UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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UNITED NATIONS INDUSTRIAL
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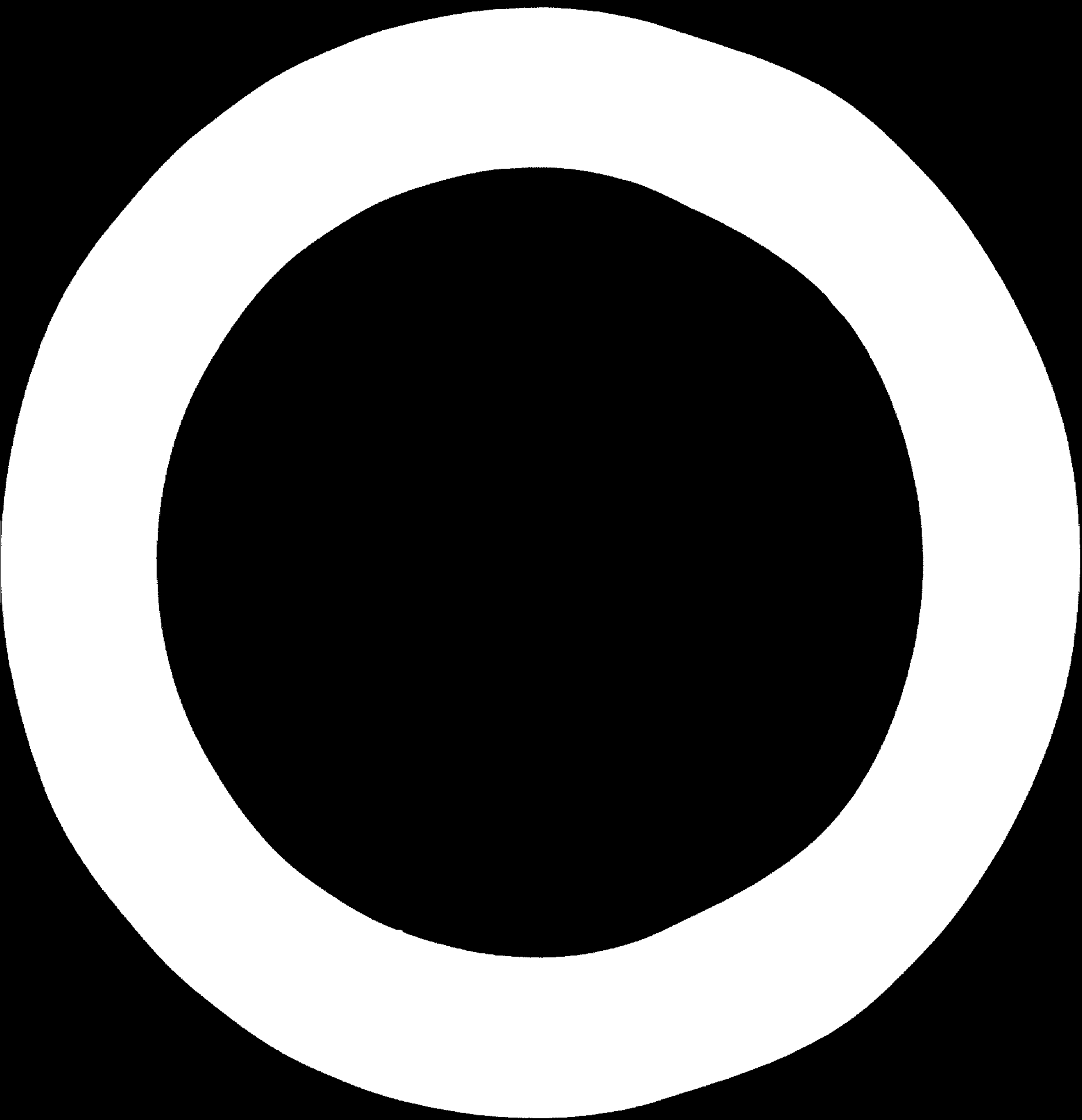
LEATHER INDUSTRY DEVELOPMENT IN THE SUDAN

MARKETING AND EXPORT OF LEATHER AND LEATHER PRODUCTS

by

Koloman Trcka
UNIDO Expert

id. 73-3989



INTRODUCTION

With every developing country naturally trying to utilize to the full its resources for the development of its national industries, mines are opened to exploit minerals or ores, sugar cane and oil seeds are cultivated for new sugar plants and oil mills, and cotton mills are established to process locally grown cotton.

Hides and skins are low-priced products of which large quantities are exported to developed countries for processing into leather and shoes often to be re-sold to the country which originally supplied the raw hides and skins. Trading practices of this kind keeps the developing countries poor: a new and better solution must be sought. The establishment of new export-oriented industries processing leather and leather products offers a reasonable improvement.

The value added to the raw hides and skins through processing ensures an increase in the GNP. Personal incomes grow, new customers and demands are created, higher education is introduced, the living standards improve and countless social problems are overcome. Furthermore, the export of processed leather or leather products has a favourable influence upon the balance of trade.

At present, the production of hides and skins in the Sudan is merely ancillary to the meat-processing industry. Even if the hides and skins were to be upgraded, an overall economic transformation of the country would not ensue, though the leather industry as a permanent source of foreign exchange and essential consumer goods in an expanding consumer economy is significant and provides new jobs for the unemployed. The aim of this report is to expand upon this industry's possibilities.

On November 21, 1972, the Director of the Leather and Plastic Industries, Mr. Mustafa Abdel Rahim, at the instigation of Mr. A. Tamimi of UNIDO, set up a committee, headed by the expert, to review the present situation on the domestic and foreign markets taking into consideration both current and future production, the possible export of leather and leather products and surpluses, as well as the export of raw hides and skins. The expert's contribution to the above survey forms an integral part of this report.

The author gratefully acknowledges the assistance and sincere co-operation of Mr. Abdel Rahman A. Obeid, General Manager of the Khartoum Tannery, the many executives of the Khartoum Tannery, Mr. Anton M. Kronfil, Managing Director of Bata Nationalised Corporation, Khartoum, Dr. Jamal Moh. Ahmed, Head of the Hides Improvement Section of the Ministry of National Resources, Khartoum, Mr. M. Monasoir, Project Manager, Industrial Research Institute, Khartoum, the many executives of the Bank of Sudan, and countless others whom he met in this field. He is also highly appreciative of the assistance and support lent by Mr. L. Cappelletti, UNDP Resident Representative and by Mr. J. Ojjt, Asst. Resident Representative and many other members of the UNDP office in Khartoum.

RECOMMENDATIONS

The production of raw hides and skins fails to meet the growing demand of the tanneries and the average export requirements. As a result of this permanent shortage of raw material, the tanneries are not working at full capacity: the resultant curtailed production and increased manufacturing costs being reflected in the high price of finished leather.

If the new leather industry is to produce adequate quantities of cheap leather and leather products for the local consumption and export, a fundamental decision must be taken to stop subsidizing the inordinate export of raw hides and skins and to promote the development of the industry with a view to exporting leather and leather products.

With the above aim in mind, it is recommended to the Government:

1. that an advisory body such as the Export Promotion Council for Leather and Leather Products be established, whose responsibility it should be to promote the production of leather and leather products for export instead of merely exporting raw hides and skins. Such body should co-ordinate relations between the tanneries, producers and exporters of raw hides and skins, as well as those between the Government and the leather processing industries, and should propose to the Government methods of promoting the export of leather and leather products;
2. that the 15 percent subsidy for the export of raw hides and skins be suspended;
3. that an export quota scheme be introduced to reduce the export of raw hides and skins, the recommended reduction target for 1973 being 25 percent of the hides and 20 percent of the sheep and goat skins with appropriate cuts in the years thereafter.
4. that official grading standards for raw hides and skins be introduced so as to establish a firm basis for the evaluation of raw hides and skins on the local and international markets;
5. that exporting industries be entitled to a certain portion of the exchange earned in keeping with the export value of the industry, thereby guaranteeing the availibility of foreign exchange for the import of chemicals, spare parts, how-how etc, and, at the same time, encouraging the industry to increase its foreign exchange earnings, the following relations being suggested:

15 percent of the export value for crust leather, (tanned, but not finished;

30 percent of the export value for finished leather;

40 percent of the export value for leather products (shoes, leather goods, garments)

The exporter's entitlement to the foreign exchange should be contingent upon the completion of the transaction.

6. That a subsidy of 10 percent be granted for the export of crust and finished leather, as well as leather products, such as shoes, leather goods and garments.

Furthermore, it is recommended to the Leather and Plastic Industries Corporation:

7. That a constant endeavour be made to reduce the cost of producing leather and leather products by means of factory specialisation and proper utilization of production capacities;

8. That co-operation be encouraged between the tanneries and all allied industries to ensure the proper development of the various leather processing industries in both the domestic and foreign markets;

9. That assistance in common marketing policies be considered by the Corporation;

10. That seminars and high-level training courses be organised;

11. That the development of the shoe industry and the production of leather goods and garments be programmed.

Finally, it is recommended to the Khartoum Tannery

12. That steps be taken to improve marketing operations, hitherto neglected, by the following means:
    - (a) The introduction of specially trained purchasing officers for the purchase of raw hides and skins;
    - (b) The establishment of purchasing stations and/or agents in all important domestic markets, for the purchase of raw hides and skins from the producers and/or small-scale merchants;

(c) The purchase of raw hides and skins according to grades with higher prices for better grades;

(d) Faster handling of orders, speedier import-export procedure in Port Sudan, if necessary the introduction of one's own service;

(e) Intensification of the promotion and techniques of leather sales through:

i. Participation in international and specialised Trade Fairs in Paris and Pirmasens and visits to other Fairs as in Milan, Offenbach, Utrecht or London;

ii. Regular visits to existing and prospective buyers with new samples and offers;

iii. Procurement of new patterns, samples, know-how, fashion magazines, etc. to keep pace with international fashion trends;

iv. Introduction of new production techniques by sending technicians abroad or inviting foreign experts to the tannery;

v. Training staff locally and/or abroad;

vi. Development of export production, replacing the production of pickled sheep skins by the production of crust leather, the ultimate aim being to produce and export finished leather;

(f) Continuous endeavour to reduce leather prices by utilising fully tannery capacities and avoiding excessive costs;

13. That the recently started tannery reconstruction involving a supplementary finishing department for sheepskins serve as a model for further reconstruction project, thus contributing to the specialisation and expansion of production for export and the home market.

In order to facilitate the implementation of the above recommendations and in view of the Sudanese Government's lack of technical expertise, UNIDO could provide both immediate and long-term assistance.

Immediate assistance

1. A three-month fellowship to be granted to an executive at the old Khartoum Tannery, responsible for leather exports, placement being in a major European leather exporting organisation, thus granting the fellow the opportunity to learn about production for export and the export of both leather and leather products. A Yugoslav leather plant is suggested in view of the fact that Yugoslavia was previously faced with the developmental problems now confronting the Sudan.

2. A three-month fellowship to be granted to an executive at the old Khartoum Tannery, responsible for the purchase of hides and skins, placement being in a major tannery (or tanneries) and an organisation dealing in hides and skins, thus granting the fellow the opportunity to learn about regularity of raw material supplies and operations subsequent to the processing of the raw hides and skins. The fellow should also receive training in the procurement of retailers, as well as practical training in import-export operations. The Federal Republic of Germany, Italy, the Netherlands or Yugoslavia are suggested as suitable countries.

Long-term assistance

1. In co-operation with the respective Government organisation, a comprehensive development plan should be elaborated with a view to replacing the present export of raw hides and skins by the export of leather and leather products. This multi-phased long-term operation would comprise the following:

(a) The organization of a co-ordinating body to co-ordinate the activities of the tanneries with those of the suppliers of raw hides and skins and the consumers of finished leather as well as the Government, not forgetting the co-ordination of the individual tanneries (of the Leather Export Promotion Council);
(b) The specialization and further development of the existing and projected tanneries;

(c) The reorganization of the existing footwear industry and its further development with a view to meeting the demand of both local and export markets;

(d) The organisation of the leather goods production in accordance with domestic and export requirements;

(e) The organisation of the leather garment industry in accordance with export requirements;

(f) The reorganization of the existing leather belting industry to meet the local demand and for the export, in particular, to neighbouring countries;

(g) The organisation of the essential allied industries, such as the production of shoe-lasts and heels, various tannery knives, dies, as well as the manufacture of wooden drums and paddles, dyestuffs and polishes for the leather and shoe industry, rubber and/or plastic soles and heels, leather fibre-board, etc;

(h) The quantitative and qualitative improvement of the production of raw hides and skins, including the regulation of domestic trade and the control (reduction) of raw hides and skin exports;

(i) The organisation of a joint service for market research and marketing policy with the following tasks:

(i) The elaboration of long-term programme relating to the production of leather, shoes, leathergoods, leather garments, and leather belting as well as the manufacture of auxiliaries to meet the demand of the local and export markets;

(ii) The elaboration of a long-term programme for the export of raw hides and skins as well as leather and leather products, indicating the markets and the organisation of the export network abroad;

(iii) The preparation of fundamental financial and administrative data for industrial, financial and/or export-import co-operation with foreign enterprises;

(iv) The elaboration of a common marketing policy for the leather and leather products industry on the domestic market;

(v) The elaboration of common purchasing policy for raw hides and skins by the tanneries;

(vi) The close observation of fashion trends as to types of material, styles, colours, etc. the transmittal of this information to the respective industries.

CONCLUSIONS

By tradition, the Sudan is a country with abundant livestock resources. The nomadic and semi-nomadic sectors of the population have large herds of cattle and sheep, and the goat, termed the mother of the poor, is a ubiquitous feature of the country.

This wealth is not exploited to any great degree. For the nomadic population, livestock represents wealth and is not a commodity: it is only sold when money is needed. The major breeding areas for market purposes are the agricultural region in the Blue Nile Province and the areas surrounding larger towns.

There are no modern meat-packing plants. Whereas some animals are slaughtered in numerous slaughterhouses in and around the cities, the majority are slaughtered in the open, without any form of official control. The export of meat is only sporadic, and on a very small scale, despite the great potential and optimistic plans.

The production of hides and skins has not been standardised, the quality of the hides and skins depending on the region where the animals were bred, and on the skill of the person who slaughtered the animal. The hides originating from the nomadic population are of a poorer quality than those from agricultural or urban areas.

The Sudan lacks Official Standards for the Grading of Hides and Skins. The different qualities of hides and skins are not evaluated properly, causing injustices to the producers of good quality hides and skins.

The estimated production of raw hides and skins in the Sudan compared with the livestock figure is shown below:

	Livestock Heads	Estimated production in slaughterhouses and rural areas, pieces	% of hides & skins production compared to livestock
Cattle	12,900,000	1,000,000	7.74%
Sheep	11,478,000	3,250,000	[illegible]
Goats	8,804,000	2,300,000	[illegible]

These figures are rather low, the average percentage in Africa being: 10% for cattle hides, 28% for sheep-skins and 32% for goatskins. In Nigeria, the figures are: 21% for the cattle hides, 40% for sheep-skins and 35% for goatskins.

Most of the Sudanese hides and skins (over 50%) come from the Khartoum urban area and the Blue Nile Province, production (flaying, curing) and quality being best in this region.

The hides and skins produced have hitherto been exported raw, only a small part being processed in the outdated rural tanneries.

The average annual export of raw hides and skins is as follows:

Cattle hides, pieces	400,000
Sheepskins	1,600,000
Goatskins	900,000

In the early 1960's the first modern tannery was constructed in Khartoum. The new Khartoum Tannery will be completed by 1973, and the largest tannery of all, the Wad Medany Tannery should enter into operation at the end of 1975.

This development represents a major turning point in the hides and skins business in the Sudan, as the export of raw hides and skins will have to be reduced and the export of leather and leather products developed.

The export o raw hides and skins is presently subsidised at the rate of 15%, and the tanneries have been unable to secure the necessary quantities and qualities of raw hides and skins, as the export business took priority.

The excessive export of raw hides meant that the Khartoum Tannery was only able to utilise 60 percent of its hide processing capacity, and a mere 4 percent of its sheepskin processing capacity. This production set-back caused processing costs to rise and retail prices for leather goods were exorbitant. An identical situation developed in the shoe-making industry, the overall effect of the excessive export subsidy scheme being: a 40% slump in the production of leather and leather shoes, and financial losses in the tanneries and shoe-production plants of the order of [illegible]. With Government losses of £S1,400,000, the total loss in 1970 incurred through the excessive export of raw hides [illegible]

The establishment of new tanneries will exacerbate the situation: given current tannery capacities and raw hides and skins exports, it is estimated that by the end of 1975, there will be a shortfall of 565,000 cattle hides, 901,000 sheepskins and 85,000 goatskins.

