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TENTATIVE DATA ON SHOE FACTORY ^{1/}

presented by

the Project Promoters

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NOTE

This document consists only of a bare summary of information on the project; it is designed to provide for potential foreign investors no more than a profile upon which to formulate a preliminary assessment of interest in principle. It does NOT pretend to be a complete description or to limit in any way productive discussion, investigation or negotiation between interested parties.

Once they have expressed positive interest, foreign partners normally prefer to be involved in the detailed investigation of the project. The Tunisian National Centre for Industrial Studies as well as UNIDO under its Industrial Investment Promotion Programme will also be pleased to assist both local sponsors and foreign contributors with further elaboration and additional studies as required.

I. Brief Description of Project

Factory for the Manufacture of Leather Shoes

1. Production

To meet the need for leather shoes in Tunisia an additional factory is proposed with a production capacity of 500,000 pairs of leather shoes per annum.

Daily production:

1,000 pairs of men's shoes

1,000 pairs of ladies' shoes

total 2,000 pairs of shoes per day

Average number of working days per year: 250 days.

2. Estimated capital requirements:

	<u>Dinars</u>	<u>U.S. \$</u>
Land	3,500	7,000
Buildings	48,000	96,000
Machinery and equipment	120,000	240,000
Electrical installation	12,000	24,000
Engineering	4,000	8,000
	<u>187,500</u>	<u>375,000</u>
Working capital	387,000	774,000
	<u>574,500</u>	<u>1,149,000</u>
Estimated foreign exchange cost	136,000	272,000

II. Factual Data

1. Requested external contribution:

The sponsor of the project has not made a firm determination as to the proportionate share of the equity capital expected to be furnished by the foreign partner. This matter has been left open for negotiation. Under Tunisian foreign investment regulations there are no restrictions limiting the percentage of foreign ownership or the degree of foreign control in management.

2. Tunisian sponsor

Direction des Industries.

This is a Tunisian Government agency, sponsoring the project, but it will not necessarily be the permanent local partner.

III. The Market

1. Existing Local Production Capacity

There is a total of 14 factories making footwear in Tunisia:

- 8 producers of leather shoes
- 3 " " tennis shoes (sneakers)
- 2 " " slippers
- 1 " " plastic shoes.

The 1972 production of footwear is estimated to be 7,500,000 pairs, though 8,435,000 pairs were manufactured in 1967. The 1972 production is expected to be in the following types of footwear:

- 4,500,000 pairs of leather shoes
- 2,300,000 " " tennis shoes (sneakers)
- 200,000 " " slippers
- 500,000 " " plastic shoes

- 7,500,000 total

2. Domestic Market

Consumption of shoes of all types, ladies, mens and childrens shoes, amounted to 1.04 pairs per person in 1967 and should reach 1.40 pairs per person in 1972.

The average shoe consumption per person in 1967, broken down by various types of shoes locally produced, is as follows:

	Children	Ladies	Men
Leather shoes	0.53	0.74	0.05
Tennis shoes (sneakers)	0.15	0.06	0.77
Slippers	0.01		0.02
Plastic shoes	0.04	0.16	0.01
	<hr/>	<hr/>	<hr/>
	0.73	0.96	1.65

The average consumption of shoes per person as projected for the third plan is as follows:

	Children	Ladies	Men
Leather shoes	0.74	0.64	1.07
Tennis shoes (sneakers)	0.39	0.19	0.69
Slippers	0.04	0.01	0.04
Plastic shoes	0.06	0.21	0.03
	<u>1.23</u>	<u>1.25</u>	<u>1.83</u>

