



Sector-based Need Assessment of Business Promotion Council Leather Sector

Research Conducted by:

Bangladesh Foreign Trade Institute

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List of Acronyms

LSBPC -	Leather Business Promotion Council
RMG-	Ready Made Garments
MSME-	Micro, Small and Medium Enterprises
LFMEAB-	Leather goods and Footwear Manufacturers & Exporters Association of Bangladesh
BFLLEA -	Bangladesh Finished Leather, Leather goods and Footwear Exporters' Association
BEGP -	Bangladesh Economic Growth Programme
BTA -	Bangladesh Tanners Association
BFTI -	Bangladesh Foreign Trade Institute
NOS -	National Operating Standards
COEL -	Centre of Excellence for Leather Skill Bangladesh Limited
SEIP -	Skills for Employment Investment Program
ISO -	International Organisation for Standardization
ITC -	International Trade Centre

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Introduction:

Leather is the second largest export sector of Bangladesh next to RMG which is considered as highest priority sector¹ of the government for its increasing high value addition. Bangladesh has a long established tanning industry which produces around 1.13% of the world's leather from local supply of raw materials. The average value addition in this sector is 85%. The global leather market is worth USD 215 billion where Bangladesh accounts for only 0.5 %.²

Leather industry of Bangladesh comprises tanning and finishing, footwear and footwear components, leather accessories, leather goods. Self-sufficiency in raw materials, quality products, market access facilities, growing demand for leather and leather products, abundant and competitive labor cost, preferred sourcing by several international brands make the leather sector an attractive destination for public and foreign investment. In FY 14-15 local investment in leather sector was only 0.92%.³ Bangladesh leather industry aims to accelerate export growth to USD 5 billion within 5 years.⁴

Bangladesh government has planned to modernize the industry by relocating tanneries to a modern facility called Tannery Estate Dhaka in Savar that is yet to be implemented. Owners have demanded low-interest loans and other financial incentives to move and upgrade. In addition, recently Human Rights and Peace for Bangladesh, a nongovernmental Organisation, filed another court petition against tannery owners who have not moved out of Hazaribagh and Bangladesh's High Court ordered a daily fine of Tk 50,000 (USD 635) for 154 tanneries, out of about 220, that have not relocated to the new zone.⁵ Relocation of tanneries will ensure environmental compliance, improve working condition and increase image in the global leather industry.

¹ Industrial Policy 2016- and Export Policy-2015-18

² Prospects Of Bangladesh Leather Industry: Farm To Fashion Products
lfmeab.org/images/report/Prospects_of_Bangladesh_leather_industry.pdf

³ Prospects Of Bangladesh Leather Industry: Farm To Fashion Products

⁴ Investment Prospects in Bangladesh Leather Sector-LFMEAB

⁵ <http://www.voanews.com/content/bangladesh-tanneries-fined-ordered-to-move/3384452.html>

Section One: Overview of the Study

1.0 Background of the Study:

Business Promotion Council (BPC) was developed by the Ministry of Commerce, to enhance export diversification in Bangladesh. BPC has chosen six specific sectors which include agro products, fisheries, leather, pharmaceutical, ICT, and light engineering. These sectors are listed either in the highest priority sector or in the special development sector by the Government of Bangladesh in the Export Policy 2015-2018. The aim of BPC is to increase competitiveness of the different products so that they can compete in the global market. In this regard, BPC wants to find out the needs of the particular sectors. This report is intended to find out the necessities of the leather sector especially in training and capacity building and the challenges.

1.1 Objective:

The study aims to present a brief scenario of the sector, assess the needs, challenges of leather and leather goods sector of Bangladesh and identify the need-based training to enhance the efficiency as well as the export potentials of the sector.

1.2 Methodology and Approach:

The study applied a mix of the secondary literature review and interviews with executive directors, deputy secretaries and other officials of the member associations of BPC and some entrepreneurs.

1.3 Sources of Information:

1. Sector study, reports and websites of Bangladesh and abroad
2. Meetings with Association representatives-LFMEAB and BTA
3. Seminar paper-Need assessment study for leather and footwear sector-2016
4. Seminar paper-Hide and Skin, Leather and Leather Goods Manufacturing Industry

1.4 Limitations:

The main limitation of the study was data collection. Unavailability of response of Bangladesh Finished Leather, Leather goods and Footwear Exporters' Association was another challenge.

