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# Leather Industry Status in Jordan Focus Group Discussions Report

WP1.2, Preparation

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(\* ) Action: C = Creation, I = Insert, U = Update, R = Replace, D = Delete

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## 1. EXECUTIVE SUMMARY

This report constitutes an analysis of the deliverable D1.2 of WP1 of the “Innovation for the Leather Industry in Jordan and Egypt (INNOLEA)”; an Erasmus+ project, which aims to create and maintain a link between Universities and businesses of the leather sector that will foster innovation and the manufacturing of high value quality products, as well as further cooperation between EU and Jordan and Egypt Universities and leather businesses.

Two focus group discussions have been organized by the JO partners in INNOLEA project in March 2018. Total number of participants in the two focus groups exceeded 30 participants from different leather sector stakeholders. These discussions were very fruitful to identify the problems and challenges facing this vital sector in Jordan, to determine its needs, and to recommend solutions to promote and enhance its performance. To ensure some comparability between the two focus groups, the same set of questions were asked to participants at each meeting. Analysis of the discussions showed the dramatic decline of this industry in Jordan and highlighted some reasons behind this decline. Areas of collaboration between the leather industry sector and the academia in Jordan have been identified, and suggested to be implemented partly in the Research Centers that will be established at JUST and BAU. Some solutions, suggestions, and recommendations to the government have been also identified in these focus group discussions.

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## 2. INTRODUCTION

Two decades ago, the leather and leather industry in Jordan was one of the top among neighboring Arab countries; ranked fourth after Tunisia, Morocco, and Lebanon. The leather and leather products consist of the following activities: collecting raw materials (hides and skins of slaughtered animals), tanning them, and manufacturing products from the finished leather. The major species that supply raw materials of leather to the leather industry in Jordan are hides and skins of livestock of cattle, goat and sheep. Jordan used to produce high quality products that have a high demand by the local and international markets. Over the last 10 years, the leather industry in Jordan has severely declined and lost its competitiveness in the local and international markets due to several reasons including the lack of tannery plants, low-quality raw materials of leather, competitiveness of neighboring and international leather producers, and the restricted governmental regulations and policies related to leather sector. The future status of the leather industry in Jordan raises concerns among leather specialists participating in this group discussion who stressed on the government of Jordan to rescue this sector and promotes its growth and competitiveness.

INNOLEA is an EU funded project through Erasmus+ Project, that aims to create and maintain a link between Universities and businesses of the leather sector that will foster innovation and the manufacturing of high value quality products, as well as further cooperation between EU and Jordan and Egypt Universities and leather businesses.

The project also aims to help and encourage the Egyptian and Jordanian governments to favour the establishment of leather centers within universities and to promote research and projects between EU and Egypt and Jordan universities in the leather sector, by creating a research innovation and training network, which will continue to operate and after the end of the current project. Thus, INNOLEA project aims to fill an apparent gap in the area of specialized services for the leather sector with the establishment of four leather centres in local Universities, two in Jordan and two in Egypt, utilizing the experience and expertise of EU partners in the area of services for the leather sector. Through the creation of these centres and the further tasks that

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will be implemented in this project, the leather sectors in Jordan and Egypt will be offered access to business development services, such as quality testing, product certification, training, fashion trends, production organization, B2B and funding opportunities, and subsequently, the Jordanian and Egyptian leathers sector will have a valuable ally for its further development.

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### 3. METHODOLOGY

In order to identify the needs of the leather industry in Jordan, focus group discussions approach has been adopted as the qualitative approach. Group dialogue tends to generate rich information, as participants' insights tend to "trigger" the sharing of others' personal experiences and perspectives in a way that can more easily or readily tease out the nuances and tensions of complex topics and subjects – a dynamic that is not present during key informant interviews. Analysis of the reports of these dialogues can help in designing and developing quantitative techniques that are based on surveys and one-on-one interviews.

Two focus group discussions have been arranged to be conducted in Jordan in March 2018, with 10-15 participants in each focus group. Each focus group took about 120 minutes. To our knowledge, these national focus groups were the first of their kind relating academic staff to their counterparts' leather industrial experts in Jordan. The focus groups also included Amman Industrial Chamber as a policymaker.

The discussions focused on identifying the status of the leather industry in Jordan, areas of collaboration between leather industry and academia, and recommendations to the government to help and promote the leather industry sector in Jordan.

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#### 4. KEY RESULTS

##### 4.1. First Theme: The status and the future of the leather industry in the country

1. The leather industry in Jordan has declined during the last 10-15 years dramatically; more than 60% of the leather industries have been out of business. The absence of any regulations on the imported leather products and the absence of any incentives to the local leather products contributed significantly to the damage of the leather industry in Jordan.