Shortages of this magnitude induced by the export of raw hides would curtail the growth of the leather industry in the Sudan and bring the leather and shoe industry to a standstill

If one is to avoid a catastrophe in the leather processing industry, the export of raw hides and skins must be gradually reduced by the following means:

(a) Abolition of the 15 percent export subsidy on raw hides and skins,

(b) Introduction of an export quota scheme and the gradual reduction of raw hides and skins exports. In 1973, the exports of raw hides could be reduced by 25% and the export of raw sheep and goat skins by 20%, and similar appreciate reduction in the years thereafter,

(c) Introduction of sponsored exports of leather and leather products, permitting the exporters to participate of the foreign exchange export earnings and granting a 10 percent subsidy on the export of leather and leather products, (cf Recommendations relating to the promotion of leather and leather goods exports).

The present production programmes of the existing and projected tanneries are not fully satisfactory: they are almost identical and there is no specialisation, which is essential to the manufacture of high-quality and low-priced products. Furthermore, the production programmes include the export of wet-blue chrome leather, a low-priced product which some developing countries no longer export, as they have switched to finished leather and leather products.

In the Sudan, this applies particularly to finished sheep and goat skins, which can be sold to many countries throughout the world, whereas markets will have to be found for bovine leather.

The Khartoum Tannery is constructing a supplementary finishing department for the production of sheep skin leather. Reconstructions of this kind lead to specialization on a modern scale and, if pursued further, the (old) Khartoum Tannery could be transformed into a modern tannery specialised in the export of finished leather.

The present production of shoe upper leather in the existing tanneries is only about 300,000 sq. m. and the estimated consumption of shoe upper leather (for 4,200,000 pairs) is about 600,000 sq.m. The remaining 300,000 sq. m. shall be supplied in part by the rural tanneries; however, most of the shoes shall be made of substitute leather.

By the end of 1973, when the new Khartoum Tannery goes into production, the production of leather for shoe uppers will be sufficient to meet this demands, whereas from 1974 onwards, there will be an abundant supply of upper leather on the domestic market.

It is anticipated that the prices of leather and leather products shall drop.

The production of shoes is relatively small: the estimated production for 1973 is 4,250,000 pairs of leather shoes, increasing to 5,200,000 pairs in 1975/76.

Sixteen factories produce leather shoes in the Sudan, the largest manufacturer being the Bata Nationalised Corporation, which produces nearly 70 percent of the total leather shoe production.

The leather shoes produced are of low quality: the manufacturers pay little attention to fashion, styles and fitting, whilst workmanship is often poor and careless. Customers complain, but the remedy will come only after 1973, when there will be adequate supply of leather on the domestic market.

Little attention is paid to the fitting of the shoe, i.e. size, width and shape of the last. The shoes are mainly produced on narrow lasts, which are not suited to the average Sudanese feet, corns and various other malformations of the feet being the result. Careless fitting might cause particular harm to children's growing feet. With the introduction of school uniforms, children are becoming potential wearers of shoes consequently, careful measuring of the feet, and the construction of suitable lasts are prerequisites to the introduction of shoe manufacture on a large scale in the Sudan.

In many developing countries the export of leather and leather products is sponsored with a view to developing the export of leather and leather products, instead of raw hides and skins. Pakistan, India, Argentine, Brazil, Uruguay and many other countries have achieved very good results, which could be readily applied to the Sudan.

Many countries are interested in the import of leather and leather products, the major importer being the United States, importing leather and leather products to the value of more than US$700 million. The second largest importer is the Federal Republic of Germany with an import bill of nearly US$500 million. France, Italy, Japan, Spain, Sweden, United Kingdom as well as many other European countries are interested in importing leather and leather products.

If properly organized the new Sudanese leather processing industries should experience no difficulty in finding customers for their new products on the world market.

The production of handbags, other leather goods, and leather garments is negligible, the shortage of leather and the high prices exerting severe constraints upon the development of these particular branches.

CHAPTER I

THE MARKETING OF RAW HIDES AND SKINS, LEATHER AND LEATHER PRODUCTS IN THE SUDAN

Hides and skins have been produced in the Sudan for centuries. Equally old is the domestic trades occupation with the production of leather in the ancient rural tanneries and the making of very practical moccasin-type (lower case) footwear (MARCOUB). Comparatively large quantities of raw hides, goat- and sheepskins are exported regularly, whereas leather for shoe production purposes, as well as leather shoes are imported.

A change came about in the early sixties with the introduction of the first mechanised tannery in Khartoum. The industrial production of leather footwear, specially in the Bata Shoe-factories, became a potential source of leather demand as shoe production progressed rapidly. A modest production and export of pickled sheepskins was also indicative of the change from the export of raw to the export of processed skins.

The second large mechanised tannery is due to start production at end of 197[illegible] and the third one shall go into production in 197[illegible]. All the mechanised tanneries are owned and financed by the State; they are designed to absorb the total production of raw cattle hides, all the sheepskins as well as a great part of goat skins.

The tanneries have been designed with the following factors in mind: a very large livestock, a comparatively big production of raw hides and skins as well as a great demand for leather for local consumption and export. Although the primary intention to replace the import of leather and shoes by local production is well-founded, no market research or studies relating to the marketing of the leather produced have yet been undertaken. Based on one and the same preliminary outline, all three tanneries have been planned with almost identical working programmes: vegetable-tanned sole leather, chrome-tanned sides for shoe uppers and pickled or chrome wet-blue sheepskins for export.

At the time of its initiation for the first Khartoum Tannery, some ten years ago, the programme seemed very up-to-date. The processing of 130,000 hides per year for vegetable-tanned sole leather and side box for shoe uppers would have met the growing demand of the domestic shoe manufacturers. Similarly, the plans to export 750,000 pickled sheepskins would have introduced new merchandise on the world market. However the programme though realistic realistic at the time, has never been fulfilled: the demand for the sole leather has dropped yearly and in 1971 the great part of vegetable tannage switched to the production of machinery belts.

The projected production of pickled sheepskins for export scarcely reached one third of the average yearly capacity; owing to the lack of attention paid to the purchasing of raw skins and export policies. In 1972 a mere 4-5 % of the total export capacity of pickled sheepskins will be realized, the reasons being the lack of a proper marketing policy and research and the want of an efficient purchasing organisation which would enable the tannery to procure the necessary raw sheep (or goat) skins on the domestic market. At present, the cleverer exporters locate the sheepskins before the tanneries. However, the export market has not been thoroughly researched either: the number of customers remained limited, of which only one or two are long-term purchasers, whereas the successful export of pickled skins would require a network of permanent buyers. This neglect of marketing, research and policies has reduced the tannery's efficiency and prosperity and curtailed the production and exports for nearly 10 years.

The current finished leather boom on the world market and foresight by the Management has contributed to the construction of a new line in the Khartoum Tannery producing suede and nappa leather for export. However, the production of this new finished leather will oblige the Tannery more than ever before to devote particular attention to its marketing (and research) organization so as to be able to compete on the world markets.

The second tannery in Khartoum, now under construction, has a similar programme: [illegible]5,000 cattle hides for vegetable-tanned sole leather, 210,000 cattle hides for chrome box sides for shoe uppers and 900,000 sheepskins in wet blue for export.

At the time of its elaboration many years ago, this proposal was doubtless correct and up-to-date, however after years of deliberations, nor forgetting the period of construction, both domestic and export market conditions have changed substantially.

For want of marketing research, the production programme proposed for the New Khartoum tannery under construction is out of date. Instead of producing wet-blue chrome tanned sheepskins for export, crust and finished leather should be produced. The premises, machines and equipment have been planned according to the original production programme, however urgent consideration should be given to the purchase of equipment for the production of crust and finished leather.

Equally questionable is the decision to produce sole leather in the new Khartoum tannery newer under construction. The increased utilisation of rubber and/or plastic soles has reduced the demand for sole leather, and this trend has already led to production set-backs in the existing Khartoum Tannery.

There are no major openings for large quantities of sole leather on the domestic market, and extensive market research should be carried out in advance on the world market to establish the export demand for sole leather and vegetable tanned crust leather for belting and leather goods.

The third and largest tannery to be built in Wad Medani has planned annual a capacity of [illegible]00,000 cattle hides and 750,000 sheepskins, 30 % of which will be used to produce finished leather for domestic consumption and 70 % to produce wet blue chrome-tanned hides and skins for export. Built-in reserves will permit expansion at a later date should crust or finished leather be wanted. This is a proper precaution to take as it is envisaged that production at the old Khartoum Tannery and new tanneries in Khartoum will show that the export of chrome-tanned crust and finished leather will take precedence over wet-blue chrome-tanned leather.

The development of the existing Khartoum Tannery and the programming of the two projected tanneries clearly demonstrate that all the attention has been paid to the production and technical aspects, whereas marketing and commercial issues have been totally neglected. Many foreign technical experts have assisted in the creation and development of the new tanneries in the Sudan; several Sudanese experts have been successfully trained abroad, but not one marketing or commercial expert has been invited or trained.

The bitter outcome is that the Khartoum tannery has a larger sole-leather capacity than necessary, magnificent raw hides and skins for the current production and inadequate market research relating to the export of crust and finished leather. All this clearly illustrates that it is not enough for a tannery to know how to produce good leather, but it is much more important to know how to produce leather which can be profitably marketed.

Apart from the importance of producing good quality leather and selling it successfully, a most essential feature of a profitable enterprise is an efficient purchasing policy.

This must ensure the permanent supply of good quality raw hides and skins as well as other raw materials. In the existing tannery in Khartoum, inadequate attention is paid to the purchasing department. All the activities are in the hands of one Executive, so that purchasing hides and skins becomes almost a side-line, a secondary activity.

When investigating the operations of the existing tannery in Khartoum and analysing its future activities as well as those of the projected tanneries, market research and marketing policies gain in importance. Steps must be taken to ensure a regular flow of raw hides and skins from the producers to the tanneries, the steady production of leather and leather products for both export and domestic markets. Official steps must be taken to stop subsidies on exports of raw hides and skins, and to sponsor the export of tanned leather and leather products. The fulfilment of these preliminary conditions will constitute the basis for the successful development of leather and leather products exports from the Sudan.

Many of these problems are common to all tanneries in Sudan. If every Tannery were to seek its own solution, there would be tremendous duplication of activities incurring tremendous expenses. A suitable form should thus be adopted for the handling of joint activities.

CHAPTER II

THE PRODUCTION OF RAW HIDES AND SKINS IN THE SUDAN

The production of hides and skins is primarily dependent upon the livestock population and the habits and living standards of their breeders. In the Sudan the livestock population is big, but the hides and skins production is relatively small, compared with production figures in other countries.

The livestock population in the Sudan is steadily increasing. There has been no exact livestock census, but several official estimates, which may be considered exact. The following survey illustrates the approximate number of animals and trends from 1955-1969: 1971/72:

TABLE I

Description	1955/56	1965/66	1967/68	1968/69	1971/72
Cattle heads	6,907.000	10.012.000	12,115.000	1[illegible],326.000	12,900.000
Sheep "	6,949.000	9,526.000	11,526.000	12,678.000	11,478.000
Goat "	[illegible],73[illegible].000	7,539.000	9,12[illegible].000	10,036.000	8,804.000
Camel "	1,500.000	2,200.000	2,662.000	2,918.000	2,570.000

(Sources: For 1957/1969 Report on Sudanese Industrial Survey and Industrial Investment Opportunities and the Ministry of Animal Resources, Khartoum for 1971/72.)

For an appropriate livestock evaluation, one must know whether the animals are in the urbanised or agricultural regions of the country, or whether they are tended by the nomadic population.

In the urbanized and agricultural regions animals are bred as a cash product. They are either bred and slaughtered for use by the owner or sold for slaughtering. In these areas, hides and skins production is regular and stands in normal relation to the number of animals.

However, in areas where the predominant number of the population is nomadic, less hides are produced and on an irregular basis. The nomads consider their livestock their wealth; the greater the number, the wealthier and more respected they are. The animals are raised for prestige purposes, and definitely not for market reasons. Small numbers are sold only when cash is needed, and then only rarely and on a very modest scale. Generally, old and unwanted animals are sold.

The nomads eat meat, hence they produce some hides and skins on their own. They use the majority of those hides and skins themselves or sell them to rural tanneries, to be used for footwear, mats, water containers, etc. Only very small quantities reach the market and such hides and skins are qualitatively poor: flaying and curing are deficient.

Apart from the nomads, the population in the Southern Sudan is also unsettled (Upper Nile, Equatorial and Bahr el Ghazal Provinces) and the production of hides and skins is not normalized. Many hides and skins are ruined; many are ritual to markets in the neighbouring countries, with the result that only very few are marketed, for the tanneries or export.

In the Sudan the slaughtering of animals and the flaying of hides are subject to veterinary control. Unfortunately slaughtering is not always controlled. Most animals are not killedin the slaughtering houses. Sheep and goats in particular are killed outdoors without any supervision. The registered number of slaughtered cattle were 270.920 in 1969/70 and 254,000 in 1970/1971. These figures are far too low, and cannot even be used for estimation purposes.

The human and estimated livestock population in the provinces are shown in the table below:

TABLE II

Province	Human Population	Cattle Popul	Sheep tion	Goat	Camel heads	
Darfur	1,7[illegible].000	4,[illegible].[illegible]40	2,[illegible]22.000	2,110.000	422.000	Nomad
Kordofan	[illegible],[illegible].000	1,8[illegible].[illegible]10	2,[illegible]12.000	329.000	1,742.000	Nomad
Blue Nile	[illegible]	1,09[illegible].680	[illegible],1[illegible]6.000	2,02[illegible].000	240.000	Agric.
Kassala	1,670.000	[illegible].100	966.000	[illegible]52.000	507.000	Nomad
Northern	1,151.000	190.[illegible]0	4[illegible].000	276.000	76.000	Nomad
Khartoum	[illegible]99.000	[illegible].6[illegible]0	43.000	267.000	53.000	Urban
Upper Nile	1,[illegible]1[illegible].000	1,696.[illegible]0	603.000	1,046.000	-	Unsetd
Equatoria	11,[illegible]6.000	7[illegible].[illegible]00	41[illegible].000	72[illegible].000	-	Unsetd
Bahr el Gh.	1,[illegible]6[illegible].000	2,82[illegible].[illegible]00	[illegible]28.000	966.000	-	Unsetd
Total	1[illegible],[illegible].000	1[illegible],900.000	11,47[illegible].000	8,30[illegible].000	2,[illegible]70.000	

(Sources: Facts about the Sudan and the Ministry of Animal Resources)

Most of the population are nomads, hence most cattle are reared under nomadic conditions. Only the Provinces of Khartoum and the Blue Nile, as well as in the towns of Darfur, Kordofan and Kassala have a regular meat consumption, this offering the prerequisite for the regular production of meat, hides and skins.

The enormous livestock wealth in the Sudan is under-utilised. There are no large slaughter houses or meat packing plants; meat is not exported. In other countries with similar conditions, the livestock is better utilized to the benefit of both the individual and the state (Kenya, Tanzania, Uganda, Ethiopia, all of which have meat-packing plants. In the very near future however, the livestock population shall be better utilised to the benefit of the leather Industry.

The livestock population in the Sudan is the second largest in Africa. Every tenth animal in Africa grazes in t[illegible]m. The following table illustrates the relations:

TABLE III

		Cattle (heads)	Sheep (heads)	Goat (heads)
0. Africa	total	1[illegible]2,500.000	1[illegible]7,700.000	109,000.000
1. Ethiopia	1966/67	2[illegible],758.000	1[illegible],100.000	11,100.000
2. Sudan	1971/72	12,900.000	11,478.000	8,304.000
3. Nigeria	1966/67	7,600.000	5,09[illegible].000	20,300.000
4. Kenya	1966/67	7,700.000	6,900.000	5,[illegible]00.000
5. Tanzania	1966/67	10,87[illegible].000	[illegible],09[illegible].000	1,679.000
6. Uganda	1966/67	3,[illegible]8[illegible].000	4,20[illegible].000	1,900.000

(Source: FAO production year book 1968).

At present there are no exact figures relating to hides and skins production in the Sudan. The number of hides and skins produced is based solely on estimates. The most widely used comparison of livestock and production figures are being shown below:

TABLE IV

Description	Estimated product. (number)	Livestock (heads)	Percentage of produced Hides/Skins
Cattle hides	600.000	1[illegible],900.000	4.65
Sheep skins	2,500.000	11,478.000	21,80
Goat skins	1,500.000	8,804.000	17.04

The percentage of hides and skins produced compared with total livestock figures is fairly small, especially where borine hides (4.65 %) are concerned. Compared with the results in other African countries, Sudanese production is very low. This is partly explained by the high degree of nomadic ownership and their unwillingness to slaughter. A large number of animals are also sold and exported on hoof to the neighbouring countries. It is also to be hoped that the figures quoted are low, especially with respect to hides. The reason for such assumptions are evident in the following comparison:

TABLE V

Percentage of hides and skins produced compared with livestock

Country	Cattle %	Sheep %	Goat %
Sudan	4.[illegible]	[illegible]1.80	17.05
Africa total	10	28	32
Ethiopia	9	40	47
Nigeria	21	30	35
India	10	40	45
Western Europe	[illegible]	41	26

Source: The World Hides, Skins, Leather and Footwear Economy FAO 1970.