Section Two: Industry and Trade Profile

2.0 Industry Profile:

2.1 Capacity and Composition:

The leather sector includes 200 tanneries, 3,500 MSMEs, 2500 footwear making units and 90 large firms.⁶ It has untapped opportunities in generating employment, investment and entrepreneurship. This sector generates direct and indirect employment for about 850,000 people, 53% of the workforce are women in the leather products industries.⁷

Table: 1: Estimated Annual Production Capacity of Raw Materials

Item	Capacity
Bovine hides and skin	9 million pieces
Sheep skins and lamb skins	16 million pieces
Lighter leather from sheep and goats	6.14 million pieces

Source: Investment Prospects in Bangladesh Leather Sector

2.2. Labor Force:

Table: 2: Estimated Labor Force

Production Stage	Skilled	Semi-Skilled	Unskilled	Professional	Total
Wet Blue	1800	1500	1000	300	4600
Crust leather	1700	1200	600	200	3700
Finished Leather	700	300	300	100	1400
Footwear	5000	4000	2000	500	11500
Other leather Goods	1000	500	500	300	2300
Total	10,200	7500	4400	1400	47000

Source: Seminar Paper-Hide and Skin, leather and leather Goods Manufacturing Industry⁸

2.3 Government Support and Incentives:

Leather sector enjoys duty free import for all type of raw materials and machinery, concessional duty on import of specified machinery. Bangladesh Bank increased the cash incentive for export of leather goods to 15% from 12.50%.⁹ As per Export Policy 2015-18, credit rescheduling¹⁰ facilities will be provided to the sick leather industries through policy support. Leather Sector Business Promotion Council (LSBPC) will get involved with the industrial entrepreneurs and exporters for the overall development of the sector. Initiatives will be taken to establish a centralized waste management plant in the Tannery Village in Savar and install of clean technology will be encouraged.

⁶ Investment Prospects in Bangladesh Leather Sector-LFMEAB

⁷ Investment Prospects in Bangladesh Leather Sector-LFMEAB

⁸ Seminar Paper-Hide and Skin, leather and leather Goods Manufacturing Industry-Bangladesh Tariff Commission -28th, June, 2016

⁹ The Dhakatribune- <http://www.dhakatribune.com/business/2016/apr/05/cash-incentives-raised-leather-textile-shrimp-exports>

¹⁰ A practice that involves restructuring the terms of an existing loan in order to extend the repayment period

2.4. Supply Chain:

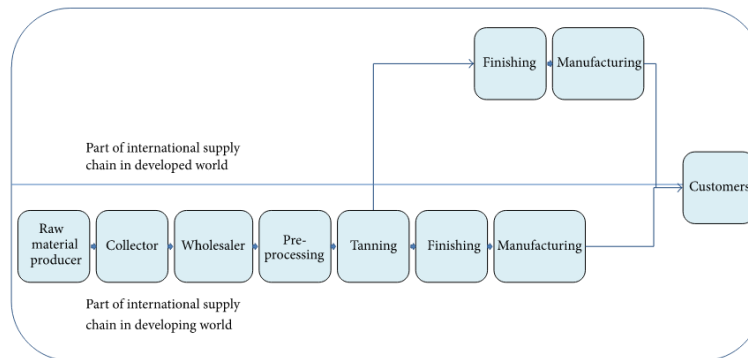


Figure 1: Leather Supply Chain¹¹

The above figure shows the supply chain integration of leather industry. The process starts from production of raw material. Then collectors collect from producers and sell to the wholesalers. Before entering to tanning sector pre-processing is required. Tanned leather is then processed and manufactured for preparing footwear.

2.5 Global Scenario:

Table: 3: Global Export Scenario (2010-2015)

Year	Value in USD Million				
	Leather (Chapter 41)	Leather Product (Chapter 42-43)	Footwear (Chapter 64)	Total	Growth (%)
2010	30176.65	8435.65	96422.48	135034.78	0
2011	32615.07	76187.64	113893.01	222695.72	65%
2012	31880.47	80690.58	116348.23	228919.28	3%
2013	35637.33	89212.82	127872.07	252722.22	10%
2014	36479.58	88594.45	140700.09	265774.12	5%
2015	30209.48	86291.28	137798.05	254298.81	-4%

Source: ITC trade Map

The above table shows global export scenario of leather and leather goods. In the year 2011 the total export was USD 222695.72 and it increased by USD 87660.94 and the growth rate was 65%. In the following year export value was USD 6223.56 higher than the previous. The export of leather footwear increased gradually and in the year 2014 it was the highest USD 140700.09 in five years. In 2015 total export of leather, leather product and leather footwear was USD 254298.81 which was USD 11475.31.