2. The process of tanning becomes worse and worse, and nowadays, the finished leather is in very low quality, and it cannot be used nationally or exported outside. This is due to:

- The waste effluent, which needs to be treated in very high cost treatment process, and the environmental effect of chemicals are too much toxic and the treatment processes are very expensive.
- The lack of using all raw leather skins in Jordan (not all of them have the connections with the shepherd and the distance between the company and the flaying places). The old and bad techniques of leather flaying which wound and harm the skin because of using bad knives, this technique lowers the quality of hides and skins.

Due to using knives in flaying the slaughtered animals, more than **90%** of raw materials do not have the quality required for manufacturing high quality products and mostly are ranked waste.

- The chance to use the resulted hair and wool is very limited too, that there is no unit or manufacturing plant for preparing wool and testing them, in order to use it as additional income.

3. The process of manufacturing the imported leather becomes worse due to the cost of the imported leather and the high cost of the workers, the limited variety of products, the lack of molding machines, and the lack of the high cost of the variety of productions machines. Mostly, the imported products, mainly imported from china, have a lower quality from the national products. Some imported products such as products of Turkey and Italy have similar or better quality than the national ones. The national products are not exported for the niche markets such



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as Iraq and Syria, as used to be few years ago, due to the current political situations of these countries.

#### **4.2 Second Theme: The needed steps and regulations from the government to help the leather industry in the country**

1. All participants agreed that The Free Trade Agreements, which are the first governmental regulations and policies to make the competition between the imported and nationally produced leather shoes and bags, depend firstly on the low-price market. Participants indicated that given the economic situation in Jordan, most of customers do not care for the quality of the raw materials because they are interested to buy lower- price products, especially if they are more modern colours and designs.
2. For the tanning process, the government does not allow to open new tannery companies (nowadays they are only 4) because of the problems of the wastewater of the effluent of the tanning process.
3. The participants argued that the following actions may help revolving the leather industry in Jordan and may also help the leather products to compete with the imported products. These actions include:
  - Establishing a unit or laboratory to test the imported leather products, and each batch of imported products has to be checked and tested; at least comparable to the national products. The participants show their interest to cooperate as Jordanian Leather Exporter and Manufacturers Society with Amman Chamber of Industry (ACI) to make the regulations and policies fairer toward the imported and manufactured products by implementing the quality-standard codes on the imported leather products to Jordan.
  - Providing incentives to exported Jordanian leather products; similar to those in China and Iran, so that Jordanian leather products can compete in the regional markets.
  - Allocating designated areas for the tannery process, with all necessary facilities and infrastructure.

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#### 4.3 Third Theme: The collaboration with the universities

1. The training for both leather tannery and manufacturing industries should focus on using the best techniques and machines and producing high quality finished leather, and lower cost, higher quality and varied in designs products. This includes
  - Offering in-factory training to enhance the workability and profession current workers.
  - Offering a special training for the moulding process for shoe industry.
  - Offering a special training for modern designs of shoes.
  
2. Establishment of two research centres at JUST and BAU equipped with the needed instruments for leather and shoe testing, to be also as research and development unit for the leather design, process and support.
  
3. Providing modern and low cost treatment unit for the effluent waste of the tannery plants.
  
4. Establishing an education program at the community college or university level to teach and train students and workers.

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## 5. CONCLUSIONS

Two focus group discussions have been held in Jordan at Amman Industrial Chamber with diverse group of participants representing Association of Leather Exporters and Manufacturers, Jordanian Universities, leather companies, and workers to discuss the status of leather industry in Jordan, identify problems and challenges, recommend solutions, and determine the needs to promote this sector. The participants indicated that the leather industry lost its competitive edge that used to has 10-15 years ago. They blamed the government regulations for the decline of the leather industry in Jordan. The participants indicated that there is a need to provide the workers engaged in leather industry with training on the use of leather-molding machines, leather-testing machines, and the design of leather products. At the national level, they stressed on the government of Jordan to allocate a specialized territory for tannery owners, equipped with effluent treatment plants to reuse the water from tanning process. They also emphasized on the importance of collaboration between Jordanian universities and the industry, stressing on the importance of establishing an educational and training program related to leather processing and manufacturing at the Jordanian Universities.

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## ANNEX I: FOCUS GROUP QUESTIONS

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**In the first set of questions, we will ask about the status and the future of the leather industry in the country.**

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Q1. Let us start by discussing how you see the status of the leather industry in the country.

Q2. Now let us discuss how you see the future of the leather industry in the country.

Q3. How do you see the competition of the local products vs the imported ones?

Q4. Can the local leather product be exported? If no, please elaborate why

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**In the next set of questions, we will ask about the needed steps and regulations from the government to help the leather industry in the country.**

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Q5. Do you think that the government is promoting and helping the leather industry in the country?

Q6. How do you think the government can help the leather industry in the country?

Q7. How do you think the Commerce of Industry or other associations can help the leather industry in the country?

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### 1.1 In the next set of questions, we will ask about the collaboration with the universities

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Q8. Do you think that collaboration with universities can help the leather industry in the country?

Q9. What services do you need from universities?

Q10. What are the important tests that you need and do not have?

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**ANNEX II: PHOTOS**



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