In the Sudan an inestimable number of hides and skins are wasted for want of preservation. Furthermore, a very large number of hides and skins are absorbed by the rural tanneries and by the rural population (see Chapter 12.) If the estimated number of hides and skins absorbed by the rural tanneries and rural population is added to the customary estimate of hides and skins, a more accurate estimation of the production is obtained as follows:

TABLE VI

Customary Production Estimate

Description	Livestock	Usual	Consumption by rural tanners + rural population, number	PRODUCTION lower case total number	% of livestock
Cattle	12,[illegible]00.000	600.000	385.000	98[illegible].000	7.74
Sheep	11,478.000	2,500.000	751.000	[illegible],2[illegible]1.000	28.[illegible]
Goat	8,804.000	1,500.000	78[illegible].000	2,[illegible]5.000	26

Bearing in mind the estimated consumption of the rural tanneries and rural population and the uncontrolled wastage, the most probable production of hides and skins in the Sudan would be as follows:

Cattle hides	1,000,000
Sheep skins	1,250,000
Goat skins	2,100,000

The majority of hides and skins are produced in the Khartoum conurbation (Khartoum, Omdurman and Khartoum North; i.e. nearly 40 % of the total hides and skins production. The Blue Nile Province produces about 25 % of the total production, Kordofan and Darfur Provinces more than 10/15 % of the total production and the remaining provinces some 10/15 %.

As to flaying and curing, the [redacted]-lower cases conurbation produces the best hides, but the quality of the hides and skins is different as the animals are brought for slaughtering from all surrounding provinces. Many of the hides or skins have suffered natural damage (scratches, brand marks, pocks, injures, etc.).

As to quality of the raw hides and skins, the best come from the Blue Nile province. The animals in this province are kept around the houses they have [redacted] food throughout the year so the animals, hides and skins are normally developed with less grain damages.

All the other provinces are desert or semi-desert areas, covered with thorny trees and bushes, so that the hides and skins are often badly damaged on the grain side. The population's living standards are low with a corresponding drop in flaying and curing standards.

In the Southern provinces, the hides are mostly air-dried. Qualities vary from good quality drying to very poor ground-drying. Big improvements have been achieved by the efforts of the Hide improvement Section. It seems that not all the hides and skins produced in the Southern provinces are collected in Khartoum, in particular the sheep and goat, crocodile, snake and Lizard skins.

In order to control and improve the quality of hides and skins production, the Government of the Sudan introduced the following regulations.

1. The Hides and Skins Ordinance (1954 Ordinance No. 2)
2. The Hides and Skins Rules 195[illegible] (19[illegible] L.R.O. No. 27)
3. The Hides and Skins Regulation 1965 (19[illegible] L.R.O. 20)
4. The Hides and Skins Ordinance April 1969

These regulations are applied and only partly practised in the supervised slaughterhouses which cover about only 25 % of the total production. Based on these regulations the hides and skins are graded in green, taking into consideration the damage incurred during flaying or curing and disregarding natural defects. The latter defects (goads, brand-marks, ticks, scratches, injuries) may well harm the hides and skins much more than the damages incurred during slaughtering, hence such grading may be deemed inadequate. It is disregarded in the trade and often leads to discrepancies between sellers and buyers.

Officially approved standards for the commercial grading of hides and skins do not exist. The market has established certain commercial grading practices which vary from firm to firm and are contingent upon the market situation, etc. These are applied to hides and skins produced outdoors, under unsupervised conditions. Grading for export is also very lax and flexible, paying, prime, if not sole consideration to damage on the flesh side. This gives rise to Sudanese hides and skins being underpriced and undervalued on the international markets (see Chapters 3 and 11).

All countries exporting hides and skins publish grading standards for both the domestic and export markets. The Sudan is a fairly large exporter but has no officially approved grading standards. It causes confusion and numerous discrepancies on the home market, and even larger losses in the export market where irregular grading causes the Sudanese hides and skins to be underrated (usually 90 % first and 10 % second which, in reality, never exists in Sudan).

Official grading standards for hides and skins are urgently needed to obviate this shortcoming.

At present, small-scale dealers and exporters (or their purchasing offices in the interior) take over the hides and skins from the butchers. If necessary, they dry the hides and cure them where after the hides and skins are sent to larger market centres or Khartoum for export or domestic tanneries.

The major traders and exporters pay butchers or merchants in advance to ensure that they obtain the hides and skins produced. The butchers and petty merchants do not always need financial assistance, but it is a guarantee that the traders or exporters have bought their hides and skins. However not all butchers or petty merchants are retained by the traders or exporters, for certain independent butchers and merchants sell their hides and skins to the highest bidders. Furthermore, there are those who are looking for new buyers, as they are unsatisfied with the previous buyers.

All the exporters have their own organized network of purchasing stations, often with warehouses in the interior. This ensures that they are sure to obtain their share of hides and skins at reasonable price and standards, regardless domestic or foreign market trends.

The tanneries in Khartoum do not have an organised network of purchasing stations, their main source of supply being the Khartoum slaughterhouse. A certain number of hides and skins come from butchers or petty merchants in the interior. When the domestic or world markets are stable or depressed, the tanneries obtain their requisite share of hides and skins. However, when market trends move upwards, the tanneries do not obtain the hides and skins they need as the exporters have used the flexible, but risky practice to their advantage and bought up the market.

The tanneries cannot only depend on one uncertain source of supply (The Khartoum Slaughterhouse) for their vital raw material. They have to organize their own network of purchasing stations in the Khartoum urban area, as well as in the main producing centres in the interior. Although an organisation of this kind is risky and difficult to manage, it ensures the regular and safe supply of raw hides and skins to the tanneries. If necessary, regulations should be provided for.

C O N C L U S I O N

I. The corrected estimate for the production of hides and skins for 1973 is shown below (including the consumption of rural tanneries and rural population).

Cattle hides	1,000.000	Pieces
sheep skins	3,250.000	Pieces
Camel hides	40.000	Pieces
Goat s kins	2,300.000	Pieces.

2. The estimated consumption of hides and skins for 1973 is shown below:

TABLE VII

Description	By the Rural Tanneries + Rural Population Pieces	By the Industr. Tanneries Pieces	Export quota Pieces	Total consum. Pieces	Left-over Pieces
Cattle hides	385.000	283.000	2[illegible] % 300.000	973.000	27.000
Sheep skins	751.000	650.000	20 % 170[illegible].000	[illegible]104.000	146.000
Goat skins	785.000	350.000	20 % 680.000	131[illegible].000	43[illegible].000

By dividing current production as above, the tanneries and exporters can fulfil their 197[illegible]/1974 obligations with a small amount left-over as a corrective.

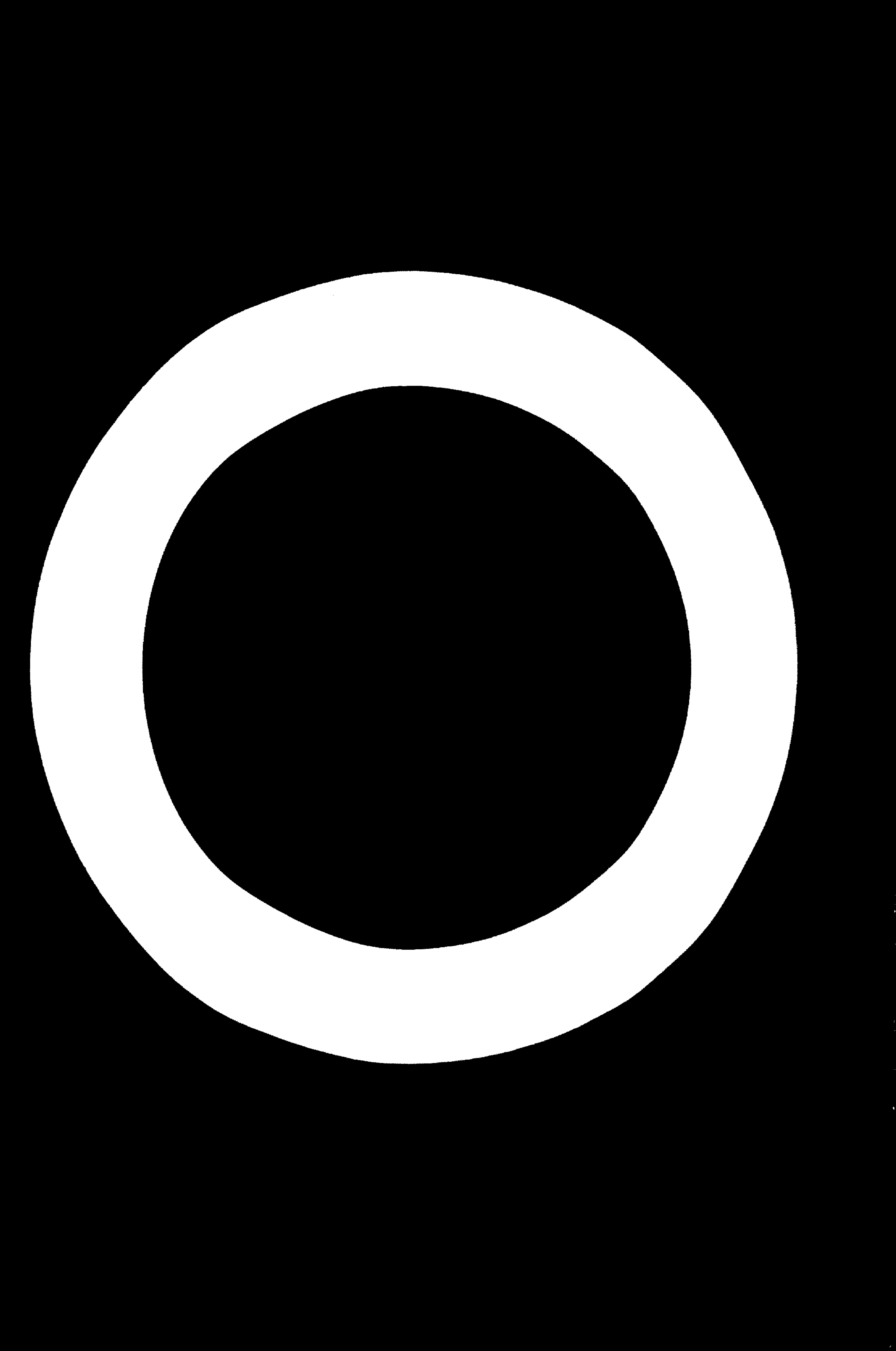
3. Over 50 % of this production comes from the Khartoum conurbation and the Blue Nile Province. The best quality hides and skins also come from this area.

4. In the Sudan, there are no official standards for grading hides and skins applicable to domestic market and the export, the introduction thereof is urgently needed.

5. Traders and exporters have their own purchasing network in the whole of the Sudan, with offices and warehouses. Money is often advanced to the butchers or small merchants. They thus secure their share of the hides and skins available on the market.

6. The Tanneries do not have their own hides and skins purchasing network. They are dependent on the Khartoum slaughterhouse and on uncertain supplies from small merchants. Furthermore, they do not obtain all the hides and skins they need, when market conditions favour exports.

7. Further to the need for controlled exports, the tanneries must organise their own purchasing network for thides and skins. Adequate regulations, if necessary, should be provided for. (see Chapter 7, Export Quota Scheme).



CHAPTER 3

THE EXPORT OF RAW HIDES AND SKINS FROM THE SUDAN IN 1965/1971

The export of hides and skins from the Sudan is a tradition of long standing. The production of hides and skins is the natural outcome of large numbers of cattle, sheep and goats, the Red Sea ports being the outlet to the world market.

Compared with other exported commodities and Sudanese total exports the export of hides and skins is small. In 1971 the export of hides and skins, totalling LS 1.806 339, ranks seventh after cotton, oil seeds, gum, feedstuffs, vegetable oils and live animals. Sudanese export totalled LS 114,453 973, hides and skins, representing 1,5[illegible] %. The export of hides and skins maintains this position in Sudanese export and thus represents a modest, but permanent source of foreign exchange. This stability lends the export of hides and skins a special quality and significance.

The export of hides and skins can be broken down into four groups:

1. cattle hides
2. goat skins
3. sheepskins
4. crocodile, lizard, snake skins, etc

Export in these groups over the last seven years can be seen from the table below:

Table 8

DESCRIPTION

year	cattle hides pieces	sheepskins pieces	goatskins pieces	goat & sheep pieces	kg crocodile lizards, snake
1965	424,000	1,496,000	766,000	2,260,000	55,282
1966	400,000	1,691,000	1,139,000	2,830,000	123,462
1967	240,000	1,495,000	944,000	2,439,000	63,851
1968	348,500	1,513,000	801,000	2,314,000	33,205
1969	359,000	1,783,000	1,105,000	2,868,000	51,353
1970	447,[illegible]00	1,450,000	786,000	2,236,000	24,321
1971	363,000	2.129,000	850,000	2,272,000	19,517

(Source: The Foreign Trade Statistics of the Sudan).

Note for the conversion of weights into pieces: the following values have been adopted:

For hides: dryed 10 kg
air dryed 7 kg
calf skins 4 kg

For sheep skins
dried 1 kg
pickled 700 Gr

For goat skins
dried 600 Gr
pickled 600 Gr

Table 9

Value of the Exported Hides and Skins from the Sudan for 66/71 in Sudanese Pounds

year	cattle hides	sheep skins	goat skins	Total goat & sheep	crocodile lizards snakes	grand total
1965	529.378	487.907	132.037	619.844	98.959	1,248.281
1966	622.849	570.308	251.039	821.347	116.908	1,561.104
1967	451.153	632.987	239.[illegible]47	872.234	116.779	1,440.766
1968	582.715	680.961	182.394	863.355	60.951	1,509.021
196[illegible]	617.677	659.315	270.135	1,029.440	230.293	1,767.440
1970	693.551	674.065	186.308	860.893	30.890	1,584.814
1971	626.113	939.256	193.377	1,132.633	38.310	1,797.056

(Source: The Foreign Trade Statistics of the Sudan).

The exported quantities of hides and skins are fairly balanced so there are no great annual fluctuations. Prevailing prices on the world market may influence the quantity exported, when hides and skins are in demand at higher prices. Exports may prove more attractive and greater quantities might be mobilized for export, but in the long run, the quantities depend on production and on stocks available.

In 1971 over two million sheep skins were exported, an unprecedented figure. However, in view of the previous year's (1970) low of 1,450.000 pieces the two years together may still represent a fair average.

Based on the exports of the last seven years annual average exports from the Sudan could be estimated as follows:

Cattle hides 400,000 pieces

Sheep skins 1,600,000 pieces

Goat skins 900,000 pieces

Crocodiles, Lizards and Snake skins- sharply declining from S£.100,000 in 1965 to 36,000 in 1971

The export of hides and skins over the last seven years has been to the following countries:

Table 10

The Average Export of Cattle Hides for 1965/71 from the Sudan by Countries of Destination

Country	Rank	Average export per year S£.	Share in total hides export %
ARE	1	517.000	87 %
Italy	2	25.000	4.2 %
United Kingdom	3	15.800	2.9 %
Greece	4	8.900	1.5 %
Spain	5	7.000	1.2 %

Egypt is the dominant export market for hides from the Sudan, 87 % of the hides exported. In the current year (1972) the proportions are changing slightly, there being modest increases in the hides exported to Italy, Spain, Greece, etc. Having only one major customer, the sellers are dependent on his goodwill or ability to cooperate on the world market level.

Table 11

The Average Export of Sheep and Goat Skins from the Sudan 1965/71:

by countries of destination Country	Rank	Average export per year S£	share in total skin export %
USA	1	177.000	18.1 %
ITALY	2	144.700	14.8 %
FINLAND	3	125.000	12.8 %
FR.R. GERMANY	4	84.500	8.6 %
SWEDEN	5	77.200	7.9 %
LEBANON	6	74.200	7.6 %
FRANCE	7	68.100	6.9 %
GREECE	8	63.700	6.5 %
SPAIN	9	16.500	1.7 %
NETHERLANDS	10	12.600	1.3 %

Over 85 % of the total exports of skins are directed towards these 10 countries. Distribution is normal and acceptable to the exporters.

The Export of Pickled Sheep Skins

The initial stage before tanning is pickling or preserving the raw pelt. The export of this type of product is acceptable only in the initial stages until the production methonds improves so as to permit the second stage of development, wet blue-leather. This stage must also be considered temporary until chrome crust leather can be produced. When developing an export programme the ultimate goal is the finished product, such as shoes, garments, leather goods, etc. If the export is inert and does not proceed beyond the initial stage of exporting only pickled pelt, there will be no development in quality and export.

The export of pickled sheep skins has not developed as illustrated in the table below:

Table 12

Export of Pickled Sheep Skins from the Sudan 1965/71

year	pieces	value in S£
1965	282.000	126.139
1966	290 000	97.136
1967	162.000	97.337
1968	260.000	115.256
1969	365.000	118.765
1970	170.000	83.432
1971	270.000	136.000

For the last 10 years there has been no qualitative or quantitative improvement in the skins produced. The development stopped at the very beginning. Crust leather should be exported instead of pickled skins: new efforts should be made to secure a fair share of the world leather market for Sudanese products. This product should constitute a new step towards the further development of production and export, the final stage being finished leather (suede and nappa) and leather products (garments, leather goods, etc.).