¹¹ Supply Chain Integration in the Manufacturing Firms in Developing Country: An Ethiopian Case Study
<http://www.hindawi.com/journals/jie/2014/251982/fig1/>

Table: 4: Global Import Scenario (2010-2015)

Value in USD Million					
Year	Leather (Chapter 41)	Leather Product (Chapter 42-43)	Footwear (Chapter 64)	Total	Growth (%)
2010	26308.78	60778.90	102114.02	189201.69	0
2011	31605.98	73106.18	116603.44	221315.59	17%
2012	30119.97	75826.35	116297.93	222244.25	0%
2013	33826.80	80300.22	123550.71	237677.74	7%
2014	36042.28	83215.28	132586.91	251844.47	6%
2015	30907.97	80153.91	130860.65	241922.52	-4%

Source: ITC trade Map

The above table summarizes the total import scenario of the world. In the year, 2011 and 2012 the import amount was USD 221315.59 and USD 222244.25 respectively. The import value of leather and leather products was USD 119257.56 in 2014 and it was increased by USD 8195.68. The global footwear import was highest- USD 132586.91 and the growth was 6% in the year 2014.

2.6 Trade Profile:

2.6.1 Export:

Bangladesh produces and exports quality bovine and ovine, caprine leathers that have a good international reputation for fine textured skins.¹² It also produces leather shoes, travel bags, wallets, and belts. About 95% of leather and leather products of Bangladesh are marketed abroad, mostly in the form of crushed leather, finished leather, leather garments, and footwear. The global leather market is worth USD 215 billion where Bangladesh accounts for only 0.5 %. ¹³.Almost 50% leather is being exported abroad. Bangladesh contributes about 4% to country's total export earnings. In 2015-16 (July to May), Bangladesh exported about USD 1225.46 million leather and leather goods.¹⁴

¹² *Bangladeshi Leather Industry: An Overview of Recent Sustainable Developments- Article in Journal- Society of Leather Technologists and Chemists · January 2013*

¹³ *Bangladesh: The next global hub for leather and footwear industries?-The Financial Express-August, 2015.*

¹⁴ Monthly Summary Sheet- Export Promotion Bureau, May, 2016.

Table:5: Export Scenario (2010-2016 up to May)

Value In USD million							
Year	Leather (Chapter 41)	Leather Product (Chapter 42-43)	Footwear (Chapter 64)	Total	Growth (%)	Total Export	Share of Total Export (%)
2010-11	297.83	55.42	297.80	651.05	42%	22928.22	2.84%
2011-12	330.16	99.36	335.51	765.03	18%	24301.90	3.15%
2012-13	399.73	161.62	419.32	980.67	28%	27027.36	3.63%
2013-14	505.54	240.09	550.11	1295.74	32%	30186.62	4.29%
2014-15	397.54	249.16	673.27	1319.97	2.0%	31208.94	4.23%

Year	Leather (Chapter 41)	Leather Product (Chapter 42-43)	Footwear (Chapter 64)	Total
2014-15 (July-June)	397.54	249.16	673.27	1319.97
2015-16 (July-June)	277.90	388.22	714.01	1380.13

