

Hides And Skins Production And Marketing Systems In Ethiopia; A Systematic Review (Des, 2017)

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Abstract - In Ethiopia hides and skins have a wide importance mainly as a source of foreign currency of the leather industry. The consumption of these products is low for reasons of low quality and market imperfection. The objectives of this review were reviewing of hides and skins production and marketing system in Ethiopia. Lack of competitive pricing is the major problem marketing of hides and skins. Farmers do not set price for their hide or skin. The reasons are: usually prices set by traders, they are mostly price takers, because they can't return back their hide or skin. Livestock diseases and parasites as well as lack of veterinary services are also indicated as the major problem in reducing quality of hides and skins. According different articles adding salt to the fresh hide and skin is the most preservation method because it's highly demand in the market. Buying process is doing without following the grading standards of hides and skins, by simple sorting based on visible defects. Therefore Market system of hides and skins should be improved to standardize pricing based on quality and Provision of efficient and effective veterinary service to the animals and effective extension service to the producers is crucial for the quality improvement.

Key words: hide, skin, production and marketing

I. INTRODUCTION

Ethiopia possesses one of the largest livestock populations. According to CSA (2012), there are approximately 52.13 million cattle. There are 25.5 million sheep, 18.9 million goats and 1.1 million camels in the country [4]. The livestock sector in Ethiopia contributes markets 12 and 33% of the total and Agricultural Gross Domestic Product (GDP), respectively, and provides livelihood for 65% of the population. The sector also accounts for 12-15% of total export earnings, of the total household cash income from crop and livestock, livestock account for 37-87% in different parts of the country, and the higher cash income the higher is the share of livestock, indicating that increased cash income come primarily from livestock [7].

In Ethiopia hides and skins much to the export earnings from the livestock sector. In addition, it has a large contribution to the leather industry. Ethiopia has been exporting hides and skins in the past 100years [9]. The country has big potential to develop the sub-sector. In 2002 hide and skin represent major sours of foreign exchange earnings for the country accordingly 14-16% of the total export and revenue. In relation to these Ethiopia leather industry at the forefront of leather sector development of Eastern and Southern Africa region. The major export contributor of the manufacturing sector in Ethiopia is the leather and footwear industry, which contributed 70% of the export earnings for the year 2005-2007 [16]. The total value of export of the leather and leather product is USD 66.9 million, 75.3 million and 98.4 million in the years 2005, 2006 and 2007, respectively. Hide and skin are an important economic component of the country, which contributes significant amount to the country economy [16]. Different policies adopted by the federal government of Ethiopia availability of cheap labour force and resource base create conductivity environment especially for being component in trading of hides and skins in the world market. However, the marketing system/trade/ in the sub-sector is constrained by various structural, production, information exchange, and promotion problems, as well as financial constraints [9].

Since the sector have significant economic importance, much effort are needed to improve the quality and increase the quality, this leads effective and efficient utilization. Traditionally farmers treated their animals when they get sick, injured and others. The common traditional practice is branding the animal; this is the negative method that reduced the quality of hides and skins. Hides and skins are animal by-product and there is still little consideration given to the care required for the collection and processing of hide and skins in to high quality, leather [1]. Hide and skin production and marketing system play an important role in Ethiopia. However there is lack of information about the production and marketing system of hide and skin. For this reason, it has been remained to have a good appropriate production and marketing system for hide and skin; This review was carried out with the general objective of reviewing hides and skins production and marketing system in Ethiopia and the specific aims of the review were;

- To review hides and skins production system of the country
- To review marketing system of hides and skins of the country

II. REVIEW OF LITERATURE

2.1. Conceptual Definition and Classifications of Hide and Skins

The term 'hides and skins' are often used as if they were interchangeable, but according to the British standard definitions; Hide is the raw skin of a mature animals of larger kinds, example cattle and horse and also other large animals. Skin is the skin of fully grown animals of smaller kinds, example, shoat, pigs, reptiles, birds and fishes or of immature animals of the large species. Example, calves and colts. Hides are dividing according to age and weight of the animals. Accordingly; calf skins usually weight from 0-6 kg; in green conditions. Adult Animals hides which are categorized in to three, light,

medium and heavy. Light; hides from young heifers /bulls with a weight of 6-11kg; in green state. Medium; hides from young cows and bull which weigh 11-17kg. Heavy; hides from full grown cows or bulls which weigh more than 17kg. Sheep skins are divided in to hairy and wool types subject to the types of the hair cover .Goat skins are highly valued as the raw material because of their highly quality for upper leathers [18].

2.2. Hide and skin production in Ethiopia

A production of Hide and skin at the primary level in the rural areas starts with a butcher or individual farmer in a community. In urban centre slaughter takes place mostly in organized slaughter houses or abattoirs of varying degree of mechanization [15].