When the export of raw hides and skins has been switched completely to the export of leather and leather products, the value of total exports will increase from the present figure S£ 2 million (raw material) up to S£ 4-5 million.

In order to achieve this goal, the export of raw hides and skins has to be reduced and a new export policy has to be introduced, giving special preference to the export of leather and leather products (see chapters 5 and 6).

Grading of Hides and Skins for Export

The exporters build up export stocks by buying hides and skins ungraded or only superficially so according to local practice. Not having any fixed grading standards, the exporters cannot sell for export on a different basis, but maintain the same fluctuations.

Sheep and goat skins from the Sudan are usually sold on the basis of 90 % First and 10 % second grade. Similar skins from the neighbouring countries (Ethiopia, Uganda, Nigeria) are sold on the basis of 50 % Firsts, 40 % Seconds and 10 % Thirds. If 90 % Firsts and 10 % Seconds are offered from other countries, it represents an exceptional selection in terms of grade and quality. However, using the same description (90 % I and 10 % II), the Sudanese skins are of much lower quality and grading than those from neighbouring countries and the buyers abroad are misled, as customary export practice of 90 % I and 10 % II is unrealistic and unjust.

The same also applies to bovine hides: the customary grading, 90 % I and 10 % II, or 80 % I and 20 % II isunrealistic.

This unrealistic grading is made even more confused and unrealistic as all grades (first and seconds) are usually mixed in bales: Firsts and Seconds are not packed seperately.

As the grading used for export is so unreliable, the buyers never know exactly what they are getting for their money and and hides or skins purchased from the Sudan have a certain risk factor.

Under such circumstances the buyers will buy in the Sudan only when there is a shortage of hides and skins elsewhere, or they purchase at the lowest possible price to be on the safe side. As a result of this sales policy, Sudanese hides and skins are underrated.

The Sudanese exporter transfers this underrating of the Sudanese hides and skins to the producers by offering them the lowest possible prices, always ready to make the lack of quality the scapegoat. Fishing in troubles waters the Sudanese exporters are merely concerned with the profit margin between the purchasing and export prices.

This underrating of the Sudanese hides and skins can be avoided only by introducing firm commercial grading standards for hides and skins at both the domestic and export markets (see chapter 6).

CHAPTER 4

THE IMPORT OF LEATHER AND LEATHER PRODUCTS TO THE SUDAN

The import of leather and leather products is not regular as can be seen from the figures in the table below.

Table 13

The Import of Leather, Leather Products and Shoes 1965/71

Year	Import of Leather SL	Import of leather products other than shoes SL	Import of shoes pairs	SL	Total Import SL
1965	16.267	27.082	446.417	313.052	356.401
1966	17.399	41.276	526.318	367.868	426.543
1967	341	34.008	414.791	315.186	349.535
1968	33.793	49.968	535.376	394.992	47[illegible].773
1969	46.533	86.518	567.007	441.838	574.889
1970	461	67.536	100.522	124.917	192.914
1971	37.425	135.177	106.048	101.826	274.428

Leather shoes are the major items as these qualities or styles which are not produced locally but are imported to meet the demand. However, as from 1970, the shoes imported have been considerably reduced to protect domestic production.

The general policy of satisfying the demand for leather and leather shoes by means of local production is economically justified. However, the limited supply of hides and the irregular supply of chemicals and spare parts for the tanneries in the past few years have reduced the production and selection of leather to such a degree that shoe-manufacturers have been unable to fulfil their production programmes. The market is, therefore, not properly supplied with shoes, there being a general shortage of good and medium quality leather shoes.

CHAPTER 5

PROMOTING THE EXPORT OF RAW HIDES AND SKINS FROM THE SUDAN

Present situation

Domestic ordinances provide the exporters of raw hides and skins with a 15% bonus of the value of the hides and skins exported. This bonus is paid upon clearance of the transferred foreign exchange, increasing the daily exchange rate by 15%.

This type of export subsidy is practiced in many other countries for a countless number of articles. However, it should only be applied if it is badly needed, as it incurs many unfavourable side-effects.

Export subsidies and the unfavourable side-effects upon Sudanese Economy

1. It gives rise to inflatory trends within the leather and shoe sector leading to increased prices for other consumer goods.

The hides and skins exporters who have the 15% bonus can compete and pay as they do 15% higher prices than the world market. In so doing, they force the tanneries which produce for the local market, to pay the same, or even higher, prices. Consequently their product, i.e. leather for the local market, will be 15 percent more expensive than those on the world market. Thus, the shoemakers or factories who have to pay 15 percent (or more) higher prices for leather must also increase the price of their products.

This considerable increase in the prices for leather products will be observed by the manufacturers of other consumer goods e.g. textiles and foodstuffs, who will follow suit.

2. The tanneries, shoe and leather goods manufacturers incur effective losses

Competition of the exporters, who have the advantage of the 15 percent subsidy on a limited market with highly speculative tendency, the tanneries cannot procure the hides and skins they need and are thus obliged to work with a reduced capacity. This leads to financial losses and labour disturbances. This is also transferred automatically to the shoe and leather goods producers with the same effects.

From July to November 1972, (the observed period of 97 days) the Khartoum tannery soakedthe following number of hides.

Hides

Soaking	30.795 hides	or	563.467 kg.
Capacity	46.500 "	or	970.000 kg.
Soaking loss	(for 97 days) 17.705 pieces	or	386.533 kg. or 40 percent

This represents a total annual soaking loss of 72,000 hides or 1.440.000 kg. owing to the reduced soaking, the Khartoum Tannery is losing well over 5100,000 in overheads and wages alone.

Further to the lack of raw material and financial losses incurred the tannery faced with unequal competition could not produce the usual quality hides and skins. Given lower graded hide, only lower-grade leather can be produced. Many of the customers are rightly complaining (Bata Shoes) about the low quality and grades of the finished leather.

The missing 40 percent of unprocessed hides represent well over 240,000 sq. metres of finished leather i.e. 1 million pairs of leather shoes the total loss to be borne by the tanneries and by the shoe producers 3,500,000 per year. The tanneries and the shoe manufacturers are suffering an annual loss of over £S.[illegible],[illegible].

5. The benefits accrue to one party only and unnecessary budgetary losses are incurred.

In previous years, the export subsidies for raw hides and skins might have been necessary, when hides and skins were not in demand on the world market. However, ever since 1971, the world market is experiencing a major boom and the demand for hides and skins is practically unlimited. In the USA for example, hides prices have been tripled in that period. In such a market situation, there is no need to sponsor the export of hides and skins and the money spent cannot be deemed an investment.

The budget losses in 1972 incurred by the unnecessary payment of 15 percent subsidies for the export of raw hides and skins will probably exceed S.300,000 (15 percent of estimated export of LS.2,[illegible],[illegible]).

Further to this loss, the budget will lose well over SL.1 million for taxes not collected on leather and shoes which the manufacturers did not produce for want of raw material otherwise exported (25 percent of estimated sales of S [illegible] million).

For want of skins, the Khartoum tannery will not produce the planned 750,000 sheepskins for export, but only 30,000. The disputed 720,000 pieces will probably be exported in raw incurring a loss in value of about 20 percent which in turn incurs a loss to the budget in foreign exchange of Sh.144,000

Finally, not having sufficient locally produced leather and shoes to meet the populations growing demands, the government will be obliged to import expensive foreign shoes and leather or substitute leather.

The total loss to the Budget is well over Sh 1,444,000. When export subsidies are needed, requested and finally introduced, the beneficiaries and the budgetary authorities must carefully observe developments on both the domestic and foreign market and change their policy as soon as the initial reasons for subsidies no longer exist. Failure to maintain a careful check and implement the policy fairly will mean that subsidies will benefit one party only and the budget will suffer unnecessarily large losses.

<u>Table 14</u>

<u>Summary of losses in 1972</u>

Tanneries	over	SL.1000,000
Shoe and leathergoods producers	over	SL. 500,000
<u>The Budget</u>		
For subsidies	about	SL.300,000
For lost taxes	over	1,000,000
For reduced revenue through export of raw instead of tanned skins in <u>foreign exchange</u>	about	<u>144,000</u>
Total	about	[illegible]

CHAPTER - 6
PROPOSALS FOR PROMOTING THE EXPORT OF LEATHER AND LEATHER PRODUCTS FROM THE SUDAN

The leather industry in Sudan is expanding with a view to producing more for the home market and in particular more for export.

In the next three years, the tanneries in the Sudan will process about 300,000 cattle hides and about 2,500,000 goat and sheep skins. This production will absorb 100% of the marketable quantity of hides and about 2/3 of the marketable quantity of skins. The processed leather for export shall be exported as CRUST (tanned but not finished leather) chrome or vegetable tanned, as well as finished leather (nappa, suede, gloving, hunting, calf etc.) and finished leather products (shoes, garments, hand bags etc.).

This ambitious production programme, will be realized in toto as 30% of the expected tannery capacities are already in existence and in production, 30% shall be ready for production within a year and the remaining 40% shall be ready by 1975. Together with this development of the tanneries the production of leather garments and leathergoods is being extensively reorganised. This programme will change fundamentally the century-old trade of hides and skins in the Sudan.

About 40% of the bovine leather (about 1,000,000 sq. metres) and over 70% of the leather made of goat and sheep-skins (about 1,000,000 sq. metres) shall be exported. The remaining quantities being consumed by the local market. The leather to be exported represents a value of about SL.4-5 million (compared to the material value of about S.1-8 million.

In order to successfully fulfil this highly responsible programme for the export of leather and leather products, both commercial and official steps have to be taken.

Based on the production of the existing tanneries, extensive market research is urgently needed. The most lucrative types of leather for export have to be ascertained and new customers found.

Furthermore, conditions must be established for the production of regular quantities and qualities (assured flow of imported chemicals, spare parts, etc.) for the introduction of technological innovations, if needed (new machines and know-how), for competitive selling prices etc. Consequently, the introduction of new conditions for the export of leather products should be considered by the Government.

CONSIDERATIONS FOR SPONSORING THE DEVELOPMENT OF THE LEATHER INDUSTRY AND EXPORT OF LEATHER AND LEATHER PRODUCTS (BY THE GOVERNMENT)

To develop production and to ensure the permanent large scale export of leather and leather products, it is necessary that the tanneries and shoe and leathergoods and garment factories have all the raw materials, chemicals and spare parts they need. Foreign exchange for this purpose should be granted automatically. However, present procedure does not grant the allocation of foreign exchange to the tanneries. Very often, they have had to wait for long and uncertain periods unable to procure the necessary material or spare parts. Consequently, they had to stop production, despite orders for waist of essential chemicals, and produce less attractive leather or even stop the entire production. Given such an uncertain policy, a responsible large-scale leather production and export programme cannot be implemented.

Some foreign countries, such as Pakistan, when starting their exports of leather and leather products (in the late 1950s) introduced "a Bonus Voucher Scheme" granting to the exporters participation in the value of the exported leather in the form of foreign exchange. This scheme lasted with some modifications, for over 10 years. The factories developed a very substantial export of leather and leather products (see annex) and by exporting leather they earned their share of badly needed foreign exchange. Within a few years the export of raw hides and skins stopped entirely, the old factories were modernized, new factories constructed, thousands of new labourers employed and millions of foreign exchange earned. By granting participation in the foreign exchange earned, the Government offers the exporting factories the possibility to earn their share of foreign exchange and, in the meantime, helps to introduce a new industry and expand exports. Many other developing countries are introducing similar steps (see chapter 8).

In order to rouse a major exportdevelopment programme in the Sudan, under similar conditions, subsidies or the export of leather and leather products should be urgently considered. The following proposals are made :-

1. Participation in the foreign exchange earned of the production units

   15% participation for the export of CRUST (vegetable or chrome tanned but not finished leather).

   30% participation for the export of finished leather.

   40% participation for the export of leather products (shoes, garments, leather goods, etc.).

2. Subsidies for the production units in local currency

In many importing countries, high import duties are levied on leather and leather products. To overcome this barrier, subsidies in local currency should be granted to the exporting industries. This subsidy should in the meantime help to reduce the high duties imposed in the Sudan on imported goods which are currently having an adverse effect on the prices of the leather being exported.

10% subsidy should be granted for the export of all types of leather (Crust and finished) and leather products (shoes, garment, leathergoods etc.).

3. CONCLUSION

By introducing participation in the foreign exchange earned, and by offering subsidies in local currency, the Government will mobilise the co-operation of the factories which will produce more for export so as to earn more foreign exchange. By doing so, current production will be well provided for, the old tanneries will be reconstructed and new tanneries opened for new labourers and still larger exports obtained.

CHAPTER 7

THE ORGANIZED EXPORT OF HIDES AND SKINS LEATHER AND LEATHER PRODUCTS

Over the last few years, the tanneries have been complaining about the permanent shortage of hides and sheepskins. This causes them and the consumers of finished leather major losses and problems with regard to the surplus labour force. The State also loses taxes it would otherwise earn on finished leather products (see chapter 5).

When the new tanneries now under construction start to operate, this acute shortage of hides and skins will be even more serious and the losses even greater. The uncertain supply will cause uncertain employment and possibly jeopardise the prosperity and existence of the tanneries.

The short supply of hides and skins in the tanneries is due to a limited supply from the slaughterhouses and the excessive export subsidies. The losses to the Sudanese economy in 1972 are as shown in table 14, chapter 5

If measures are not taken the situation in the coming years will be grave.

For the coming years up to 1975 the estimated supply and demand will be as follows:

Table 15

Description	Estimation of the marketed production pieces	Capacities of the tanneries pieces	Average export pieces	Total consumption pieces	Shortfall pieces
Cattle Hides	1,000,000	1,165,000	400,000	1,565,000	565,000
Sheepskins	3,250,000	2,451,000	1,600,000	4,051,000	861,000
Goatskins	2,300,000	1,485,000	900,000	2,385,000	85,000

As can be seen, the production of raw hides and skins will not be sufficient to meet the demand of the tanneries, nor to maintain the existing level of raw hides and skins exports.

The tanneries should produce leather for export as well as the domestic market to meet the growing demand. Thus, the development of leather industry is essential. However, if the new leather industry has to compete with the export of raw hides and skins which is sponsored by 150 subsidy, it will inevitably lose.

A basic decision is needed for the sponsorship of the export of leather and leather product and the discontinuation of export subsidies for the export of raw hides and skins.

As the export of raw hides and skins will continue to be foreign exchange earner, it would not be suspended drastically to avoid disruption. Firm but progressive measures should be introduced to enable the tanneries to obtain the necessary quantities of raw hides and skins for processing and the rest might be exported as raw.

To achieve the harmony needed for the development of the tanneries and the reduction of exports of raw hides and skins the following proposals are presented for consideration:

1. THE EXPORT PROMOTION COUNCIL FOR LEATHER AND LEATHER PRODUCTS

To promote the export of leather and leather products instead of the export of raw hides and skins, an EXPORT PROMOTION COUNCIL FOR LEATHER AND LEATHER PRODUCTS should be established.

1/ Membership is mandatory for every mechanised tannery, shoe factory, leather goods and garments factory and all registered exporters of raw hides and skins;

2/ The Council shall operate through its Executive Committee assisted by the Permanent Office of the Council, headed by the Chief Consultant;

3/ The Executive Committee shall comprise the following:-

One Representative of The Ministry of Industry, possibly the Permanent Under Secretary

One Representative of The Ministry of Commerce and Trade
One Representative of The Ministry of National Resources
One Representative of The Bank of Sudan
One Representative of The tanneries
One Representative of The Shoe factories
One Representative of The leather-goods factories
One Representative of The Exporters of raw hides and skins
and The Chief Consultant of The Export Promotion Council

All representatives shall be nominated as permanent members of the Executive Committee. Permanent deputy members shall also be nominated:

4/ The Council is a co-ordinating and consulting body, not a profit making organisation;

5/ The main aim of The Council is to promote the production of leather and leather products for export instead of raw hides and skins. It shall .

(a Co-ordinate the relations between the producers and exporters of raw hides and skins on the one hand and the tanneries on the other;

(b Co-ordinate relations between the tanneries and the shoe and leather goods manufacturers on the one hand and the exporters of finished leather and leather products on the other;

(c Make proposals to the Government for the regulation of import export policy such as :

(i) Reducing the export of raw hides and skins by introducing export quotas for raw hides and skins (see below);

(ii) Giving preference to the import of requisite chemicals and/or spare parts;

(iii) Changing the present system of export subsidies for raw hides and skins in favour of new forms of sponsorship for the export of finished leather and leather products. (see chapter 6)

(iv) Granting export oriented factories participation in the foreign exchange earned.

(d Collect and transfer to the interested plant international information about the production and prices of raw hides, skins and leather, fashion trends and export openings for shoes and other leather products to different markets.

(e Organize the participation of the respective industries and exporters specialised trade fairs and contribute generally to the promotion of Sudanese leather and leather products;

(f Propose to the Government special Trade Agreements conducive to the export of leather and leather products.

