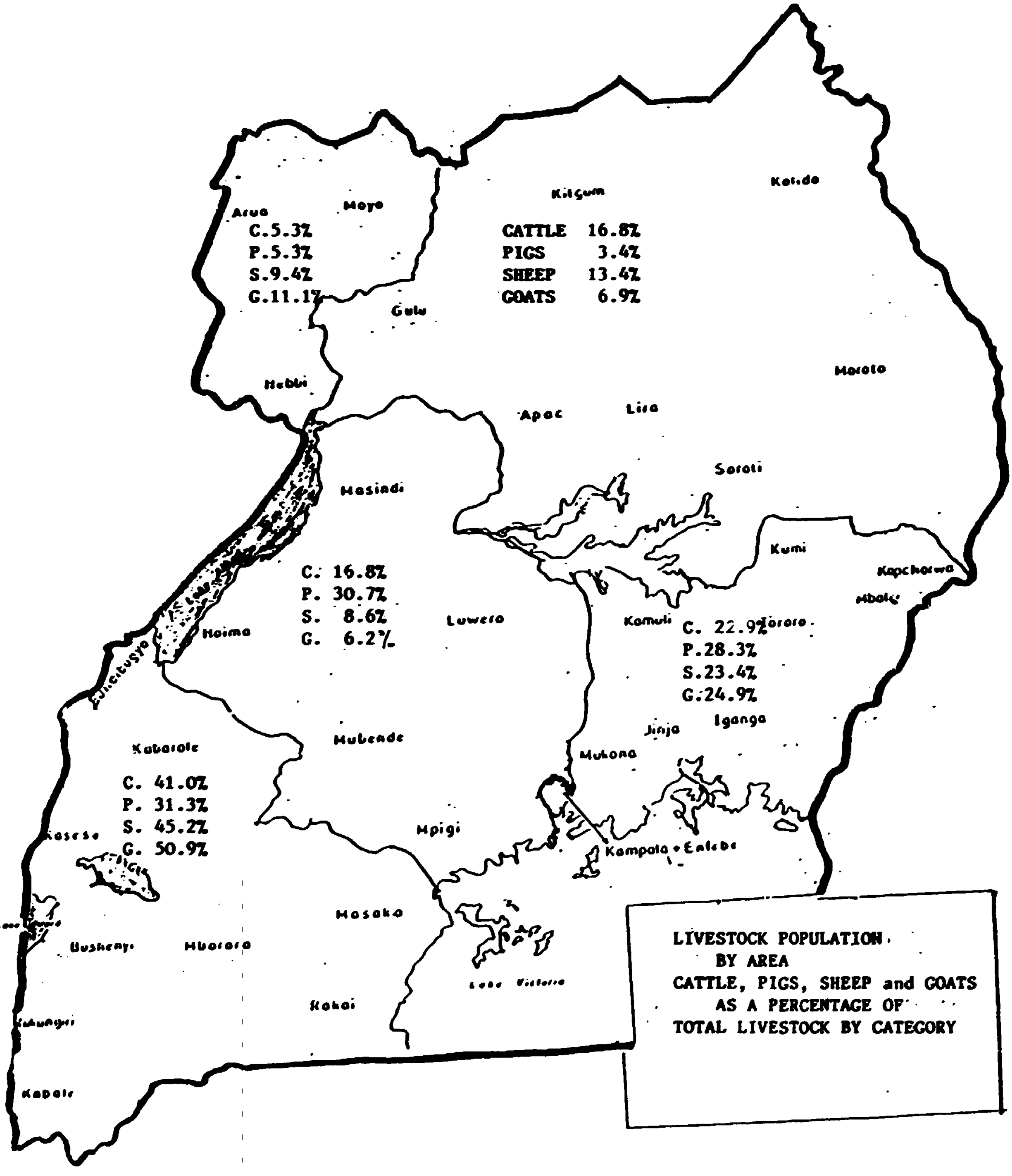

TABLE 4 - LIVESTOCK DISTRIBUTION

It can be seen that the majority livestock region is in the south west, if we take Mbarara town as a central collection site, the distance to Jinja is 200 miles. Similarly distance will be an important factor for the other regions.