Source: Monthly Summary Sheets, EPB

Year	2013-14	2014-15	2015-16(p)
Leather Footwear(6403)	378.54	483.81	494.83

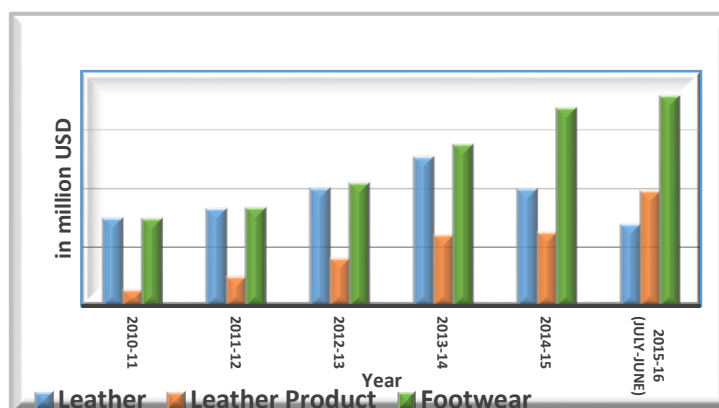
Source: Monthly Summary Sheets, EPB

In the table, in the year 2010-11, total export of leather, leather product and footwear were about USD 651.05 million and it gradually increased by USD 113.98 million in the following year 2011-12. In the year 2012-13 the export growth of leather sector was 28% which was 10% higher than the previous year. Export value increased by USD 315.07 million in the year 2013-14 and growth was 32%. In 2014-15 the export value of footwear was about USD 673.27 million which was only USD 550.11 million in the previous year. Total USD 1319.97 million was earned from export in the leather sector in the year 2014-15. In the 2015-16 (up to June) , export earnings was USD 277.90 million, USD 388.22 million and USD 714.01 million in leather, leather products and footwear respectively.

In 2014-2015 (July-June), the export value of leather was USD 397.54 million which dropped by USD 119.64 million in this year. The export performance of leather products and footwear was USD 388.22 million and USD 714.01 million.

Leather footwear export earning was USD 378.54 million in the year 2013-14. There was an increase of USD 105.27 million in the following year. In the year 2015-16(p) export earnings reached to USD 494.83 million and change in performance over previous year is 2.28%.

Figure Two: Export Scenario (2010-2016 up to June)



2.6.2 Destination:

Germany, China, Sweden, USA, Spain, Italy, France, UK, UAE etc. are the major export destination of Bangladeshi leather goods. In addition, Japan, India, Nepal, and Australia have emerged as the potential importers of Bangladeshi leather goods.¹⁵ EU is the biggest importer of Bangladesh's leather products and accounts for 60% of the total leather export.¹⁶ GSP facility and long business relationship with those countries is the main reason behind export. Major importers of Bangladeshi leather goods are International brands like Adidas, Aldo, Timber Land, Marks and Spencer, Steve Madden, Espirit, ABC Mart, Nike and K-Mart Sears etc. are sourcing leather goods or footwear from Bangladesh.¹⁷

Table:6: Top Five Importing Countries of Leather goods and footwear

Value in million USD

Country	2012-13	2013-14	2014-15
Germany	72.44	103.53	142.89
China	41.92	172.65	165.60
Japan	123.08	133.27	117.4
USA	33.49	57.59	98.52
Spain	41.96	51.96	60.01

Source: Investment Prospects in Leather Sector of Bangladesh

¹⁵ Bangladesh: The next global hub for leather and footwear industries?-The Financial Express-August, 2015.

¹⁶ Needs Assessment Study for leather and footwear sector 2016- Environmental friendly production and low cost financing –Seminar Paper, June, 2016.

¹⁷ Investment Prospects in Leather Sector of Bangladesh by LFMEAB

2.6.3 Import

Table:7: Import Scenario (2010-2015)

Year	Leather (Chapter 41)	Leather Product (Chapter 42-43)	Footwear (Chapter 64)	Total Import	Growth (%)
2010	44.738	15.475	98.414	158.627	0
2011	64.324	23.853	118.414	206.591	30%
2012	65.185	49.745	59.579	174.509	-16%
2013	91.410	80.135	89.544	261.089	50%
2014	130.332	101.115	162.829	394.276	51%
2015	115.123	130.590	211.257	456.970	16%

Source: ITC Trade Map

In the above table, in the year Bangladesh imported about USD 130.332 million leather of other animals, Leather of bovine/equine animal, raw skins of sheep or lambs, chamois leather etc. which was only USD 91.410 million in the previous year. But in 2015, the dependency on leather import was decreased by USD 15.10 million. This industry imports leather goods like trunks, suit-cases, camera cases, handbags etc. of leather, plas, tex etc. articles of apparel and clothing access, of leather or composition leather etc. In 2014 and 2015, the import value was higher than the previous years; it was about USD 101.115 million and USD 130.590 million respectively. From the year 2010 to 2015 the import of footwear was volatile. It reached to USD 211.257 million in the year 2015.