2.2.1. Development of Hide and Skin Sector in Ethiopia

In Ethiopia annual per capital consumptions of food of animal origin, particularly meat is very low, which is 7.4 kg per annual. However, this is assumed to grow with the improvement in income per head and population growth leading to increased slaughter of animals and hides and skins production [9]. Ethiopia has been exporting more of hides and skins relative to its meat and live animals export .The channels for the collection of hides and skins to the tanneries are relatively well established but need significant improvement to reduced damages caused by thorns, ectoparasitic diseases, poor flaying and storage methods. Whereas achieving significant improvements on former two may not be easy given the countries under developed animal health delivery system and livestock grazing habits, technical improvements on the latter two are within reach given some commitment [19].

The introduction of modern system of improvement of hides and skins in an organized form in the country could be looked at in three different stages of development. The first was the establishment of Livestock and Meat Board in 1964 and continued introducing the system of moving the traditional method of preservation of hide and skin (ground drying, smoking and pegging of sheep and goats skins etc.), to modern preservation method is frame drying techniques, so as to promote the production and supply of better quality raw material and to discourage the improperly preserved hides from reaching central market. This resulted in a systematic procedure of marketing [2].

The second stage was the establishment of the second Livestock Development project (SLDP) in 1972 for the improvement of livestock marketing infrastructure and quality of hides and skins [8], and has contributed greatly to the proper handling of hides and skins in the country. In the third stage of development, the government tried to have a broader outlook of the hides and skins industries of the country and a detailed work were done.

2.2.2. Collection of raw hide and skin

The collector of raw hide and skin are available in almost all towns of Ethiopia. At least one business person is found in the smallest town. Some of they have other side line business such as, butchery, retail trade, and brokerage. They collect hide and skin from both rural through rural agents or through farmers carriage to market and urban areas through intermediary collectors or themselves The major areas to collect hide and skins are Modjo, Arbaminch, and modern abattoirs collection centre [14].

2.3. Preservation of skin and hide

Preservation is the name given to variety of procedures, which can be applied to hide and skin in order to reduce, or stop spoilage by extending the shelf life of hide and skin. Preservation can only maintain quality. It follows that a bad preservation will allow deterioration of all a skin, irrespective of original quality [13]. Most hides and skins are preserved in one way or another before being shipped to a tannery, but it is not always necessary in the manufacture of leather [10]. Freshly flayed hides and skins may be dispatched immediately to the tannery and made in to leather. Unfortunately, few tanneries are sited close enough to their source of raw material to be able to receive fresh skins. Generally though, tanneries are still geographically isolated from their raw material. This has significant implication in the utilization of hides and skins. There are different preservation methods. Among these preservation farmers used wet salting method. According to the 1990 national leather and shoe corporation annual reports, 77.8% of the hide purchased by tanneries in that year were air dried, 4.4% wet salted and 17.8% fresh.

2.4. Socio Economic Importance of Hide and Skin

Hide and skin are animal by-products, which generates a high currency next to coffee. They are produce jointly with meat and possibly milk, but generally account for less than five percent (5%) of the values of the animals. Although leather, from the hides of large ruminants and used mainly for shoes making, is the most important of world trade in hides and skins, these small scale may also be of value. Sheep skins are often traded with wool attached, including the especial case of karakul best known as astrakahans while goat fibers such as mohair and cashmere are highly valued. Goat and pig skins provide delicate leathers, while rabbits skin are also of value and also their main importance today as clothing particularly coats [14].

2.5. Trade and marketing concepts

The concepts of exchange and relationships lead to the concept of market. It is the set of actual and potential buyers of a product [12].

However, a market can be visualized as proses in which owner ship good is transfer from sellers to buyers who may be final consumers or intermediary. Therefore, markets involve sales locations, sellers, buyers, and transaction. Marketing is managing markets to bring about profitable exchange relationship [12]. The broad terms, marketing system may be defined as the totality of product channels, market participants and business activities involved in the physical and economical transfer of goods and service from producers to consumers. Marketing system operate through a set of intermediaries performing useful commercial functions in the chain formation all the way from the producer to the final consumer [11].

2.5.1. Marketing channel

Formally, marketing channel is a business structure of interdependent organization that reach from the point of product origin to the consumer with the purpose of moving product to their final consumption destination [13]. This channel may be short or long depending on kind and quality of the product marketed, available market service, and prevailing social and physical environment [11].

2.5.2. Trade and marketing of hide and skin

Market globalization poses considerable challenges to farmers and these living rural areas in developing countries, where inadequate infrastructure and limited access to information and technology increase both production and transaction costs. So, how can products compete in such markets, which are more and more demanding with regard to product quality and timely delivery should be considered [5].