These and other factors will be taken into account at a later stage in this report.

2.2 Finished Leather

Leather is used mainly for leather footwear and for other leather goods such as belts, handbags, suitcases and briefcases, clothing etc. In Uganda leather is used principally in footwear as shoe uppers.

Although the Industrial Licensing Secretariate of the Ministry of Industry and Technology has many leather and leather product industries listed, it would appear that the only unit currently manufacturing is Uganda Bata Shoe Company.

This company was established in 1970 and originally imported leather to meet its requirements. With the establishment of ULATI it was intended to source its requirements from them but this policy was never fully implemented as ULATI failed to meet the standards and delivery commitments required by Bata. Consequently all leather requirements are again being imported.

This is a source of foreign exchange drain for Uganda.

Again for the purpose of this report and in the absence of any other data it is assumed that Uganda Bata Shoe Company is the only manufacturing unit that currently require commercial quantities of leather.

Based on forecasts for 1988, 1989 and 1990 Bata will require 140,000, 150,000 and 188,000 square feet per annum respectively of finished upper shoe leather and in addition 4000-5000 square feet per annum of goat skin for linings.

Thus it can be seen that this demand for finished leather represents only 2.5% of the proposed installed capacity of the rehabilitated ULATI.

2.3 Chemicals

The technical process and the degree to which the leather is finished dictate the chemicals required.

Firstly there are two types of the basic tanning process, namely vegetable tanning and mineral tanning.

Vegetable tanning most commonly uses MUMOSA Tannin although there are many others.

The most common mineral is Chrome Powder and the leather that has been tanned with this is known as "wet blue' because of its characteristic colour at the end of the tanning stage.

The tanning process is viewed by industry members as a mixture of art and science, and although most people involved tend to emphasise the degree of specialised knowledge required to operate in their industry, good tanning certainly does consist of applying technical knowledge in the light of experience. Tanners who operate with a great variety rawstock need to be careful in adjusting their chemical processes to the requirements of each batch. There is no straight forward equation or formula governing the amount of each chemical or the time of treatment required per foot of tanned leather.

Such skills as these develop locally, of course, but when a large modern tannery is established in a developing country such as Uganda , there can be a great need for the tanning skills which make for good leather production. The further along the process of tanning one proceeds, the more important this skill becomes.

Finishing leather is perhaps the most highly skilled operation in tanning, it requires, more than any other operation, a worker with the ability to see how each hide or skin differs from previous ones and to adjust the finishing operation accordingly.

Tanning may be technologically simple but it is a dirty operation. A large voulume of both solid and liquid waste is gene ated during the tanning operation. Some of this waste is toxic but most of it is merely noxious.

Wet-end operations, those which involve the initial part of transforming the hide or skin into leather, in particular are responsible for waste and can cause difficulties for tanneries.

Some of the waste can be marketed for one purpose or another, hair and fleshings sometimes find markets, but many have to be disposed of by the tanner.

The question of effluent control is also an extremely important one in the industry for two reasons. The first is the need for cost control creates a strong incentive to recover as much of the valuable tanning chemicals as possible from the wastes. The second reason is that effluent control regulations imposed by governments are increasingly stringent and the industry must seek ways to meet these regulations at least cost.

The tanning process involves many district stages. These have evolved over the years, yielding additional characteristics of finished leather and making other stages easier or move effective.

It may be helpful to note that the process divides naturally into three groups of stages, namely:-

a) those operations, from hides and skins storage to pickling, which prepare the hides and skins for tanning.

b) tanning itself, the vital stage that converts the hide or skin material into leather, a substance that resists putrefaction.

c) the subsequent stages from draining and sammying onwards, which impart other desired characteristics, for example colour, suppleness surface smoothness and finish to the leather.

To achieve all of this a variety of chemicals are used. The main ones are listed in Table 5 - Chemicals used in the Tanning process.