2.6.4 Sources of Raw Materials:

Bangladesh produces about 22 crore sq-ft rawhide skin every year and 50% of it is used as raw material of leather industry.¹⁸

Apart from bovine hides, buffalo, goat and sheep; a good quantity of kangaroo hides (pickled condition/wet-blue) are imported from Australia and finished in Bangladesh. Some ostrich leather is also imported from Australia for production of high quality and high priced bags and wallets for re-export to Australia.¹⁹

Table: 8: Bangladesh Import of Bovine and Ovine Leather

Category	Quantity in 2011
Imports of light leather from bovine animals	5.0 million square feet
Imports of light leather from sheep and goats	10.0 million square feet
Total	15.0 million square feet

Source: Investment Prospects in Bangladesh Leather Sector

¹⁸ Prothom Alo, Octobe,2013

¹⁹ Bangladeshi Leather Industry: An Overview of Recent Sustainable Developments- Article in Journal- Society of Leather Technologists and Chemists, January, 2013.

Section Three: Professional Associations working with Leather Sector Business Promotion Council (LSBPC):

There are only three associations working with LSBPC. These are-

- ✓ Leather goods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)
- ✓ Bangladesh Finished Leather, Leather goods and Footwear Exporters' Association (BFLFEA)
- ✓ Bangladesh Tanners Association (BTA)

3.1 Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB):

The Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) is the recognized professional trade association. This organisation represents most of the major export oriented manufacturers and exporters of leather goods and footwear in Bangladesh. The aim of LFMEAB is to establish a healthy business environment for a close and mutually beneficial relationship between the local manufacturers and exporters of leather footwear and leather goods and foreign buyers.²⁰ Total member of this association is 139.

3.1.1 Competed Training in association with Leather Business Promotion Council (LSBPC):

LFMEAB completed the following training in association with LSBPC-

1. Procurement of leather and Market Development of SMEs
2. Compliance Issue about Restricted Substance Present in Leather & Footwear for the Export Market
3. Fire Evacuation Drill
4. Standard Production Process of Footwear to Maintain Quality for SMEs
5. Quality Control through TPM (Total Productive Management)
6. Quality Aspects of Leather Products Manufacturing Process in Industry
7. Quality Management System Procedure in Footwear Industry
8. Good Manufacturing Practice
9. Emergency Accidental Procedure
10. Solid and Liquid Waste Management System
11. Awareness build up to reduce the Child Labor from footwear and leather goods industry
12. Grading and Cutting Value of Upper Leather for the Production of Footwear

²⁰ www.lfmeab.org

13. Occupational Health & Safety for Leather goods and Footwear Industry

3.2 Bangladesh Tanners Association (BTA):

Bangladesh Tanners Association (BTA) is a nonprofit association. There are about 701 members of the association. This association assists the members in issuing of export certificates a liaison with the Govt. Departments, organising different training programs jointly with LSBPC and BEGP, Ministry of Commerce to uplift leather sector in Bangladesh.²¹

3.2.1 Competed Training in association with Leather:

1. Leather cutting and stitching for footwear manufacturing
2. Effect of hazards chemicals Business Promotion Council (LSBPC and precaution
3. Proper techniques for sorting and grading of raw hides and skins in quality leather production
4. Beam house operation in tannery
5. Market development and export and export diversification of leather sector
6. Proper flaying, preservation and transportation of raw hides and skins
7. Exploit green technology in leather production
8. Modern leather finishing technology and fashion effects of leather
9. Minimization operational loss and defects in leather production
10. Sustainability in the leather supply chain
11. Total production maintenance
12. Quality control procedure for the production of finished leather
13. Development of finishing techniques for leather
14. Health and safety in products industry

3.3 Training Initiatives of Different Organisations:

✓ The Skills for Employment Investment Program (SEIP):

To boost the productivity of the workers through training The Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh and Skills for Employment Investment Programme or SEIP signed an agreement. The project aims to employ 70 percent of the trainees to the member factories of the association after the completion of the courses.²²

²¹ <http://www.tannersbd.com/>

²² Deal on higher productivity in leather sector-The Daily Star, May 10, 2016.