2.5.3. Trade of hide and skin

Trade in hide and skin, semi processed tanned leather goods is a lucrative business. This is particularly the case for some developing countries where the dynamism of the sector has led to a move up the value added chain and strong market position. As a result, developing country holds a 45% share of world trade in leather manufacture. Many have substantially increased their share of world foot wear production in relation to developed country [17].

2.5.4. Marketing of hide and skin

The available research results for livestock marketing in Ethiopia are outdated current knowledge on livestock market structure, performance and prices is poor and inadequate for designing policies and institutions to overcome perceived problems in the domestic and export marketing system [3]. Livestock price drop down during drought and peak up during holidays (Christian, Muslim or other public) [19]. Transport constitutes a major cost factor in livestock trading. As a result, transport cost determines the level of profits accrued by livestock traders. Those traders with their own means of transport accrue the highest profit margin from high turnover volume and saving in transport cost.

2.6. Major constraints of hide and skin production and marketing

The major hide and skin marketing faced were reflections of the economic policy which were characterized by socialist oriented development and centralized planning system: nationalization of major industry, financial institution, allocation of quotas, fixing prices, legal monopoly of corporation, restriction of trade movement and the like [8]. Apart from the problems that stemmed from the system the main constraints in the marketing of skin and hide included inadequate network of primary buyers, lack of facility for slaughtering, preservation, storage, transportation, disease, parasite, flay cut and lack of incentives for improvement and limited effectiveness of government extension service [2]. The main constraints adversely affecting the production and marketing of hides and skins are outlined below.

2.6.1. Shortage of raw material

The expansion of artisans (local tanners) and the utilization of hide and skin for traditional house hold items, the existence of cross border illicit trade and misuse of the raw material due to lack of awareness, result in a low recovery rate and ultimately shortages of raw HS in the central market [2].

2.6.2. Quality deterioration

The limited number of slaughter facilities inadequacies in preservation techniques, other man-made and natural defects inflicted on the raw hides and skins downgrades quality [2].

2.6.3. Inadequate numbers of slaughterhouses and slabs

The number of slaughterhouses in the country is very limited. Thus, the majority of cattle, sheep and goat slaughter are carried out in the backyard that results in poor quality raw hide and skin [2].

2.6.4. Gap between demand and potential supply

The increasing number of tanneries has increased raw material demand far beyond the existing potential supply. This leads to unhealthy competition among tanneries and an escalation of price in the domestic market [8].

III. CONCLUSION AND RECOMMENDATION

The findings of this particular review indicated that the negative impact of climate changes in the low land areas of Ethiopia includes: The main objective of this particular review is to review the production and marketing system of hides and skins in Ethiopia. According to different articles the producers purchase hides and skins immediately for other traders either local collectors or wholesalers because of putrefaction but all local collectors and wholesalers use preservation method especially wet salted. The producers sell their hides and skins to whoever plays better price. Out of the producers 56.5% did not acquire any power in price decision as they are price takers. Most farmers supplied their hide or skin mainly to local collectors due to distance and information factors. Local collectors are the significant actors in the local market of hides and skins; they buy hides and skins from producers and sell to wholesalers depending upon prior agreements and/or fairness of the price offered. Wholesale traders play significant role in price making because of having timely price information from tanneries and from others. Producers have limited access to market and weak bargaining power partly due to lack of market information. Wholesalers seemed to control the major channel (due to asymmetric market information) which resulted in exploitative market behaviour in raw hides and skins market. The production and marketing system is affected by a number of problems. Livestock diseases and parasites as well as lack of veterinary services were indicated as the major problem in reducing quality of hides and skins. Quality grading practiced by traders is not based on the standards and specifications of the country. They are subjective and not transparent. Lack of access to market (information and distance) also causes significant problem to the farmers. There is shortage of supply of good quality hides and skins due to husbandry and management problems. Lack of access to transportation is also another problem of the local collectors. Supply of hides and skins is mainly dependent on livestock ownership and extension service in the country. The demand is increasing throughout the year due to increasing

value of hides and skins in domestic and export markets. The price fluctuated mainly due to international market instability. The profit of market participants varies among different channels. Wholesalers that purchase hides and skins from producers obtained highest profit because of the direct, low operating costs and direct sale to the tanneries. In contrast, rural collectors received lowest profit, because of high transport cost. Short and long term trainings should be given to livestock producers of the community focusing on the improved systems of livestock management to improve production and quality of hides and skins. Public or private market information service rendering agencies should be involved in the area of hides and skins marketing in providing reliable and timely information. Provision of efficient and effective veterinary service to the animals and effective extension service to the producers is crucial for the quality improvement.

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