Soaking Agent
Sodium Sulphide Flakes
Caustic Soda
Chrome Powder
Binders - various
Pigments for finishing - various
Auxiliaries such as wax etc.
Clear emulsion - Nitrocellers
Ammonium Sulphate
Synthetic Tannins - various
Fat liquors to replace natural fats
Pancrolitic Enzymes
Soaking Enzymes
Bacteriacides and fungacides
Mimosa Powder
Chestnut Powder
Salt
Sulphuric Acid
Formic Acid
Calcium Formate
Sodium Carbonate
Sodium Bi-Carbonate
Dye Stuffs - various
Lime
Sodium Sulphahydrate
Ammonia
Sodium Bi-Sulphide
China Clay

TABLE 5 - CHEMICALS USED IN THE TANNING PROCESS

3. TANNING CAPACITY

Uganda has only one commercial leather tanning factory - the Uganda Leather and Tanning Industry Ltd. located at Jinja.

ULATI was established in 1977 with an installed capacity to process 750 hides and 1500 skins per day in the wet blue chrome condition for export. Leather required to meet domestic demand was to be processed to the finished stage.

The original plans for ULATI were to export 75% of its products and 25% was to be used locally.

Capacity utilisation at the factory has been very low since inception. The main reasons for this low capacity utilisation include among others:

a) poor management,

b) lack of foreign exchange allocations needed to import chemicals and spare parts.

c) inability to satisfy their bankers with regard to local cover.

d) the apparent shortage of hides and skins, although there are more than enough hides and skins in the country the company have failed to make full use of them because of their poor procurement policy. It would appear that the dispersion of the livestock population and the means to acquire and transport the hides and skins in an effective manner have never been seriously tackled.

As a result of the above, the company has lost a large portion of its raw material supply to local traders and Uganda continues to lose valuable foreign exchange by exporting hides and skins in their undressed state.

Following a study by a consultant from the Commonwealth Fund for Technical Assistance a reequiping programme was approved in 1986. However, because of delays at UDB concerning local cover the loan, about $825,000 was not finally processed until early 1988.

The programme has now commenced and includes the replacement and reequiping of machinery, soaking drums and finishing equipment. It was originally intended to have the new plant fully commissioned by September 1988 but this schedule may be affected by the late arrival of technical assistance personnel from the Commonwealth Secretariate.

When fully commissioned the installed capacity will increase to approximately 1500 hides and 3000 skins per day. This equates to 6 million square feet per annum.

In addition to ULATI there are rural tanneries that usually utilise low quality hides and skins to meet local demand for shoes and other leather products. These are small in operation, numbering about 25.

However, due to shortage of raw materials, only one rural tannery, at Ndeeba, remains operational.

The leather production of Uganda is therefore dependent on two factors, namely:

a) the processing capacity of the tanneries and

b) the procurement and marketing policy.

These two factors will greatly influence the strategy for the tanning industry and will influence the stages to which hides and skins are processed for export and the quantity finished to meet local demand.

4. MARKETING

Historically, Ugandas export of air dried hides and skins has been an important source of foreign exchange.

Ugandas hides and skins are of relatively high quality compared to those of other African countries, provided that proper drying and processing methods are used. Cattle hides are usually dried using the frame/air suspension method, while sheep and goat skins are dried using the wire/air suspension method.

It is sad to note that pig skins are generally not recovered and this is a waste of a valuable and saleable item and a loss of export opportunities.

It is also important to record that Uganda does not appear to have a positive marketing policy for its leather and tanning industry.

In 1979 a presidential decree stipulated that ULATI should be the sole exporter of all raw hides and skins in excess of domestic needs. Private export activities have continued because the tannery could not purchase or utilise the available supplies.

The country is now in need of an urgent review of the marketing policy for the industry. Without this exporters will continue to exploit the available local market by the export of raw hides and skins and the subsequent loss of valuable foreign exchange opportunities for Uganda.

As a result ULATI will be deprived of its raw material supply and the huge investment by the Government will be under utilised.

To provide a basis for the development of a marketing policy the demand for hides and skins, in all their forms, must be analysed for both domestic and export needs. Recognition must also be taken of the unique local conditions that prevail in Uganda with regard to the recovery of hides and skins, their preservation and allocation for processing and the skill and technology available to meet export and domestic requirements.