✓ **Bangladesh Economic Growth Programme (BEGP):**

BEGP is a USAID funded project sponsored by Ministry of Commerce. Reduce poverty by increasing the competitiveness in selected sectors of the economy, including Aquaculture, Horticulture and Leather products.

Training program is organized in a collaborative way. BPC works as the facilitating agency in organizing the BEGPP training programs through different associations under its umbrella. There is an MOU between BEGP and BPC, which works as the guiding document for management of the training program.²³ It started its activities from December 2011. The project came to an end in March 2016.

✓ **Centre of Excellence for Leather Skill Bangladesh Limited (COEL):**

Centre of Excellence for Leather Skill Bangladesh Limited (COEL) is the first legal entity of its kind in the country. It is an initiative of Industry Skills Council (ISC), the apex industry body on skills development which will act as one point service centre for leather sector in relation to skill development.²⁴ Its objective is to operate as one stop solution for industry driven training, research, course curriculum development and other skills development events while building its own capacity through international accreditation, certification and public private partnership (PPP).

Training:

- ✓ Industry –led Apprenticeship Program
- ✓ NTVQF Machine Operations (Footwear) Level 1
- ✓ Soft Skill Training
- ✓ Designing and Pattern
- ✓ Making Compliance Audit & Consultancy

✓ **ECOLEBAN**

ECOLEBAN is a four-year project (2014-2018) supported by the European Union (EU) under the SWITCH Asia Programme. It promotes the resource efficiency and sustainability of the leather sector in Bangladesh throughout the whole value chain of the leather related products such as footwear and other leather goods. The overall objective of the action is to enhance the resource efficiency and sustainability of the leather sector in Bangladesh throughout the whole value chain of the leather related products such as footwear and other leather goods.

²³ Bangladesh Economic Growth Programme- <http://begpbd.org/index.php>

²⁴ Centre of Excellence for leather Skill Bangladesh Ltd (COEL)

Section Four: Challenges

Leather sector of Bangladesh faces various challenges. Major challenges collected from reports, seminars, interviews are summarized below-

Factors	Description
1. Shortage of educated and skilled technical workforce	Lack of uniform training initiatives results in shortage of manpower in both tanning and footwear industry
2. Technological Barriers	Insufficient knowledge and adaptability regarding advanced technology if the local firms.
3. Insufficient R&D initiatives and facilities	To be competent in the global leather sector more research and development activities are required from government and private sector.
4. Environmental Degradation Of Existing Tannery Area, Hazaribagh	Inefficient use of leather resources creates a negative impact on the environment. Firms are not much aware of using resources wisely.
5. Low confidence on the sector from the banking industry	Due to environmental compliance challenges banks cannot rely on local small firms for the repayment of the loan.
6. High interest rate	High rate of interest on term loans and working capital, limited access to finance
7. Lower level of co-ordination	Co-ordination among associations and government agencies are insignificant.
8. Raw materials Collection Gap	Improper curing of leather from the source creates quality raw materials constraints.

Section Five: Findings:

On the availability of the two associations' officials following findings are prepared –

5.1.0 LFMEAB: Requirements:

- **Promotional Activities:**

Business Promotion Council (BPC) provides training funds to the association to conduct trainings in different levels. The association requires more promotional activities from BPC. They want BPC to map the whole the business environment of leather sector and invest more in the promotion of the leather goods and footwear in both local and different potential markets like-

1. Capitalization of Eco labeling as a branding tool
2. ISO Certification
3. B2B market place for the manufacturers
4. International training, workshops, seminar symposiums
5. Providing necessary information and guidance to overseas investors towards joint venture collaborations and other strategic alliances
6. Collaboration with specific international projects to build capacities and increase trade between the countries involved in the projects.