6/ In order to fulfil its obligations, the Council's Permanent Office shall have the following Departments:

I Raw Hides and Skins
II Leather, Shoe and other leather products
III Marketing and market Research with innovations
IV Legal and administrative consultations
V Finance and control

7/ In order to cover costs of salaries, promotion, administrative expenses, travelling expenses, samples, informative pamphlets, etc., the Council shall have an annual budget from the Ministry of Industry or are provided by the members of the council in proportion to the participation.

2. THE EXPORT QUOTA SCHEME

It is recommended that the following steps be taken as from 1973 :-

1. Reduction of exports of raw hides by 25 percent and skins by 20 percent and of export quotas for each exporter. The individual quotas for 1973 shall be established by reducing the quantity of hides and skins exported subsidies in 1972 by 25 percent and 20 percent respectively.

2. Stopping the 15 percent export of raw hides and skins.

3. Introduction of the sponsored export of leather and leather products by granting the exporters participation in the foreign exchange earned as follows :-

15 percent of the export value of tanned crust (not finished) leather.

30 percent participation of the export value of finished leather and

40 percent participation of the export value of leather products (shoes, leather-goods, garments etc.)

The foreign exchange thus earned shall be credited to the exporter's account only after he has paid an equivalent sum in Sudanese currency, at the official rate, and after the exported goods have been paid for whereafter the exporter has the right to buy and import all the needed chemicals, spare parts, the know-how and and machinery he needs to the value of the foreign currency credited to him.

4. Introduction of a 10 percent export subsidy for leather and leather products (instead of the previous 15 percent subsidy for the export of raw hides and skins.

The proposed 10 percent subsidy whould assist the exporter to absorb the price difference due to import duties on leather and leather products in the importing countries.

5. Following the reduction of hides and skins exports in 1972 by 25 and 20 percent respectively, and after the introduction of export quotas, the supply and consumption of raw hides and skins shall be as follows in 1973:-

Table 16

Description	Cattle Hides pieces	Sheepskins pieces	Goatskins pieces
Khartoum Tannery	180,000	500,000	250,000
The New Khartoum Tannery (for 3 months)	63,000	150,000	75,000
Omdurman Leather Factory	45,000	-	25,000
Total consumption by the tanneries in 1973	288,000	650,000	350,000
Estimated consumption by the rural tanneries and rural population	385,000	751,000	785,000
Average export	300,000	1,703,000	680,000
Total consumption and export in 1973	973,000	3,104,000	1,815,000
Estimated total production included rural areas	1,000,000	3,250,000	2,300,000
Balance remaining for 1973	27,000	146,000	485,000

As can be seen from the above table, supply and demand in 1973 will be balanced out, only if the export quota scheme is applied. Without which a shortage of hides and skins will exacerbate the production of the tanneries and shoe factories.

The export quotas for the years thereafter should thus be established accordingly.

6. Further to this official intervention, the organization by the tanneries themselves of their own purchasing stations in Khartoum, Omdurman and Khartoum North, and in all important market places, especially in the Blue Nile Province, where the best hides and skins in the Sudan are produced would be necessary. In this market, they will buy the hides and skins from the producers or small merchants at lower prices than from the Khartoum exporters by buying from the producers or the first middleman, the tanneries shall be in a position to influences the production of better flayed and preserved hides and skins as they will be able to pay higher prices for better grades. Once the producer observes the reward for better flaying and curing, he will do his best in the future. This would lead to the effective improvement of the production of hides and skins in the Sudan.

Raw hides or skins represent in terms of value some 50-75 percent of the tanned leather. Thus, the tannery's purchasing operations is the most valuable and financially the major activity. The damage caused by careless purchasing or an incomplete purchasing organisation could ruin the prosperity of a tannery. On the other hand, a carefully organised and well managed hides and skins purchasing operation is the way to a tannery's prosperity. All the administrative hinderances should be eliminated. The advantages to the tanneries outweigh by far the financial risks involved.

3/ THE "CORPORATION" SCHEME

A CORPORATION should be established to regulate the flow of hides and skins on the internal market and to effect the export of hides and skins.

The Corporation would operate on the basis of the following principles :

1. The Corporation should be established as a profit-making organization with adequate financial backing and storage facilities and staff;

2. The Corporation should not interfere with trade in hides and skins on the internal market which should be left unchanged;

3. The Hides and skins accummulated by the traders could be sold to the tanneries for domestic consumption or to the Corporation for export prices being fixed on a contractual basis;

4. The Corporation is the sole body entitled to export raw and pickled hides and skins. The Corporation can sell abroad directly or through the services of exporters, provided an acceptable offer is made. The exporter negotiating such exports shall receive 3% commission of the exported value;

5. Before offering any hides or skins for export, the Corporation is obliged to offer them to local tanneries first. Only those quantities and qualities of raw hides and skins in which the tanneries are not interested shall be offered for export;

6. The Corporation can also handle the export of leather and leather products in co-operation with the factories concerned;

7. The export of leather and leather products is free, subject solely to the general foreign trade conditions;

8. The 15 percent export subsidy of raw hides and skins should be stopped and <u>PARTICIPATION IN FOREIGN EXCHANGE SCHEME</u> introduced with 10 percent export subsidy for leather and leather products (see previous section).

<u>Note</u>

1. The possibility of offering, selling abroad and earning 3 percent commission will encourage the individual exporters to continue

their activities and obtain the most acceptable conditions from abroad.

2. <u>PARTICIPATION IN THE FOREIGN EXCHANGE SCHEME</u> with 10 percent export subsidy of leather and leather products will encourage the factories to increase their export of leather and leather products.

3. The establishment of official standards for quality and grading of hides and skins is urgently needed so as to avoid the underrating of Sudanese hides and skins on the world market (see Chapter 3) and establish a correct relationship between the sellers and buyers on the home market.

4. <u>THE SYNDICATE SCHEME</u>

A <u>SYNDICATE</u> should be established to co-ordinate relations between the individual exporters, the producers of hides and skins, and the tanneries.

The SYNDICATE would operate on the following basis:

1. The Syndicate would comprise the following members:

   1 Representative of the Ministry of Industry (Chairman)

   1 Representative of the Ministry of National Resources

   1 Representative of the Ministry of Finance

   1 Representative of the Bank of Sudan

   1 Representative of hides and skins exporters

   1 Representative of the tanneries

   1 Representative of the shoe industry

   1 Representative of the leathergoods-garment industry

2. <u>THE SYNDICATE</u> is a co-ordinating body, with the authority to take decisions if needed. It is a non-profit making organisation. This aim being to enable the tanneries to procure the necessary quantity and quality of raw hides and skins from the producers

small merchants or exporters, thus eliminating the unbusinesslike competition.

3. The Syndicate should operate through their regular meeting which have to be held every Monday at a fixed hour.

4. Prior to the meeting, each exporter will inform the Chairman, in writing by Saturday morning or the latest as to the quantities and qualities of raw hides and skins available for sale to the tanneries or for export.

5. The tanneries should also submit their requirements outstanding.

6. In the meetings, agreement will be reached or decisions taken by the Chairman ensuring that the tanneries procure the quality and quantity of the hides and skins they need. Only those quantities and qualities of hides and skins which the tanneries do not need can be released for export.

7. An exact record must be maintained by the SYNDICATE with respect to every exporter, indicating the quantities and qualities of raw hides and skins (registered) as available for sale to the tanneries or for export. The record should also indicate the registered sales to the tanneries, (if any) and the contracted export, if approved by the Syndicate.

8. The prices for any hides and skins contracted through the Syndicate should be established, by mutual agreement or following the Chairman's decision one week in advance.

9. The export of leather and leather products is free.

10. The 15 percent export subsidy for raw hides and skins should be stopped and PARTICIPATION IN FOREIGN EXCHANGE SCHEME introduced with 10 percent export subsidies for leather and products of leather (see previous section).

CHAPTER VIII

PROMOTION OF THE LEATHER INDUSTRY AND LEATHER EXPORTS IN CERTAIN DEVELOPING COUNTRIES

As an indication of the degree to which the development of the Sudanese leather industry, could be promoted and accelerated a brief analysis of the practical achievements in other developing countries, which are traditional exporters of hides and skins, would be helpful. Particularly instructive are the export promotion examples in Argentina, Brazil, India, Pakistan and Uruguay as well as certain African countries like Ethiopia, Kenya and Nigeria.

Up to a few years ago all these countries were traditional exporters of raw hides and skins. One after another, they introduced development schemes for their own leather processing industries with a view to exporting leather and leather products instead of raw hides and skins. Gradually, the scheme worked and they introduced the export of more expensive products.

This change was not easy, neither for the leather producers, nor for the buyers abroad. Many producers lacked sufficient capital and many the knowhow: the existing tanneries were often old establishments without the essential equipment. The buyers, on the other hand, were equipped only for dressing tanned unfinished leather. In many tanneries abroad, dressing the leather alone would have meant many of them having to stay idle. The majority of the traditional raw hides and skins buyers were reluctant to accept this change quickly and rejected the idea of buying tanned unfinished leather, instead of raw hides or skins.

In order to promote their developing leather industries many countries introduced different forms of subsidies favouring the export of tanned leather and leather products. In the course of time and after rounds of negotiations, producers and buyers abroad found their common interests and soon all the difficulties and shortcomings were ironed out. The export of tanned leather became an established feature, as indicated in the analyses below.

PAKISTAN

Up to the late 1950's Pakistan mainly exported raw hides and skins. Their raw kid and goat skins and dewooled sheep skins were well established items throughout the world, mainly in Europe. However, in view of the better returns to be gained from the export of leather and leather products and faced with a rising domestic demand for leather and leather products, Pakistan introduced a leather industry development scheme.

To encourage new investors and existing old industries Pakistan introduced an Export Bonus Voucher Scheme for the export of leather and leather products. The exporter of leather received 20 % and the exporter of leather products 40 % of the earned foreign exchange. This bonus voucher could be used for the import to Pakistan of any commodity from any country. They could be sold to other users which gave the voucher a specially attractive market value.

From the late 1960's the vouchers could be used only by the exporting factories and only for raw material, spare parts or machineries for use by the exporting factories in the production of leather for export.

Owing to this sponsoring system, many new tanneries have been established or old ones reconstructed, mainly by the previous exporters of raw hides and skins. The export of leather and leather products has risen from year to year with a corresponding drop of raw hides and skins. The figures below illustrate this rapid changes

TABLE 17

Export of raw hides and skins, leather and leather products from Pakistan 1962-1972

Export in US Dollars

Year	Hides + Skins	Leather	Leather Products	Total
1962	[illegible],098,000	1,9[illegible]9,000	-	7,[illegible]7,[illegible]
1963	[illegible],67[illegible],000	2,0[illegible]9,000	-	9,71[illegible],[illegible]
1964	1,171,000	6,[illegible],000	-	7,756,000
1965	558,000	10,115,000	-	10,67[illegible],[illegible]
1969/70	-	[illegible],000,000	4,1[illegible]0,000	[illegible],1[illegible]0,000
1970/71	-	22,500,000	5,[illegible]10,000	28,010,000
1971/72	-	26,100,000	6,310,000	32,410,000

Sources: Foreign Trade Statistics and Pakistan Embassy, Khartoum.

In Pakistan the Export Bonus Voucher Scheme has achieved good results. Following the last considerable devaluation of the Pakistan rupee, the scheme was withdrawn in 1972.

INDIA

India has enjoyed a less spectacular, but none the less important development in the export of finished products.

The leather industry in India has an age-old tradition. The East India (vegetable tanned) kips, goat and sheep skins were already well-known at the beginning of the century, especially in the United Kingdom. After the Second World War, a systematic development scheme was studies and introduced with the aim of modernizing the leather industry and developing the export of leather and leather products from India. Progress was remarkable and rapid: within a few years, Indian leather was exported to all the important markets in the world and the export of raw hides and skins ceased.

To accelerate the development of leather exports, different forms of subsidies were introduced (exporters enjoyed tax rebates, etc.).

After periods of study abroad, but mainly through the Central Leather Research Institute at Madras, trained people as well as scientists were introduced into the tanneries in India. The old tanneries and their traditional tanning methods were replaced; new modern tanneries were constructed. Besides these local endeavours, foreign co-operation has been encouraged. Different forms of joint ventures, licensing, "importing" of foreign experts were encouraged.

Thanks to these combined efforts the production and export of leather and leather products expanded rapidly and the export of raw hides and skins ceased. The results of this policy and the expanded export of leather and leather products are illustrated in the table below:

Table 18

Export of raw hides and skins, leather and leather products from India 1963/64 1968/69 and 1971/72

Export in US Dollars

item	1963/64	1968/69	1971/72	% 1968/69 1971/72
Veget. tanned kips + buffalo hides	8,76[illegible],000	16,707,000	20,496,000	12[illegible]
Veget. and chrome tanned goat skins	12,850,000	51,200,000	64,500,000	126
Pickled goat skins	2,950,000	733,000	660,000	91
Vegetable chrome tanned sheep skins	10,506,000	22,106,000	25,730,000	116
Finished leather	2,090,000	2,213,000	5,040,000	228
Leather goods	294,000	1,053,000	2,267,000	215
Leather footwear	3,910,000	9,467,000	11,653,000	123
Other leather	2,946,000	4,736,000	4,134,000	87
Raw sheep, goat + reptile skins	9,834,000	5,812,000	ceased	
Raw hides	ceased	ceased	ceased	
Total export US$	54,143,000	114,027,000	134,480,000	118

Sources: Statistics of Foreign Trade of India, Report Leather and Allied Industries of India.

Comparing the export figures for pickled goat skins from 196[illegible]/1964 amounting to US$ 2,950,000 with exports in 1971/72 amounting to only US$ 660,000 or hardly 2[illegible] %, it is visible that the export of pickled goat skins is also declining. On the other hand, the export of finished leather, leather-goods and footwear has tripled over the same period.

ARGENTINA

Argentina is one of the largest meat and hides producing countries in the world. Its annual export of raw cattle hides used to be 10-14,000,000 pieces valued at about US$ 10-15,000,000. The export of raw hides represented a stable export commodity with a world-wide reputation. For more than 100 years overseas buyers used to buy the Argentine raw hides, however in the last 6-8 years the Argentine exporters and the Government of Argentina have decided to develop their own tanning and leather industry and to promote the export of tanned leather and leather products.

The Government sponsored the export of leather (unfinished or finished) by adjusting the export duty. In mid-1971 the Argentine exporters had to pay duty on exports as follows:

on raw hides	37.8 %	of exported value
on pickled hides	30.8 %	"
on wet blue hides	23.5 %	"
on chrome crust	11.5 %	"
on finished leather	11.5 %	".

The export duty on tanned leather was thus 26.3 % less than that on raw hides.

The combined efforts of the Government and the exporters in Argentina have resulted in a major success. The leather industry had developed rapidly int. joint enterprises changing the century-old tradition of hide export into the export of tanned leather with a trend towards the export of finished leather. This development is visible in the following table.

Table 19

Export of hides and leather from Argentina 1967/72 (6 months)

Export of hides in US Dollars

year	raw	leather total	total	Percentage of leather to raw hides
1967	8,65[illegible],000	6[illegible],000	9,288,000	7.3
1968	8,302,000	1,280,000	9,[illegible]82,000	15,4
1969	8,266,000	[illegible],211,000	11,477,000	39.
1970	7,506,000	3,780,000	11,286,000	50.4
1971	6,8[illegible]0,000	3,651,000	10,481,000	53.4
1972 6 months	2,189,000	2,58[illegible],000	4,767,000	119.

Source: Estadistica de Exportación-Frutas del pais + Commercial

It is expected that the rapidly expanding leather industry will absorb completely the production of raw hides in Argentina. Thus the export of raw hides will cease and only leather and leather products will be exported.

OTHER COUNTRIES

Argentina's neighbour, Uruguay, likewise a traditional producer and exporter of hides, also introduced an export drive a few years ago so that at present they export only tanned leather and leather products, whereas the export of hides is prohibited.

Brasil, despite its comparatively low level of hides production, is a few steps ahead of both Uruguay and Argentina. Its leather and shoe production has developed so rapidly and considerably, that its shoe exports are quite substantial, as indicated in the table below.

Table 20

The development of shoe exports from Brazil

Year	Value in US Dollars
1970	8,000,000
1971	29,000,000
1972 (estimation)	55,000,000

Source: Leather, September 1972

Similar developments and certain form of export sponsorship for leather and leather products are also to be found in Ethiopia, Kenya, Nigeria and elsewhere.

MAJOR MARKETS FOR HIDES AND SKINS, LEATHER AND LEATHER PRODUCTS

INTRODUCTION

All European countries import hides and skins, leather and leather products, [illegible] world. However local European production cannot meet the rising demand, hence it would seem that hides and skins, leather and leather products will continue to be imported for some time to come.

The introduction of different leather substitutes cannot replace the demand for natural leather. It may only satisfy a part of the demand connected with fashion, season or trends, newly created items. It is only the production of soles for shoes which is seriously effected as rubber and plastic soles are more practical to produce and wear.