Recognition must also be taken of the extent to which smuggling has developed and the serious, if not disasterous, effect it is having on the country's economy . Immediate steps should be taken to remove this obstacle to development.

The current marketing network for hides and skins depends on about 900 licensed buyers located throughout Uganda. These are licensed and supervised by the Livestock Marketing Section of the Ministry of Animal Industries and Fisheries Veterinary Department.

Hides and skins buyers are largely concentrated in heavy livestock production or slaughter districts specifically Mbarara, Masaka and Bushenyi districts in the south west and in Nebbi, Lira and Mukono.

Licensed buyer - exporters are fewer in number and are heavily concentrated in a few districts, mainly Kampala, Mbale, Mbarara, Masaka and Jinja. Exporters purchase hides and skins from various dealers and from some cooperatives, either directly or through agents. Table 6 shows the various market channels used by the hides and skins trade in Uganda.

Exporters normally grade hides and skins before purchasing. There are three exportable grades, a fourth and lower grade is used by local tanneries and a fifth grade, commonly referred to as 'rejects', includes all damaged hides and skins.

Buyers normally pay a premium for the higher quality grades, price differentials may reach as high as 25% between the highest and lowest exportable grades.

Because the majority of hides and skins entering the commercial market channels are exported, it is important for the decision making process to consider the global production and trade World production parallel'strends in livestock slaughter, as is the case in Uganda. The United States of America is the largest hides and skins producing country, followed by the Soviet Union, Brazil and Argentina. Other major producers are Australia, New Zealand, Mexico and Canada.

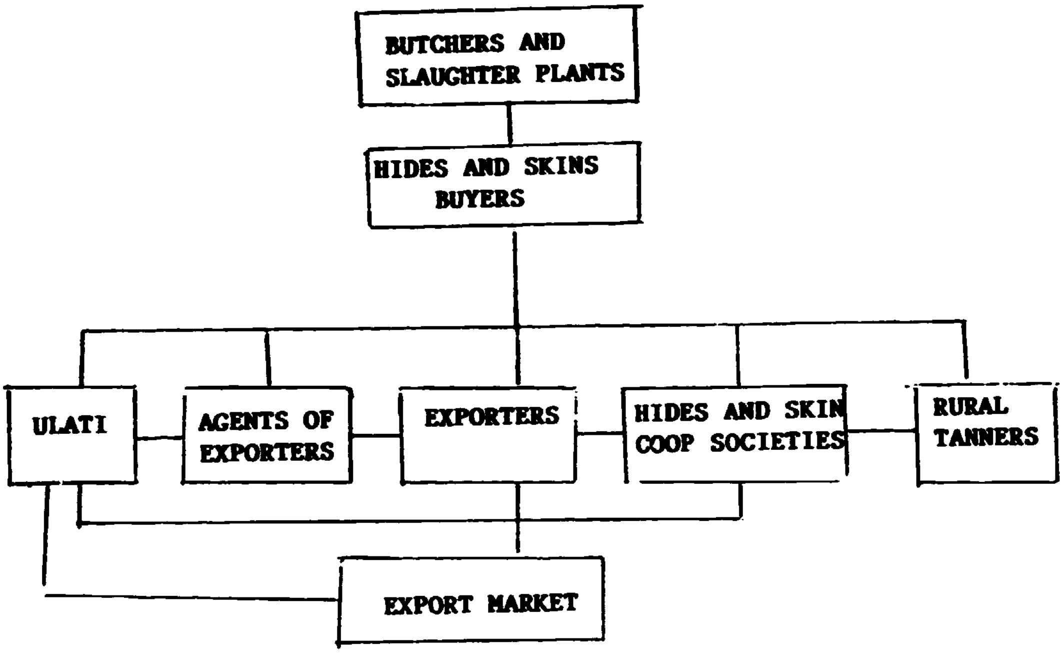

TABLE 6 – MARKETING CHANNELS FOR HIDES AND SKINS

Uganda is not a major producer of hides and skins in the world market. As shown in Table 7 several other African countries such as Kenya, Tanzania, Ethiopia and the Sudan, produce more than Uganda. Ugandas total production of hides and skins in 1986 accounted for only 2.9% of the total production for Africa.