- **Training Activities:**

LFMEAB officials recommended that. Business Promotion Council (BPC) should re-define their training activities from traditional to trade-oriented training programmes. They mentioned few probable training topics-

1. Trade Facilitation in leather sector
2. Building Capacity for Trade
3. Awareness programs- ISO , Green Financing ,Technology
4. Market access, and capital access
5. Environmental friendly production
6. Green financing sources
7. Environmental Compliance
8. Leather Competitiveness Improvement Programme (LCIP)

5.2 BTA: Requirements:

BTA is quite satisfied with the trainings initiatives of LSBPC. BTA demands more training funding from LSBPC to cover more districts and specialized trainings programme in the tannery village premises. Their capacity will increase more when the whole tannery will shifted to Savar, so they have to increase the number of trainings there to train up additional workforce. International Exhibition Trainings and tours for mid- level employees in abroad Training can be provided on the followings topics-

1. Cleaner and Energy Conservation Technologies (CETs) in Leather Sector
2. Leather Competitiveness Improvement Programme (LCIP)
3. Energy Management System for a Tannery
4. Cost Benefit Analysis of Energy Efficient Technologies for Tannery

Section Six: Recommendations

For capacity building of the workers and mid-level management of the leather sector few initiatives are needed to be taken. These recommendations are given to facilitate training in the overall sector.

1. Co-ordination:

The sector is mainly divided into two major heads- leather processing and manufacturer of leather goods and footwear. The requirements of members under two heads are different. Increased co-ordination among three associations and LSBPC will help to find out the needs of the particular association and how they can work together to build the strength of the whole sector. For higher level of co-ordination LSBPC can take following initiatives-

Initiatives	Expected Outcomes
Arrangement of round table discussions, workshops, separately and jointly with the associations on specific issue.	Feedbacks to make concrete decisions.
Establishment of Common Facility Centre (CFC) (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc.).	Low cost access of advanced facilities.
Identification of common training requirements of the associations and organise uniform training for the members.	Reduction of redundancy and cost.
Identification of the gap between local backward linkage and forward linkage of the leather sector and make initiatives to minimize the gaps.	Improvement of the quality of raw materials for the leather goods and footwear manufacturing.

2. Promotional Activities:

Business Promotion Council (BPC) is a product specific sector promotion council with a mandate for export diversification. To promote leather and leather goods following initiatives can be beneficial-

Initiatives	Expected Outcomes
To send and receive trade delegation.	Exploration of business opportunities in the emerging markets.
Development linkage with different institutions/ enterprises home and abroad.	Knowledge and technology transfer.
Organising Buyers Sellers meet in Bangladesh.	Interactions and exploration better opportunities.
Offering technical, marketing & design assistance to exporters.	Improved quality and design of exported products.
Inviting key resource personnel for fairs, seminars and lectures.	Exchange of information, knowledge, ideas and strategies.

To publish and circulate brochures.	Familiarization of the leather goods and footwear in home and abroad.
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3. Research and Development Activities:

Sector specific study will give insights of the problems and prospects of the leather industry and assist to identify gaps where training is required-

Topics for Research	Expected Outcomes
Product and Market Diversification of Leather Products.	Identification of new products and markets.
Consumer Perception on Green Production	Demand of green products
Green Financing	Possibilities of promotion of green technology and green products.
Treatment of leather and tannery waste water.	Better waste management practices.
Cost Benefit Analysis of Energy Efficient Technologies.	Cost effective use of energy.
Compliance issues in Leather Sector.	Better practices of compliance.

4. Access to Finance:

Initiatives	Expected Outcomes
Engaging financial institutions and associations for simplifying the investment and loan provisions.	Increased confidence of the banking industry.
Introducing Venture Capital ²⁵	Increase in new investment in the sector
Allocation of more fund for training from BPC	Better quality training

²⁵ Venture capital is financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential.

5. Raw Material Collection Gap:

Manufacturers often face problems while collecting quality raw materials. Natural defects (scratches, disease and man-made defects (brand marks, ripping and flaying problems, preservation, transportation, storage and bad handling) downgrade the quality. Chemical import

Initiatives	Expected Outcomes
Livestock management and slaughter (through training, leaflets, brochures)	More informed farmers and butchers.
Establishment of centralised slaughterhouses	Reduction of cost.
Use of advanced preservation technology and chemicals	Better preservation of raw hides and skins.
Initiatives for better transportation and storage management	Faster collection of quality raw materials

6. Training:

The leather-based industry encompasses the entire value chain from collecting hides to producing consumer goods made of genuine leather and leather products. The training needs of the tanners and manufacturers are not similar.