During the second world war, many tanneries and shoe factories were damaged or destroyed. Many of them have never been reconstructed and many of the old factories closed down. The post war boom in modern industries (chemical, plastics, electronics etc.) nudged the existing leather industry into second place in many industrialized European countries. The leather and shoe production has been partly shifted to new production centres in Europe mainly to Italy and Spain. Italy has become the biggest and most fashion minded shoe producer in the world, exporting shoes throughout the world, mainly to the highly industrialized countries such as W.Germany, Sweden and USA. In the last few years leather and leather products have begun to move from one country to another as never before. With the new economic and political organizations in Europe and overseas, this flow of consumer goods might become bigger and bigger. The developing countries are gaining new markets for their new industrial products: the leather and leather products.

The value of the imported hides and skins, leather and leather products to some markets is very big. The table below shows the relationship and export possibilities.

Table 2[illegible]

THE IMPORT OF HIDES AND SKINS, LEATHER AND LEATHER PRODUCTS TO IMPORTANT MARKETS

for 197[illegible] in US Dollars

Items	USA	W. Germany	Italy	UK	France	Japan
Raw hides and skins	11,160,000	13,500,000	11[illegible],050,000	31,728,000	89,500,000	102,300,
pickled lamb sheep	37,637,000	8,880,000	11,[illegible]10,000	12,600,000		
tanned leather not fancy	48,791,000	29,090,000	39,383,000	33,817,000	19,800,000	22,600,
tanned leather fancy	15,052,000	10,050,000	31,914,000	39,421,000		
leather goods	65,116,000	21,010,000	negl	15,525,000		
leather wearing apparel	50,251,000	51,120,000	negl	10,392,000		
leather footwear	194,781,000	285,300,000	negl	93,300,000	69,000,000	
TOTAL	753,118,000	550,530,000	225,987,000	239,783,000	208,300,000	124,9[illegible]

Source: USA Foreign Trade 1971 Dec.
W. Germany Aussenhandel 1971 Dec.
Italy Statistica del Commercio con l'estero Dec.
Overseas Trade Statistics 1971 Dec.
OECD Series B Trade by Commodities 1970

Owing to changing habits (fashion) and rising living standards in many overseas countries, more leather is used than before. Domestic production cannot cover the increased demand, so imports are necessary. Japan's example is typical: in 1955/57 (average) Japan imported only 12,000 tons of raw cattle hides. In deference to the increased demand of Western fashion the Japanese partly changed their traditional dresses and footwear. The consumption of leather increased rapidly and in 1968 Japan imported 177,000 tons, an increase of 130%.

Of no less importance is the rising demand for hides and skins, leather and leather products in the eastern countries. From 1955/57 (average) till 1968 the Eastern countries increased their import of cattle hides from 37,000 tons to 203,000 tons, an increase of 48%.

In the same period the import of cattle hides to the western countries increased from 419,000 tons in 1955/57 (average) to only 555,000 tons, an increase of 2?%. In Europe only Italy's imports of cattle hides rose to a higher degree, from 77,300 tons in 1955/57 (average) to 168,000 tons in 1968, i.e. 116%.

Further to the above markets, Finland, Greece, Netherlands, Spain, Sweden and Yugoslavia are significant markets.

The US Market

With a total import figure of more than US $ 750,000,000 for 1971 for hides, skins, leather and leather products the USA represents far the biggest and most important market in the world for leather, leather goods and shoes.

Owing to the very high wages in the USA, almost unlimited opportunities exist for the import of shoes, leather goods, garments of leather and other leather products. Provided the offered items and prices are accepted by the customer, potential sales are enormous. The Italian producers, with their creative artistic flair and practical business acumen, are exploiting these opportunities by exporting to USA leather and leather products for about US $ 300,000.000 (1970 OECD) i.e. over 40 % of the total imports of this material to the USA.

The interest in raw hides and skins is declining, but increasing where tanned and unfinished leather is concerned. With a view to reducing environmental pollution, the US tanners are accepting tanned and unfinished leather as a raw material instead of raw hides. On the basis of careful technological cooperation, permanent business units could be developed with the Sudan.

At the same time, however the US market is delicate. There are many importing channels: importers: importers operating in different ways, who sell the imported goods to retailers - big department stores importing through their own importing organisation - big chain-stores importing directly, many shoe and other leather products manufacturers import to supplement their own production programme. Agents can be appointed for certain areas and items.

Many articles can only be sold through importers (jobbers); many importers insist on having sole importing rights for certain articles; many big organisations will not buy, if the same articles are also sold to minor retailers. It is very important to select the most suitable type of importer for the marketed product.

All commercial circles in the USA are very business-minded. They maintain their contractual rights as they have their own own obligations tp fulfil Any deviations or changes to the contractual terms during the contract period should be avoided or confirmed in advance. Any reckless mishandling can be very costly.

Many factories in USA are supplementing their own production by purchasing elsewhere items which they cannot produce and which fit into their sales programme. In such cases they are very cooperative and helpful, offering different forms of assistance, furnishing the knowhow, supplying special chemicals, machines, etc.

In order to be successful, the prospective seller to the USA market must be very well provided for; he must be able to manage the business efficiently. Before any business activity, a very thorough market research should be carried out. Contacts and consultations should ensure the proper start. It is quite customary for major banks business organizations and even small business firms, to be very helpful and cooperative while information, samples and know-how are collected. There is no reason to ignore the advantages, as it also helps to find new suppliers.

Unfinished Sudanese goat and sheep skin leather could be sold to the USA. Tanneries or importers could be the buyers. The domestic supply fails to cover the demand, so the USA is a potential market for goat and sheep skins. Garments made of leather are also in fashion, as are nappa and suede leather. The shoe factories could also be good consumers.

Crocodile and lizard skins are especially attractive. They can be sold tanned and unfinished, as well as finished. However finishing must be absolutely perfect if the leather is to be accepted by the manufacturers of high class crocodile leather goods.

Finished leather products are also imported in very large quantities. As presented in Table 21 more than US $ 600,000.000 worth of shoes, leather goods and leather garments were imported by the USA in 1971. Sudan has every chance to transfer all the raw sheep and goat skins into finished products and to sell them to the USA. This very optimistic target is feasible, provided that continuous development is ensured, and the selling of tanned, crust sheep and goat skin leather could be the best introduction to the US market.

Some of the prospective ... are listed belo

1) **Allied Kid Company**
209 South Street
Boston Mass
Tannery: goat skin crust

2) Rudolf ... ader
112 Beach Street
Boston Mass
Importer leather sheep crust

2) **Kaufmann Trading Corporation**
15 Park Ro...
New York, N Y 10038
Importers hides, skins crust

4) Leather ... ent Incorporation
120 Wall Street
New York, N Y 10005
Importers hides, skins, crust, leather

5) **Sears Roebuch Overseas Inc**
360 West 3... Street
New York, N Y 10001

Importers for their own department and mail order stores of all finished products of leather (shoes, garments, gloves, leathergoods, etc)

The market in the F. R. of Germany

In 1971 with imports to the value of US $ 100,050,000, the F.R. of Germany was the world's largest importer of leather, whereas with imports to the value of US $ 235,380,000 it ranged second amongst the shoe importers. The import of leather and leather products was similar in previous years, and with the rising consumption of leather F.R. of Germany will definitely remain a major importer of leather and leather products This situation is due to the fact that many tanneries and leather processing factories have closed down and the F.R. of Germany lacks the cheap labour essential to the leather industry. The more expensive German or migrant labour is engaged in more lucrative industries (electronics, chemicals, automotive industry, etc)

Unfinished vegetable or chrome tanned sheep, goat and bovine leather is imported from the exporting countries. The majority of the unfinished bovine leather domes from Argentine and Uruguay (1971 DM 2,513 000 and DM 116.000 respectively). Much larger quantities of unfinished sheep and goat skin leather have been imported (1971 DM 53,500 000), most of which comes from India, Kenya, Nigeria and Pakistan Most of the finished leather in all grades was imported from the E.E.C. countries (1971 over 70 %) Apart from certain financial advantages, the short delivery period, excellent communications and personal contacts have contributed greatly to the large share enjoyed by the neighbouring countries.

Italy also dominates the German shoe and leather goods market, well over 60 % of the total German imports of shoes and leathergoods The German shoe industry tried to resist the invasion of Italian shoes by importing Italian shoe designers and the cheap Italian shoemakers. However the German shoe industry lost [illegible] or [illegible] Italian [illegible]. It seems that the large imports of shoes into the [illegible] of Germany will remain for some time to come.

The German [illegible] is very "[illegible]", hence leather garments are very much in vogue. Though produced on a large scale, demand is not met [illegible] the Federal Republic of Germany, importing [illegible] US $ [illegible] 120 000 ([illegible]) was the world's largest importer of leather or leather substitute garments, the major chain stores being the important importers.

The major importers of shoes are the shoe factories and the big retail stores. The [illegible] directly from abroad to avoid the importers. As on other markets, an aggressive agent can be very helpful in finding good buyers within smaller specialized stores or expensive boutiques.

The [illegible] finished leather market is dominated by the importers and the shoe industry. The mobile, industrious German importer co-operates very closely with the German leather processing industry and operates between the foreign exporters and the end users as a very useful assistant.

The Sudanese exporters could find permanent buyers in the F.R. of Germany interested in all types of tanned and unfinished leather, good quality finished leather, in particular sheep and goat, suede and nappa. The poorer quality bovine leather, unfinished or finished will find the market difficult. But in cooperation with some German tanneries (for example patent leather) the export of unfinished bovine leather could be effected.

Some of the prospective buyers in the F.R. of Germany are:

1. Cornelius Heyl A.G.
652 Worms/Rhein
Schonauer Strasse

Tannery: goat and sheep, crust

2. Carl Freudenberg
Lederfabrik
6940 Weinheim

Tannery: hides, crust

3. Scholvin and Co Häute und Felle KG
Brandsende 2 Hamburg 1

Importers: hides, skins, crust

4. Gustav Schmenger K.G.E.
Zweibrucker Strasse 29
6780 Pirmasens
Importer: leather.

5. Neckermann Versand K.G.
Zentraleinkauf Lederwaren
Hanner Landstrasse 360/400
6 Frankfurt 1

Importer: leather products

6. Dorndorf und Servas
Schuhfabrik G.m.b.H.
Rodalben

Shoefactory

The market in Italy

For Sudanese unfinished crust leather the Italian market is by far the most interesting. They are the most constant and largest buyers of raw and tanned unfinished leather from all African and other developing countries. The dynamic Italian leather industry transforms poor quality hides and skins into popular fashionable leather and leather products to all other countries of the world. In 1971 Italy imported over US $ ... million worth of raw hides and skins and nearly US $ 40 million worth of tanned, unfinished leather.

The countless tanneries, shoe manufacturers and producers of fine leather goods are spread throughout Italy. Owing to the large number of scattered industries, the safest and most efficient way of handling sales in Italy is through importers in Italy or some other countries which are well represented in Italy, such as the Netherlands (Rotterdam).

The growing Sudanese leather industry should welcome any form of cooperation with the highly successful Italian leather industry on a joint venture basis. They are cooperative and eager for new forms and sources of supply. Some prospective buyers and contacts in Italy:

1. C.I.R.
   Conceria Italiana Riunite S.p.A.
   Via Stradella 102

   Tannery: hides, skins, crust.

2. Conceria Cogolo Corgnaro S.P.a
   Via Concerie Cogolo
   Zugliano (Udine)

   Tannery: hides, skins, crust

3. Mazzotti E.S.p.a.
   Via Monterosa 75
   20149 Milano

   Tannery: sheep, goat, crust.

4. Petto Gianni
   Via Lanzone 36
   Milano

   Agent.

5. Kaufmann's Handelmaatschappij N.V.
   Westmeedyk 521
   Rotterdam

Markets in France, Netherlands, Spain, Sweden, the United Kingdom Yugoslavia and other European countries

All these countries import hides and skins to the order of about US $ 150 - 160 million per year, as well as leather and shoes for about 350 million US $ (Source: Hides, Skins and Footwear industry in the OECD countries, 1970/71). They regularly buy raw hides and skins, unfinished and finished leather and finished leather products. Even through individually not as large as the F.R. of Germany or Italy, these markets are important on account of their regular purchases of hides and skins, and leather and by virtue of their reliable business methods.

The Scandinavian and West European countries have cold winters, very unpleasant rainy autumns and [illegible] rainy springs. Consequently people wear good shoes, and leather (or substitute leather) coats are very popular. Hence the Sudanese leather industry could find regular customers in these countries for finished or unfinished leather as well as for leather products (garments, handbags, etc.).

The major importers in Rotterdam or London handle the greater part of the import market. However there are large importers or agents in all these countries, and some factories also import directly. Many forms of industrial and commercial cooperation are possible and recommended.

Some prospective contacts

Netherlands

1. [illegible]'s Handelmaatschappij [illegible] V.
521 Westzeedijk
Rotterdam 300[illegible]

Importer: Hides, skins, leather, ers [illegible]

2. Koninklijke Lederfabriek
Oisterwijk [illegible]
Almystraat [illegible]
Oisterwijk ([illegible])
[illegible]: Hides, skins, crust

3. Schroder Handelsmaatschappij
E. Schroeder N. V.
P.O.B. 121
Rotterdam

Sudeico [illegible] V.
Rotterdam 2 Waalhaven
Van Weerden Poelman [illegible]

France

1. Cara Fils et Cie
Roann (Drome)

Tanner: hides, skins, crust

2. Ets. Niedermann S. A.
11[illegible] Av. Roger Salengro
1[illegible] Marseille 20
Importers: Hides, skins, crust

3. Kreglinger S. A.
3 Rue de [illegible]
61 Mazamet

Importers: Goat, sheep, crust

[illegible] for crocodiles
Tannery E. [illegible]iller et Cie
5[illegible] Rue du Faubourg St. Martin
Paris

United Kingdom

1. B.B. Vos and Son
P.O.Box 548
45 Weston Street
London S. E.

Importers and Agents
Hides, skins, crust

2. Colin and Shields Ltd
Corn Exchange Building
52 Mark Lane
London EC 3R 7 [illegible]

Importers: hides, skins, crust

3. The Pavlova Leather Co.Ltd.
Abingdon on Thames/Berkshere

Tannery: Goat, sheep, crust

4. Clark's Shoes [illegible] England
Bristol

Shoe manufacturer and importers

SWEDEN

1 Glass Lauder Fabrike A.G.
Kaevlinge

Tannery Goat, sheep, crust

2 Poulsen and Agres A.B.
P.O.Box 252
701 01 Orebro

Importers Hides, skins, crust
finished leather

3. Oscaria shoefactory
Orebro

FINLAND

Ahlskogs Läderfabrik A.B.
Kronoby

Tannery Goat, sheep, crust

DENMARK

2 Poulsen and Agres A.P.
Amaliegade [illegible]
12 56 København

Importers Hides, skins, crust
finished leather

SPAIN

1 Teneria Moderna Franco Espagnola S.A.
Industria [illegible] Mollet del Valles
Barcelona

Tanner Hides, skins crust

2 Pieles y Curtidos Zaragoza S.A.
Padron La Coruna

offices also in:

San Andres [illegible]
Barcelona [illegible]

Tannery Hides, skins, crust

YUGOSLAVIA

1 Centrotextil
Beograd
Knez Mihailova [illegible]

Importers Hides, skins, crust,
leather

2 Cibalija
Vinkovci

Tannery Goat and sheep skins
crust

3 [illegible] Kombinat
Visoko

Tannery Hides, skins, crust, lether
shoefactory
garment factory

[illegible] WITH CENTRALLY PLANNED [illegible]

[illegible]

The [illegible] their products is growing in these countries [illegible] living.

[illegible] these countries cannot [illegible] leather [illegible] have to [illegible] imported. The regular import of hides and [illegible] 20 [illegible] imports. Besides [illegible] countries [illegible] hides [illegible] from [illegible] Zealand and the U.S.A. The sheep and [illegible] developing countries, [illegible] biggest [illegible] second World War the [illegible] sheep and goat skins market in India and Pakistan, [illegible] the [illegible] tanners [illegible] or less [illegible] the India and Pakistan [illegible] or go taking [illegible] the [illegible] countries [illegible] conditions.

The [illegible] tanned leather of goat and sheep skins, mainly from India and Pakistan, are [illegible] line, and for many years all these countries have [illegible] buying big quantities. Recently they also started to purchase larger quantities of tanned unfinished leather [illegible] from Argentina, Brazil, Paraguay and Uruguay.

Apart from raw hides and skins and the tanned unfinished leather, these countries, in particular the [illegible] are major [illegible] of finished leather and leather shoes. They import large quantities of a few items only, so that the orders from these countries are simple and easy to handle.

All the imports to these countries are mostly handled through one importing agency. If interested, they send their purchasing missions to important markets, otherwise the sellers visit their offices with samples, offers and negotiate [illegible] personally. The first introductory [illegible] made through the local official representatives.

THE PURCHASING AGENCIES [illegible] THE COUNTRIES WITH CENTRALLY PLANNED ECONOMIES

1. USSR [illegible]
[illegible]
Moscow [illegible]

2. CZECHOSLOVAKIA
[illegible]
17, Trida Dukelskych Hrdinu
Praha 7
P.O. [illegible]

3. HUNGARY Tannimpex
Vorosmarty [illegible]
Budapest

[illegible] POLAND
Skorimpex
22 Lipca [illegible]
Lodz

5. RUMANIA
Romano Export
Strada Doamnei
Bucharest

III. All reports, recordings and contracts relating to hides and skins will be subject to selection grades based on official grading standards for hides and skins in the Sudan, which will have to be established in advance.