Major importers of hides and skins are Italy, Japan and Korea. Japan and Korea import the majority of their hides and skins from U.S. while Italy imports are mostly from the European Economic Community countries.

Uganda currently exports to several countries in Europe, including the United Kingdom, the Netherlands, Switzerland , Denmark and Italy, and to the Middle East, particularly Egypt and Syria. Compared to major exporters, Uganda offers small volume and possibly lower quality, except that Uganda hides are not damaged by branding.

Several major exporting countries have introduced restrictive export policies on unprocessed hides and skins during the past few years in order to support local leather production. This development would appear, on the surface, to be advantageous to Uganda's hide and skins trade. However many of the countries with export restrictions and other trade barriers on raw hides and skins are using export subsidies on finished leather products.

YEAR	AFRICA	UGANDA	KENYA	TANZANIA	ETHIOPIA	SUDAN
HIDES						
1979 - 81	480253	13055	30058	26919	40953	31262
1984	487675	12348	19110	30870	40950	37800
1985	504834	12600	21840	31500	40950	42000
1986	515973	12600	24570	32172	41422	42630
SHEEP SKINS						
1979 - 81	131293	5293	3672	2596	14820	11750
1984	146706	6022	3105	2754	15516	13000
1985	150560	6570	5040	2829	15552	13750
1986	152117	6592	5112	2967	15588	14000
GOAT SKINS						
1979 - 81	99081	1990	6398	3245	12240	7789
1984	102849	2705	5579	3625	13680	7250
1985	106810	3000	5950	3737	14220	7375

TABLE 7- HIDES AND SKINS PRODUCTION IN AFRICA, UGANDA, AND SELECTED COUNTRIES 1979 - 81 AVERAGE AND 1984, 1985 AND 1986

In addition, Uganda must consider the size of its export market for air-dried hides and skins in the light of other countries trade policies, the quality of Uganda's hides and skins compared to other exporters, and the impact on foreign exchange earnings from shifting to a different export product mix.

Exported hides and skins have been an important source of foreign exchange for Uganda for many years. While air-dried hides and skins are being exported, however, Uganda has expended foreign exchange to import more expensive finished products for domestic shoe manufacture.

Support of the domestic leather and tanning industry in Uganda would benefit the country in two ways a) by saving foreign exchange currently being used for importing leather and b) earning more foreign exchange by exporting higher value finished products.

To accomplish these objectives, government policies and programmes would have to regulate the quantities moving into the export market by say imposing export control on unprocessed hides and skins to provide more domestic supply for local tanning.

Export controls would have an adverse impact on hides and skins exporters who, it can be reasonably expected, will strongly resist this restriction to their previously uncontrolled activities.

A possible alternative is to give ULATI special treatment to compete with exporters and to encourage local shoe manufacturers to integrate with ULATI Operations.

In summary, trade in hides and skins is dominated by a few exporters, competition is limited and producers often do not receive a "fair price" for their products.

5. EVALUATION

As outlined in a previous section the process of tanning hides and skins is complex because of the specialist skill and chemical expertise required for a quality product.

ULATI and other smaller tanneries do not, at this point in time, have this necessary skill and it must be assumed that it will take some years of intensive processing to fully acquire and develop the skill.

For this reason it may be taken that in the short term Uganda will continue to export the great majority of its hides and skins in the raw state while developing its capacity to process to the next stage which is wet blue.

Once processed to the wet blue stage the hides are wet or damp and can be stored indefinitely awaiting further finishing or exported to other processing firms.

To evaluate the implication for Ugandas foreign trade and, to further add to data already presented, to provide the basis for strategy planning, policy and programme making within the Ministry of Industry and Technology, let us consider the financial implications for the coming years.

We have already noted in Table 3 the projected hides and skins availability to 1992. For the purpose of this exercise let us use this data and add a projection for 1997.

Let us therefore examine the potential value of hides and skins exported in the unprocessed state and to compare this with the potential value of exported hides and skins in the wet blue or semi-processed condition.