Initiatives	Expected Outcomes
Establishment of sector dedicated <i>Leather Skill Council</i> .	This council will identify the skill development needs and skill development roadmap for the sector.
Development of National Operating Standards (NOS) ²⁶ .	Identification and planning of job wise training requirements.
Trainee Database or Directory.	To keep track on the number of workers trained.
Training Assessment.	Better monitoring and control.
Accreditation with educational institutional and vocational training.	Better international recognition.
Monetary reward scheme and certification.	Work as a motivational tool to receive training.
Publication of monthly newsletter.	Publicity of completed training, workshops, fairs etc.

²⁶ National Occupational Standards (NOS) specify standards of performance that people are expected to achieve in their work, and the knowledge and skills they need to perform effectively.

Training Content Examples			
Head of the Activity	Description of Activity	Expected Outcome	Implementing Agency
For Tannery and Footwear			
Trainings	Proper flaying ,preservation and transportation of raw hides and skins	Better preservation of raw hides	Related leather association and BPC
	Advance Shoe Styling	Better design of the shoes	Related leather association and BPC
	Introduction to shoemaking and pattern making	Improved patterns in shoe making	Related leather association and BPC
	Selection of material leather and accessories	Increased capacity in selection of materials of footwear	Related leather association and BPC
	Footwear Quality Management	Improved quality	Related leather association and BPC
Workshop	Practices of Labor law and rights	Workers will more aware of their rights	Related leather association and BPC
Study Circle Session	Disease and Health Condition of workers	Increased health awareness	Bangladesh Labor Welfare Foundation
Trainings for Trainers (ToT)	Capacity Building Training Programme for Trainers	Expert and Skilled Trainers	BPC, Development Partners and Relevant Associations
Trainings for Mid-Level Management	Training on Rules, Regulation and Customs Duty of Export-Import	Increased Knowledge level regarding customs procedure	BPC, NBR and Relevant Associations
	Training on New VAT Act	Better Understanding of New VAT Act	BPC, NBR and Relevant Associations
	Trainings on Enhance Managerial Efficiency	Capacity Building for Mid-Level Management	BPC and Relevant Associations
	Trainings on Government Policies and incentives	Increased Knowledge level regarding government policy	BPC and Relevant Associations
	Trainings on Corporate Social Responsibility,	Increased Knowledge level	BPC and Relevant Associations

	Quality Systems and Environmental issues.	Regarding CSR	
For Designers	Shoe Design (Sketching, Range Building), Range Building, Pattern Engineering And Size Grading, Documentation, Material Costing.	Improved footwear design	Related Association associated with experts from foreign leather shoe designer
For Sales and Marketing Team	Special and practical aspects of leather, footwear, leather goods and leather garment marketing	More presence in the international market	BFTI and Related Association
Seminars/ Roundtables	Relocation of Tannery : Problems and Prospects	More solutions regarding problems and prospects	BFTI
	Impact of Productivity Improvement on Business	Increased awareness among the entrepreneurs about the productivity improvement	BPC and Relevant Associations

Section Seven: Concluding Remarks

Leather is one of the oldest industries in Bangladesh. It plays a significant role in the national economy with a good reputation worldwide. This is an agro-based by-product industry with locally available indigenous raw materials having a potential for export development and sustained growth over the coming years.²⁷ Increasing interest of buyers has opened up an opportunity for footwear and leather industries of Bangladesh.

Leather sector is a labour-intensive industry and Bangladesh enjoys competitive labour force compared to other global competitors like China. But though getting facilities and government support leather sector of Bangladesh faces challenges like- interrupted power supply and poor infrastructure, high rate of interest on term loans and working capital, inadequate training facilities and product development expertise.

Leather products sector currently employing about 200,000 and have potential to employing several hundred thousand in the near future.²⁸ Relocation of tannery estate in Savar will increase the overall capacity of the sector. Leather sector can increase its export by capitalizing the surplus production capacity. To meet the surplus production capacity, sectors need skilled labor force. So more investment and initiatives in trainings will be required to increase the capacity of the human resource of this sector. Associations and Business Promotion Council can work together to facilitate training programmes to create strong working force to compete in the global arena.

²⁷ Bangladeshi Leather Industry: An Overview of Recent Sustainable Developments- Journal- Society of Leather Technologists and Chemists

²⁸ Prospects of Bangladesh Leather Industry: Farm To Fashion Products- Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh(LFMEAB)- April,2016

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