OTHER FORMS OF CONCILIATION

The flow of raw hides and skins on the domestic export market can be co-ordinated in many other ways, such as :-

The introduction of a state monopoly for the purchase and export of raw hides and skins;

The imposition of export levies on raw hides and skins, with correspondingly less tax on export of leather and leather products; or

A complete ban on the export of hides and skins.

CONCLUSIONS AND RECOMMENDATIONS

1. The most efficient and easiest way, as well as the most practical method, is to combine the Export PROMOTION COUNCIL SCHEME with THE EXPORT QUOTA SCHEME. It is based on clear principles, will function almost automatically and, in the meantime, efficiently protect the development of the leather industry without jeopardising foreign exchange earnings or curtailing the activities of the exporters.

It is recommended the Export PROMOTION COUNCIL SCHEME combined with the EXPORT QUOTA SCHEME be introduced in 1973. The practical results will determine future policy, but continuation of this scheme is anticipated.

2. The essential part of the export quota scheme is the proposed reduction of hides and skins exports by 25 percent and 20 percent respectively, the abolition of export subsidies on raw hides and skins and the introduction of foreign exchange participation with 10 percent subsidy for the export of leather and leather products.

3. The tanneries must have the financial backing and authority as well as the obligation to organise their own purchasing and collecting stations for hides and skins in all important markets in the country.

4. At first sight the Corporation scheme would appear attractive but it requires skilful, efficient and business-minded management and executive staff, major capital investment, warehouses (which are currently not available), etc. The solution of these preparatory conditions would take a very long time whereas both the existing and projected tanneries require an efficient solution, which the CORPORATION SCHEME fails to offer such a solution.

5. THE SYNDICATE SCHEME is very complicated to operate. It is theoretically attractive, but in practice, full of endless meetings, reports, and records and very doubtful results combined with THE OTHER FORMS OF CO-ORDINATION THE SYNDICATE SCHEME offers a theoretical solution which though applicable under other circumstances, cannot be recommended at present owing to the acute shortage of hides and skins in the tanneries and the problems of promoting the export of leather and leather products in the Sudan.

CHAPTER X

THE PURCHASE OF HIDES AND SKINS, CHEMICALS AND SPARE PARTS

In 1973, the following quantities of raw hides and skins will be needed for the tanneries in the Sudan:

Table 22

Description	Cattle Hides	Sheep Skins	Goat Skins
The Khartoum Tannery	180,000	500,000	250,000
The new Khartoum Tannery (for 3 months)	[illegible],000	150,000	75,000
Omdurman leather factory	45,000	-	25,000
Total consumption in 1973	288,000	650,000	350,000

This is equal to the task facing the industry in 1972, when the two existing tanneries could only cover 60 percent of their capacities in hides and the Khartoum Tannery covered only its demand for sheep skins, 4 percent of an alarming result with major losses for the tanneries. It is essential that the reasons be analysed soon to avoid it being repeated in the future, all the more as the quantity needed in 1974 is nearly twice that of 1973.

The meagre purchasing of raw hides and skins in 1972 was due to inadequate organisation and insufficient activity on the part of the purchasing department of the tanneries which in 1972 was particularly vulnerable to the exporters intensified activities, compounded by the rising prices on the world market and the 15 percent government subsidy for the export of raw hides and skins.

The exporters enjoyed support from abroad and in view of the subsidised export of raw hides and skins were very active throughout the country. They bought up all the hides and skins produced in the interior before they could have been offered to the tanneries. The unlimited demand from abroad contributed greatly to the superiority of their position.

The tanneries do not have their own network of purchasing stations and/or agents in the interior or in Khartoum. The majority of the hides and skins purchases are effected at the auctions at the Khartoum Slaughter-house in keen competition with the exporters. Small lots of hides and sheep skins are bought from small merchants likewise in competition with the exporters.

Under such unequal conditions, the tanneries which are in an inferior position, have had to pay higher prices than the exporters and be satisfied with any hides or skins they could procure. Under present circumstances the tanneries can never be sure of the quantity and quality of the hides and skins they buy.

Through this uncertain purchasing of hides and skins the tanneries incurred not only extensive financial losses, but also major labour disputes. In view of the lack of security, the labourers are discontented with low wages and factory discipline suffers irreparably.

In order to establish a sound basis for the supply of hides and skins to the tanneries, the export of hides and skins should be reduced in 1973 by 25 percent and 20 percent respectively. The 15 percent subsidy for the export of raw hides and skins should also be suspended. (See Chapter 5 and 7)

However, this proposed restriction of the exporters' activities will not automatically result in the tanneries' empty warehouses filling up by themselves. It is essential that the tanneries reinforce their purchasing departments. Capable staff should take exclusive care of the purchasing of raw hides and skins. The tanneries should also organise their own purchasing stations and/or agents throughout the country, above all in the Khartoum conurbation and in the Blue Nile Province. Only if better organised and effectively supported, can the tanneries hope to obtain their normal share of the raw hides and skins they need.

Apart from this acute problem, the latent competition between the tanneries themselves in the purchase of raw hides and skins should be overcome. If not carefully planned in advance, the individual development of the tanneries may also contribute to the separate purchase of hides and skins and a [illegible] competition result between the tanneries.

In order to appreciate better the importance of hides and skins purchasing operations, which has been repeatedly stressed in this report, it should be remembered the value of the raw hides or skins represents 60 - 80 percent of the value of tanned leather, only 20 - 40 percent being the value added. In view of the value of the raw hides and skins leather, any purchasing advantages or disadvantages are reflected in the price of the tanned leather. Careful purchasing of raw hides and skins is the key to good quality leather and competitive prices.

The supply of chemicals and spare parts had also many shortcomings. Owing to insufficient or delayed supplies, the Khartoum Tannery has lost many working days, which leads to irregular production and considerable losses. The primary reason for these delays in supplies is the inadequate (or late) foreign exchange allocation and the inadequately organised purchases. Negligence and the long time needed to process orders are further contributing factors.

New reforms for foreign exchange allocation should be introduced (see Chapter 6) and a skilful and more ambitious purchasing department organised.

CHAPTER 11

THE PRODUCTION OF LEATHER AND LEATHER PRODUCTS FOR DOMESTIC AND EXPORT MARKETS

Besides providing employment, tanneries and leather processing factories have two objectives to fulfil:

1/ To supply shoe manufacturers and shoemakers adequate leather at a reasonable cost, enabling them to produce the footwear needed in the various income groups in the Sudan.

2/ To produce leather and leather products for export.

The Domestic Market

The estimated production of footwear in the Sudan for the years to come is as follows :-

Table 23

Description	Year 1972/73 pairs	Year 1976/77 pairs	% of growth
Leather shoes	4,200,000	5,200,000	24%
Beach sandals	5,000,000	6,100,000	22%
Plastic shoes	4,600,000	5,700,000	24%
Canvas shoes	2,800,000	3,600,000	28%
Total Production pairs	16,600,000	20,600,000	24%
Estimated Population	17,7[illegible],000	20,800,000	17.50%
Consumption of footwear p.c.	c.93%	c.98%	5%

Some 16 shoe factories are officially registered and working and a countless number (estimated 12,000) of shoemakers. Bata Nationalised Corporation is by far the biggest; its production figures for 1971/72 are shown below.

Table 24

Description	1/ Full Capacity Pairs	2/ Actual Capacity pairs	3/ Actual product % pairs 3:1	
Canvas shoes	3,750,000	1,853,600	1,751,400	47%
Beach sandals	3,750,000	3,564,600	2,350,600	63%
Plastic shoes	2,250,000	2,031,600	1,5[illegible],600	6[illegible]%
Leather shoes	4,050,000	3,120,500	2,301,800	5[illegible]%
Total Production 1971/72	13,800,000	10,570,300	7,944,300	5[illegible]%

The production of the other fifteen factories for 1970/71 compared with the production of Bata Nationalized Corporations is shown below:

Table 25

	PRODUCTION			
Description	Total Sudan	Bata Pairs	The other Fifteen Factories Pairs	Percentage of the production of Bata of total Sudan
Canvas shoes	2,627,000	1,727,000	900,000	65%
Beach sandals	6,683,000	2,472,000	4211,000	37%
Plastic shoes	2,382,000	1,697,000	685,000	75%
Leather shoes	2,504,000	1,672,000	832,000	67%
Total	14,196,000	7,568,000	6628,000	53%

At present Bata is the most important and best organized shoe manufacturer in the Sudan. It has its proven system of production and a retail sales organization of it own.Unlike the other companies Bata is nationalised.

All the shoe factories are working below capacity. The production of nonOleather shoes suffered set backs owing to the lack of imported raw material, directly attributable to the insufficient foreign exchange allocation. The low production of leather shoes is due to the insufficient supply of domestic leather following excessive export of raw hides and skins and the insufficient purchasing activities of the Tanneries (See Chapter 5 and 7)

The shortage is in upper leather only. Many shoes are produced without lining and the majority of shoes have rubber or plastic soles, only a very small percentage being produced with leather soles. Many shoemakers are using the leather produced in the rural tanneries, in particular for the lining and sol leather.

Based on the estimated shoe production, the demand for shoe upper leather for 1972/73 will be about 600,000 square metre. The Khartoum tannery may produce 300,000 square metre leather in that period, the shortfall of about 300,000 sq.m. being partly met by the production of the rural tanneries (goat skins); the majority however will be replaced by substitutes (textiles covered with plastic, synthetic leather etc).

In the last few years leather imports have been reduced, the only practical source of leather being the Khartoum Tannery with its insufficient production of upper leather.

This upper leather supply situation will also prevail in 1973 until the new Khartoum tannery starts to operate (end of 1973). It is anticipated that from 1974 onwards the shortage of shoe upper leather will be overcome. The buyers shall be more selective, and begin to be selective with respect to quality, fashion, punctual deliveries and, above all, lower prices.

Under the present circumstances, shoe production cannot develop in terms of quality or quantity. Every endeavour is thwarted by the insufficient supply of upper leather.

The prices of leather and leather shoes are inordinately high. Only exclusive fashionable shoes may be expensive, whereas standard-quality shoes should be priced moderately for the general public. Specially factory made shoes to replace the very popular markoub have to be produced and sold at lower price levels.

At present, the Khartoum tannery is selling corrected grain side box at £S0.275 per square foot, natural lining at £S0.20, sole leather (about 40% croupon, 30% shoulder and 30% belly) at £S0.727 per kg. These prices are equal to the prices of best quality leather in Europe or USA.

Consequently shoe prices are prohibitively high: there are no leather shoes for ladies or men under £S5.4 which is very high for local conditions.

The reason for the exaggerated leather prices is that the Khartoum Tannery is working at only half capacity. The subsidised export of raw hides and skins attracts most of the raw hides and skins available so that the Khartoum Tannery cannot purchase the necessary quantity and quality, whereas for the leather it does obtain, the tannery has to pay 15 per cent more than the world market prices.

This unfavourable side-effect of the export subsidy scheme can be easily avoided by doing away with export subsidies for raw hides and skins and by introducing export quotas (See chapters 5 and 7).

Once a should market foundation has been established for hides and skins, the tanneries could reduce the prices for finished leather by as much as 40%. The shoemanufacturer could follow suit to the benefit of the consumer and export trade.

The production of leather goods is sporadic and small. Handbags, briefcases, belts etc., are produced in smaller workshops, mostly of plastic material and other leather substitutes. Development is slow, yet with cheaper fancy leather and mechanisation, production could be increased as there is an appreciable local demand.

The production of leather garments is unknown; the appropriate leather is presently unavailable and the mild weather conditions do not favour the production of leather garments, national consumes being of textiles. Many things will have to change before leather garments be introduced.

II The export of leather and leather products from the Sudan

The production and consumption of leather in 1975 is estimated below:

Table 26

Description		Cattle Hides		Goat and Sheep Skins
Production:				
Khartoum Tannery	Pieces	180,000	Pieces	750,000
New Khartoum Tannery	"	255,000	"	900,000
Wad Medani Tannery	"	300,000	"	750,000
Omdurman Leather Factory	"	45,000	"	-
Total Production	Pieces	780,000	Pieces	2,400,000
	sq.m	1,560,000	sq.m	1,440,000
Consumption:				
For the production of 5,200,000 pairs of leather shoes for local consumption	Pieces	450,000	Pieces	200,000
Balance to be exported as tanned leather or leather products	Pieces	230,000	Pieces	2,200,000
	sq.m	460,000	sq.m	1,320,000

Further to production in the mechanised tanneries a large number of rural tanneries also produce leather, which is used mainly by shoemakers to produce the popular markoubs. The leather produced by the rural tanneries has not been considered by this survey, as production will cease in the course of time, and be taken over by the mechanised tanneries (see Chapter 12).

The reason for encouraging the export orientation of the tanneries is to secure the value added to the hides or skins, hence the profit for the tanneries. The value added depends upon the tanning process and the type of finishing. Fashionable sheepskin leather has twice the return of raw sheepskins whereas the same sheepskin merely pickled, offers a return of no more than 15-20 percent of the value of the raw skin. Naturally, finished leather products, e.g. shoes, garments or leather goods offer twice or three times the return of raw skins.

Technical equipment in all the Sudanese tanneries is based on the production of [illegible] finished leather for local consumption and [illegible] wet blue chrome for export. The production of wet blue chrome, leather is only the first tanning stage and adds only [illegible] percent to the value of the raw hides or skins. It is unfavourable for the tanneries and the Sudanese economy (See Chapter [illegible]). All developing countries are reducing their exports of wet blue leather concentrating on the export of finished leather and [illegible]

Finished sheepskin and goatskin leather from the Sudan is a quality product readily acceptable to the world market. The 70 percent capacity currently lacking in the finishing departments in the tanneries should be overcome and the production of finished leather for export should be started.

A comparison of the increased value of the raw hides or skins after processing is shown below:

Table 2

Description	Type of Processing	Added value to the raw %	Export value %
Air dried	Raw hides or skins preserved by drying without applying any preservatives		100%
Dry salted	Raw hides or skins preserved by salting when fresh and drying when preserved	4%	104%
Pickled pelts	Raw pelt of hides or skins without hair, wet, preserved by sulphuric acid	10.5%	115/120%
Tanned wet chrome blue	Chrome tanned leather, wet without further processing	15.3%	120/130%
Chrome or vegetable tanned in Crust	Chrome or vegetable tanned hides or skins, retanned, faliquered, dried	26.5%	140/150%
Finished leather	Sheep nappa Sheep suede	40% 40%	180/200%
Ladies shoes	Suede leather with leather sole (15 dm 2 for upper, 15 dm lining, 250 gr velvet, leather)	LS0.400 100%	LS1/1/50 250/375%
Leather Jacket	Sheep suede 2.50m2	LS7/100% 100%	LS 14/16 200/250%

As for export marketing activities, one policy should be applied to the marketing of bovine leather and another policy to the marketing of sheep and goatskin leather. The difference in approach is brought about by the inherent difference in the quality of the raw material. Cattle hides are damaged by scratches, brand marks, decease and flaycuts, which restrict the end-uses hence the range of markets. Sheep and goat skins are of better quality and world markets are open.

For Sudanese bovine leather produced the best markets are Egypt, Italy, Lebanon, Spain and Sweden, which are the largest regular buyers of African raw and tanned hides (specially Italy).

In the initial stages, the following bovine crust leather production programme could be started.

1. Chrome tanned, veg. retanned for corrected grain side box in thickness 1-1.2 m/m 1.2-1.4 m/m 1.4-1.6 m/m

2. Chrome tanned nappa, sides and whole hides, thickness 1-1.2 m/m, 1.2-1.4 m/m and 1.4-1.6 m/m

3. Chrome tanned for patent leather, sides, thickness 1-1.2 m/m, 1.2-1.4 m/m and 1.4-1.6 m/m

4. Chrome tanned crupons for hunting, thickness 1.4-1.6 m/m, 1.6-1.8 m/m and 1.8-2 m/m

5. Vegetable tanned croupons or "dossets" for belting 1.6-1.8 m/m, 1.8-2 m/m, 2.-2.2 m/m 2.2-2.4 m/m

The market research relating to finished bovine leather should also be introduced. The African countries could prove to be the best buyers for finished leather for shoes and leather goods. Special attention should also be paid to the market in Egypt, the largest buyer of Sudanese raw hides hitherto. Co-operation with the Egyptian shoe manufacturers could also be fruitful.

The East European countries have not shown any special interest in lower grade crust or finished bovine leather. However, in view of their late entry into the crust leather market, they have not yet shown their proper demand. Market research into crust and finished leather should provide an answer.

Sudanese sheep skins are particularly attractive export items. They have a very firm structive, very fine and tight grain, thin and silky fibres. Consequently, Sudanese sheepskins are very good material for the production of all types of nappa leather and suede. The large sized skins (average over 7 feet) offer special advantages when manufacturing leather garments or boot and Sudanese sheepskins feature among the best in the world.