Table 8 sets out the potential value in US Dollars for exports of raw hides and skins to 1997.

Table 9 sets out the potential value in US Dollars for exports of wet blue hides and skins to 1997.

In both instances the potential value of exporting pig skins has been ommited due to lack of sufficient data to effectively compile the information.

We can therefore see that if Uganda was to avail of its full potential of hides and skins exported through legitimate channels it would earn $6.6 million in 1988 and increase this to $7.9 million by 1997 (assuming no price increase i the sales value of hides and skins).

Furthermore were all exports to be in the wet blue form export earnings would be $10.9 million in 1988 raising to $13.2 million by 1997 (again assuming no price increase in the sales value of hides and skins).

YEAR	HIDES	GOATS SKINS	SHEEP SKINS	TOTAL POTENTIAL VALUE
1988	5748	670	140	6558
1989	5856	690	144	6690
1990	5976	710	149	6835
1991	6096	731	153	6980
1992	6216	754	158	7128
1997	6864	874	182	7920

TABLE 8 - POTENTIAL VALUE OF UNPROCESSED HIDES AND SKINS IN UGANDA TO 1997 (US $ 000)

(Valued at current prices $12 per cattle hide, $1.04 per goat skin and $0.80 per sheep skin)

YEAR	HIDES	GOAT SKINS	SHEEP SKINS	TOTAL POTENTIAL VALUE
1988	9580	1127	233	10940
1989	9760	1160	239	11159
1990	9960	1195	248	11403
1991	10160	1230	254	11644
1992	10360	1269	262	11891
1997	11440	1470	303	13213

TABLE 9 - POTENTIAL VALUE OF WET BLUE HIDES AND SKINS IN UGANDA TO 1997 (US $ 000)

(valued at $20 per hide, $1.75 per goat skin and $ 1.33 per sheep skin)

These projections also assume that the total hides and skins available in Uganda will be utilised fully either in the dry or processed state and that the export market can absorb this volume.

The export marketing is geared to the world wide demand for footwear, clothing and upholstery and this demand is expected to expand year by year by about 15 million square feet by 1990. It is estimated that the supply of hides and skins at that time will only be 14 million square feet so accordingly the demand exceeds the supply. Uganda can therefore rely on a ready and under supplied market for its hides and skins.

In addition the demand for wet blue leather on the world market is increasing for a number of reasons:

a) it is very costly to process raw hides and skins to the wet blue stage because of the high labour costs particularly in Europe.

b) the wet blue leather from developing countries is relatively cheap because of the lower labour costs.

c) it is becoming increasingly expensive to provide waste and effluent disposal and treatment due to the demands of anti-polution regulations in Europe.

d) there is a great incidence of weight loss and handling damage during the transportation and storage of raw hides and skins then in the wet-blue stage.

6. CONCLUSION

In Africa, the leather industry is probably the least developed anywhere in the world. The problems encountered in Uganda are, by no means, unique and, as in other African Countries, the most common problems facing the industry are the following:

a) a poor infrastructure, which adversly affects the collection and marketing of hides and skins.

b) an underdeveloped meat marketing network, which leaves a large proportion of slaughtering in the hands of local slaughtering facilities whose flaying and curing of hides and skins are poor.

c) an economic environment which does not encourage the industry.

To improve the industry opportunities and to optimise foreign exchange earnings for the country the following strategy should be developed.

6.1 Quality Improvement

The highest priority should be given to improving the quality of Uganda hides and skins. This is essential because the world market is highly competitive and quality is a major factor. The quality and uniformity of hides and skins are of utmost importance to command high prices.

Improvements could be achieved through strengthening the Ministry of Animal Industry and Fisheries hides and skins improvement extension programme. This in turn will require the provision of various inputs and support facilities that include transportation, mobile demonstration vans, tools, chemicals, scales etc.

Improved hide and skin quality will improve the earnings of the producers thus generating a better economy in the rural areas.

6.2 Tanning Facilities

The rehabilitation of the ULATI tannery should be expedited to improve the domestic production of leather.