IV. Additional Information

1. Raw materials

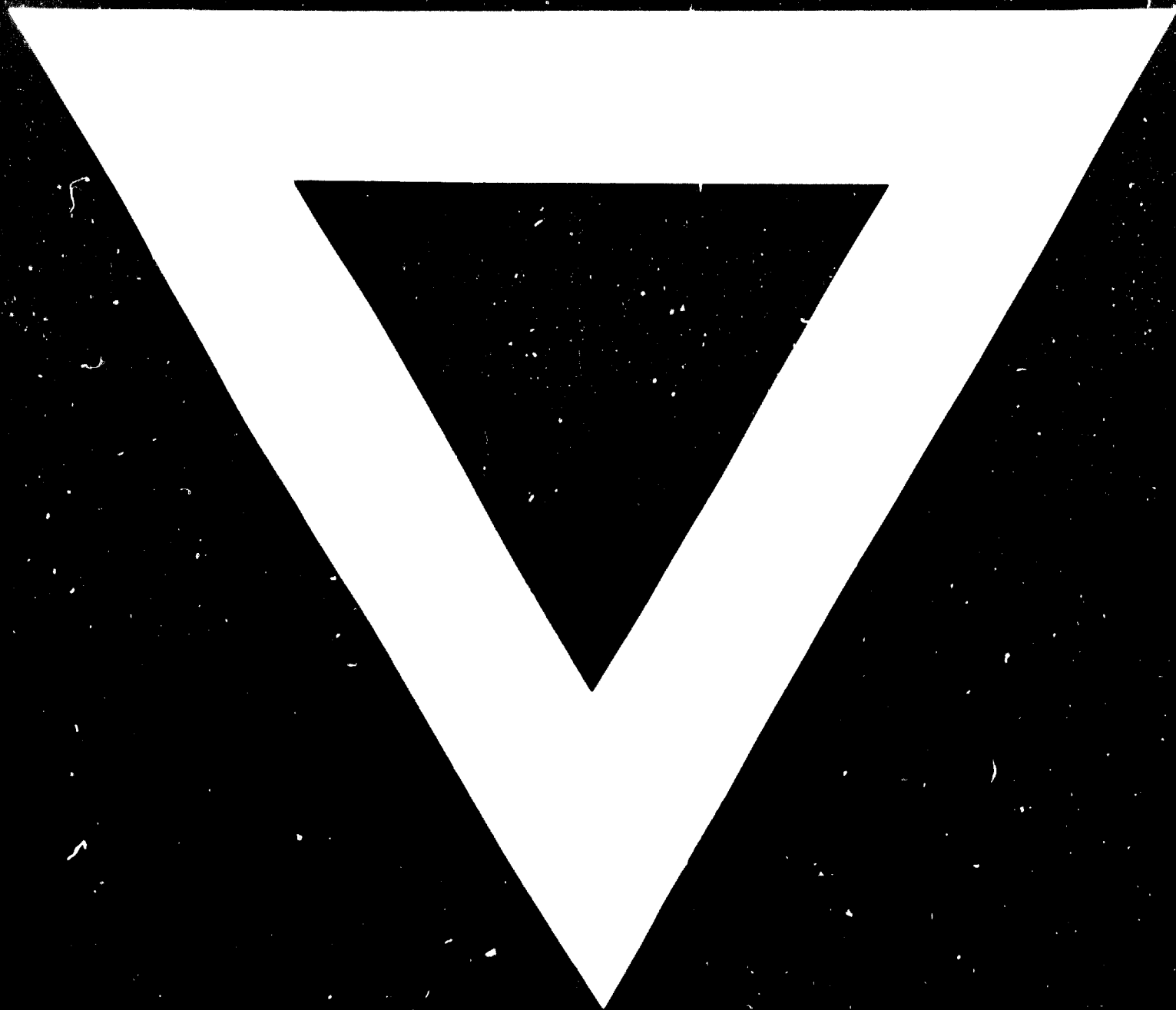
Tunisian cattle hides are much in demand because of their fine texture and good quality. However, they frequently have cuts and defects which could be partly eliminated by improved curing and skinning methods. Efforts are being made to overcome this problem.

Production of cattle hides (1949 tons in 1967) is insufficient to meet the local demand. Consequently 30,5 has to be imported.

2. Tanneries

There are five tanneries in the country. Only the largest one handling the bulk of the production - 52,5 - is modernised. The five tanneries treated a total of 2,242,000 Kg of raw cattle hides in 1967.





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