The provision of additional tanning facilities should be examined and a number of new units located in key areas, such as Mbarara, Masindi, and Soroti, should be considered.

These new units should act as feeders for ULATI and all their production will be channelled through ULATI for further processing or export.

The provision of these units in areas of high livestock population will facilitate the collection and curing of hides and skins and thereby increase the rate of recovery by processing hides and skins that may have previously been allowed to rot.

Employment will also be generated and the economy in the rural areas can be further improved.

6.3 Sales and Marketing Policy

The Government through its Ministries must provide the guidelines for ULATI to develop a comprehensive sales and marketing policy.

This policy should include a review of the pricing for raw hides and skins and, by establishing an incentive to livestock producers to sell only to ULATI agents, remove the market source for smugglers.

The policy should be sufficiently detailed to allow ULATI to continually review its purchasing and sales structures in the light of international demand and pricing of hides and skins.

The sales and marketing policy should also include the future strategy for ULATI with regard to the stage of processing that hides and skins should be brought before they are exported. This, of course, cannot be too rigid and must provide the mechanism that will quickly allow ULATI to decide sales stragegies and promotions as a response to fluctuating market patterns.

While these suggestions are, it is felt, essential to revitalise an industry that was, in the past, an integral part of the economy of Uganda, it must also be appretiated that improvements cannot be achieved without international assistance and involvement.

So this end a number of inputs, both short and medium term, are required.

Firstly a short-term programme covering all areas of the leather and tanning industry is required. This should cover the education of farmers to the value and importance of hide protection, the improvement of the tanning industry and the development of export markets and import substitution. To achieve this a multi-disciplined team of experts should be assembled who have expertise as follows:

a) an agricultural expert with extensive experience in livestock rearing and disease eradication particularly relating to hide and skin quality improvement.

b) a tanning expert with experience in small and large scale projects

c) a leather marketing expert with experience in export promotion

Recognising the importance of this aspect of development a request has already been submitted, though the Ministry of Planning and Economic Development, to the Industrial Development Unit of the Commonwealth Fund for Technical Assistance for a project team to undertake this assignment.

Secondly the recovery programme for ULATI should enable the plant to operate at an optimum or, preferably, no government intervention.Consideration should be given to provide various incentives to attract a reputable and qualified foreign investment partner for the ULATI operation. This would have a number of advantages for the country such as:

a) the immediate acquisition of management and technical expertise.

b) access to markets already developed and established

c) a continuity of demand for Ugandas hides and skins

Thirdly consideration should be given to export control measures to protect the domestic tanning industry while it is being developed. An example of export controls would be to impose an export tax on unprocessed hides and skins. Aspects of changes in trade policies should be explored in detail before actions are taken. The protection level may be reduced after the ULATI plant reaches a point of reasonable efficiency.

In addition the domestic footwear and leather goods industry should be revived and given every assistance to reduce, and possibily, eliminate import dependance and develop an export market. As stated previously only the Bata Shoe Company is in operation although there are many other leather industries still registered. As the economy in Uganda improves so will the demand for leather footwear and leather goods, this is a world-wide pattern in developing countries.

Finally serious consideration should be given to the provision of additional export opportunities within the leather and tanning industry.

6.4 New Product Opportunities

Many countries, in particular Thailand, have developed a thriving industry in crocodile farming and the processing of their hides. The technical experise can be imported in the short term, again either through international assistance agencies or through joint venture enterprise, with a view to developing local expertise.

Apparently this proposal was put forward a number of years ago and some progress was made in developing a farm but the project was never completed. In view of the fact that the climate, conditions and environment in Uganda seem ideal for this venture and as ULATI will have an underutilised capacity if they process only livestock hides and skins this proposal should receive urgent attention.

The prospects for the leather and tanning industry in Uganda are dependant on the willingness of all involved to recognize and tackle the problems currently facing it. It is hoped that this brief sectoral study will provide a basis for planning and development within the industry and that, as a result, Uganda will gain both economically and technically.

7. REFERENCES

The writer wishes to acknowledge the assistance given him in preparing this study and the information sources presented in various reports. Without this involvement and information this document would not have been possible.

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