Sudanese finished sheepskin leather belongs to the group of highly fashionable expensive leathers: as long as leather garments remain in fashion, Sudanese sheepskin nappa or suede will be in great demand in all the Western countries, specially in the Federal Republic of Germany. When the tanneries in the Sudan are ready to produce finished sheepskin nappa or suede leather, they will have no difficulty in finding customers at very reasonable price. Present prices are well over US$10 per sq.metre.

The tanneries have not been able to process finished sheepskin leather hitherto. Chrome crust leather for nappa and suede will also find ready customers in Europe and USA. The export of lower priced pickled sheepskins is not recommended as the value added is only 15-20%.

Sudanese goatskins are not of the same high quality as the sheepskins. They are produced in different sizes from the smallest kids to large bucks and mother goats. However, selected according to sizes and quality, they represent a very useful material for the production of shoes. The smaller fine grained skins should be processed for s[illegible] r l[illegible] ther (gl[illegible]d-kid type), th[illegible] [illegible] grained leather [illegible] grain [illegible] shoe upper leather [illegible] suede leather. S[illegible] for lining leather. All this leather is the [illegible] export category [illegible], which properly produced will fi[illegible] market in [illegible] Western countries, particularly in [illegible] Italy. [illegible] may [illegible] types of leather at [illegible] lower prices.

Until [illegible] quality finished goatskin leather, the [illegible] will [illegible] find good market in Western Europe and USA.

The export of finished [illegible] leather could be broken down as follows :

Table 28

Sheepskin Leather

For Nappa				For Suede			
Size	%	Grade	%	Size	%	Grade	%
Extra Large + 1 m2	[illegible]	I	10%	Extra Large + 1 m2	10%	I	30%
Large 0,75 – 1 m2	[illegible]	II	25%	Large 0,75– 1 m2	50%	II	40%
Medium 0,55–0.75	40%	III	40%	Medium 0.75	30%	III	20%
Small 0.55	10%	IV	25%	Small 0.55	10%	IV	10%

Table 29

Goatskin Leather

For grain suede finish				For Suede			
Size	%	Grade	%	Size	%	Grade	%
Bucks individual		individual		bucks individual		individual	
Large + 0.5 m2	10%	I	10%	Large + 0.5 m2	20%	I	15%
Medium 0.35–0.5 m2	40%	II	25%	Medium 0.35–0.5 m2	60%	II	45%
Small 0.25–0.35 m2	30%	III	35%	Small 0.25–0.35 m2	20%	III	30%
Kids 0.25 m2	20%	IV	30%	Kids 0.25 m2	-	IV	10%

The present production of shoes and leathergoods is not suitable for export. Leather quality is low, finishing poor, colour range insufficient and shoe prices too high by international standards. The lasts and shoe styles are old fashioned and the workmanship unsatisfactory.

The increased production of leather from the end of 1973 onwards shall promote competition on both the leather and shoe market, which is conducive to the production of better and cheaper products.

An export oriented development of the shoe industry is feasible provided the Government sponsors the development of the production of leather and leather goods for export (See Chapter 6).

CHAPTER I

ESTIMATED CONSUMPTION OF HIDES AND SKINS BY RURAL TANNERIES AND POPULATION

The processing of hides and skins in the rural tanneries is an age-old Sudanese craft and it is practised widely today. The hides and skins are tanned in a solution of water and ground acacia husks, known locally as 'Garad'. The quality of the leather produced depends on the skill of the craftsmen and the quality of the raw hides and skins used.

The workshops where the leather is produced are mostly locations in the suburbs, equipped only with a few holes or pits, where the hides and skins are soaked and tanned in "Garad". In this kind of tanneries, everything is done by hand, however, to speed up the process, the workers tread upon the hides and skins in the pits, barefoot.

The majority of tanneries are small units, processing a few pieces of hides or skins daily; seldom employing more workers. The finished leather is sold to the shoemakers in natural colour, only the leather is dyed in exceptional cases.

There is no official register listing these tanneries nor is there an official estimate of their number or the hides and skins they consume. They are spread throughout the country except in the provinces of Upper Nile, Equatorial and Bahr El Ghazal.

Besides these established rural tanneries, countless hides and skins are treated by the nomadic tribes during their wanderings for everyday use as mats, belts, reins and water containers, etc.

As there is no official estimate of the numbers of rural tanneries, there is also no estimate of the consumption of hides and skins by these tanneries and the nomadic tribes. However, this number is not negligible and should be estimated.

After consulting numerous competent institutions and people, the number and locations of the rural tanneries quoted by the Sudan Hides and Skins and Leather Institute and confirmed by the Hide Improvement Section of the Ministry of Natural Resources would indicate the following :

Table 10

The location and number of the Rural Tanneries

Location	Number
Khartoum	30
Darfur Province	40
Kordofan Province	40
Kassala Province	70
Blue Nile Province	90
Northern Province	20
Total	290

The leather produced in these rural tanneries is sold to the local shoe manufacturers mainly for the production of the popular moccasin type of shoe, the Markoub and a simple sandal the Shagayga. By estimating the number of Markoubs and Shagaygas produced, the approximate consumption of hides and skins by the Rural tanneries could be established.

The traditional markoub is produced with uppers of goat and/or sheep skin leather, the sole and insole of cattle (or camel) hide. For the fancy types, different types of fur, snake and lizard skins are also used. Recently factory-made upper leather and rubber or plastic soles have become very popular.

The Shagyane is a very simple type of sandal with a leather sole and only a strip of goatskin leather to fix it to the foot. In order to make the [illegible] Shagyana still cheaper and more durable, used car tyre sole is used.

Both types of footwear are generally low-priced and directed towards the low income groups. On the Omdurman market, the price for markoub ranged from 40-130 piastres, a markoub costing about 80 piastres is already good quality. Compared to Western types of shoes and to factory-made markoub, which sell at 150/170 piastres, the prices for handmade markoub are [illegible] favourable.

The leather for the production of markoub as well as the workmanship applied differ greatly. The majority are low priced and cheap, hence the rural tanneries mostly use low grade sheep hides and skins. Only for the fancy and more expensive markoub do they use average quality hides and skins.

The markoub and the shagyane sandals are mainly used in the same provinces where the rural tanneries are located, i.e. Kordofan, Darfur, Blue Nile, Kassala, Northern province and Khartoum area. In the other provinces, the factory-made rubber and plastic sandals and cheap canvas-rubber shoes are very popular.

There is no exact border line to be drawn between these two groups. The factory-made cheaper plastic or rubber sandals which have found their way to markoub wearing areas and some markoub are also worn in towns. Generally speaking, the majority of Sudanese people wear some kind of footwear, as the rough ground and intense heat prevent them from walking barefoot.

After numerous consultations, the production of markoub was estimated to be about 2 million pairs and the shagyane sandals about 2, million pairs per year. As to the materials used for the production of markoub, the following estimate could be accepted:

1. About 1,635,000 pairs or 65% are produced of 100% leather processed by the rural tanneries.

2. Goat and sheep skin leather is used for uppers (60:40%)

3. Cattle or camel hides are used for sole leather

4. About 875,000 pairs or 35% are produced from factory-made fancy upper leather and

5. About 1,250,000 pairs or 50% are produced with rubber of plastic sole.

Based on this indication, the consumption of leather and raw hides and skins can be estimated as follows :

Consumption of Leather
for 2,500,000 Pairs of Marocubs

1. Consumption of Goat and Sheep Skins

Table 31

Production pairs	Consumption of Leather in Square Feet				Consumption of Raw Skins	
	per pair	total	60% goat	40% sheep	Goat skins av. 5 ft	Sheep skin av. 7 ft.
1,625,000	3	4,875,000	2,925,000	1,950,000	585,000	264,000

II Consumption of hides for uppers and skins for lining

Table 32

Production pairs	Upper Leather Bovine		Lining Sheep		Consumed Raw		
	per pair feet	total feet	per pair feet	total feet	Hides 60 kg per feet		sheep skin 7 ft. per skin. No pieces
					kg.	pieces	
875,000	1.5	1,312,000	1.5	1,312,000	[illegible]	70,000	187,000

Consumption of Hides for Sole leather and insoles for marocubs with rubber sole

Consumed Sole Leather

Table 33

Production pairs	Per pair	Total kg.	Consumed raw hides 1 Kg. of sole leather Total dry salted hides Kg.	Pieces
1,250,000	0.400	500,000	500,000	40,000
375,000	0.100	37,500	37,000	10,00
Total Pieces				50,000

For marocubs with rubber soles
Table 34

II For 2,000,000 Pairs of Shegeyama Sandals
Consumption of hides
Consumed Sole Leather

Production of pairs	for 1 pair kg.	total kg.	Dry salted consumed hides kg.	Pieces
2,000,000	0.375	750,000	750,000	65,000

III Hides and Skins consumed for household utilities

Mats, belts, reins, water containers etc

Table 35

Liberal estimated Hides pieces

Cattle	Camel	Goatskins pieces	Sheepskins pieces
200,000	40,000	200,000	300,000

Summary of the uncontrolled consumption of hides and skins per year by the rural tanneries and rural population

Consumption

Table 36

Table No.	Cattle Pieces	Camel	Goatskin pieces	Sheepskin pieces
2	-		585,000	264,000
3	70,000		-	187,000
4	50,000		-	-
5	65,000		-	-
6	200,000	40,000	200,000	300,000
Total consumption	385,000	40,000	785,000	751,000

C H A P T E R 13

THE INTRODUCTION OF OFFICIAL GRADING STANDARDS FOR HIDES AND SKINS IN THE SUDAN

In all the countries where the production of hides and skins is permanent and regular and where the hides and skins represent national wealth, the grading of hides and skins is regulated by official standards. The rules for grading are applied both to the domestic and export market.

In the Sudan Green Grading has been introduced by law. (The Hides and Skins Rules 1955-1955 L.R.O. No. 27). It should be applied when grading hides in the controlled slaughterhouses, but it is not practised regularly.

Green grading is incomplete as it only takes into consideration the damages caused when flaying or curing the hide. The defects on the grain side are usually more serious in terms of hide and skin damages, the damage incurred during processing, yet they are ignored when grading. A significant shortcoming of green grading is the failure to provide description of quality (grading. Furthermore, green grading is not applied to export arrangements.

In local trade, this type of grading causes many discrepancies or injustice to the producers. The buyers are primarily concerned with selling the hides and skins at a higher price than they have paid. Quality(grading)is not their concern. Seldom is the producer of a high grade hide rewarded with a higher price, more often than not low grade and high-grade hides are priced at the same level.

For the export of goat and sheep skins a certain grading is provided for by the hides and skins ordinance, April 1969. In reality, where grading is concerned there is not a great difference between the domestic practices and export trade: everything is done carelessly.

When exporting hides, 90 percent first and 10 percent seconds are usually contracted. This should represent top-choice quality and the buyers in the tanneries are anticipating very good results. In reality, the hides are graded superficially as folding and the excessive salt and dirt prevent grading. The grades contracted for matter little as there are no standards to compare with.

Skins are subject to slightly stricter grading as they are air dried, (without salt) and the defects are more visible, and certain export standards exist (Ordinance April 1969).

The neighbouring countries with similar and better types of hides and skins usually have export contracting for 50 percent firsts, 40 percent second and 10 percent thirds (compared to Sudanese 90 percent firsts and 10 percent seconds).

<u>Conclusions</u>

1) The estimated consumption of hides and skins by Rural Tanneries and by the Rural population is as follows :

Cattle Hides	Pieces	385.000
Sheep skins	"	751.000
Goat skins	"	785.000
Camel hides	"	40.000

2) For a long time to come, the marcoub and the shoes will remain popular footwear as they are cheap and comfortable. However, with the development of the Sudanese tanneries and the leather industries, shoe production will also be modernised and lower prices introduced. The production of marcoubs and shoes will be adapted to meet new demands and possibilities and their production gradually shifted to the small factories. The production of leather will be transferred from the rural tanneries to the modern mechanized units at a very early date.

3) Both the rural tanneries and the shoemakers play a very important role in supplying the rural and middle-level population with adequate, cheap footwear. But following the change in habits and rising living standards, mechanized leather and shoe production will take over. [illegible] restriction of their activities should be expected as they are still making a positive contribution to the national economy and rural life by supplying traditional cheap footwear. However, no assistance should be deemed to check the progress.

Owing to the old grading practises in Sudan (80 percent first 10 percent's) overseas buyers can never know the quality (grading) of the hides or skins to export. When buying, they always take a risk and when calculating they always apply the lowest possible return in their appraisal, to be on the safe side. Owing to this unrealistic grading, all the raw hides and skins from the Sudan are underrated on the world market. The Sudanese economy loses and the reputation of the Sudanese hides and skins is unnecessarily low. (See Chapter 3)

It is possible to avoid all these losses by introducing official grading standards, for hides, sheep and goatskins applicable to both domestic and export trade.

Proposed Grading Standards for Hides and Skins in the Sudan

1. Hides

Description: [illegible], shanks cut under the knee, no dewclaws, tail up to 12 cm, free of meat, fat, blood, dirt etc., The drysalted and air dried hides should be dried open and should not be folded. If necessary then only once on the line from neck to tail.

Weight Categories

Table 37

Description	Green weight Kg.	Dry salted weight Kg.	Air dried Weight Kg.
Calf	2–8	2–6	1–3
Lights	8–15	6–10	3–7
Mediums	15–25	10–17	7–12
Heavies	+ 25	+ 25	+ 12

Grading

According to intensity of the damages 4 grades are distinguished: Grade 1, Grade 2, Grade 3 and Grade 4 (reject).

Description of damage to be noted during
the flaying and curing of the hides.

Table 10

Grade	Flay cuts gouges	Perforation by flaying (holes)	Shape	Meat and fat remains	Putrification stale hides	Insect damages
No.1	Few shallow cuts or gouges on bellys and shoulder	no holes	Normal	no fat or meat	Sound hides	no
No.2	Few deep cuts or gouges on the belly or shoulder	1 hole in croupon or 2 in belly or shoulder	Normal	few remains of meat or fat	sound hides	No
No. 3	few deep cuts or gouges in croupon	2 holes in croupon or 4 in belly or shoulder	Slight deformation	More residual meat or fat	Slight putrification on bellies or shoulder	Slight
No. 4	Many cuts and gouges	More holes in croupon and bellies and shoulder	Deformed but not pieces	heavily coated with meat and fat	Putrification on whole hide but no rotten hides resoaked and redried hides	More damage

Stale hides should be graded one grade lower than other damages.

Description of damage to leather during
life of animal

Table 39

Grade	Brand marks	Scratches	Pox	Ticks	Mange	Ring worm streptothricosis big healing wounds
No.1	One brand mark not on belly or shoulder	Few slight not on belly or shoulder	no	no	no	no
No.2	Two not on belly or shoulder or one on croupon	Few slight ones on croupon or upper on belly or shoulder	Few on belly or shoulder	Few on belly or shoulder	Slight	no
No.3	Two small in croupon or one on belly or shoulder	Few deeper on croupon or more on belly and shoulder	few ones on croupon	few ones on croupon	more ones on croupon	slight
No.4	More and bigger on croupon	badly damaged	The whole surface of the hide damaged	The whole surface of the hide damaged	Badly damaged	Heavy if either

The difference in price from grade to grade is as follows :

Grade No. 1	100%
Grade No. 2	85%
Grade No. 3	70%
Grade No. 4	50%

If a hide has many defects, grading should depend upon the cumulative damage caused to the hide's cutting area and to the quality of leather. If the cutting area or the quality of the leather is reduced by up to 15% the damaged hide should be graded No. 2; if the cumulative damage is up to 30% the hide should be graded No. 3; if the cumulative damage is up to 50%, the hide should be graded No. 4. Hides valued at less than 50 percent should be graded separately.

II) <u>Goat Skins</u>

Description: Airdried, opened or cased Girba, headless, medium shanks, free of meat and fat, blood and other dirt, etc.

Weight Categories

Table 40

Description	Air Dried Weight Ranges for 1 piece grammes	Average for 1 piece grammes	Average for 100 Pieces kg.
Kids	150 - 250	200	20 kg
Lights	250 - 400	300 - 320	30 - 32 kg
Mediums	400 - 600	500 - 550	50 - 55 kg
Heavies	+ 600	+ 600	60 kg
Bucks	+ 1,000	+ 1,000	+ 100 kg

Description of damage tolerated

Table 41

Grade	Pox	Mange	Scratches on the grain	Perforation by flaying	Flaycuts gouges
No.1	No	No	No	No	No
No.2	No	No	Few	One hole on the edge	Few on the edge
No.3	Few on the edge	on the neck	More	One hole on the central part or two on the edge	More
No.4	More, not necessarily on the croupon	More, not necessarily on the croupon	More and deep	More holes	More and deep

Description of damage tolerated

Table 42

Grade	Residual meat and fat	Putrification, stale skins	Deformation but not pieces	Insect damage
No.1	No	No	Normal	No
No. 2	no	no	normal	no
No.3	Not too much	Only one small part	Slight deformation	Slight
No.4	More meat and fat	More, but not rotten skins, resoaked or redried skins	deformed but not pieces	more

Stale skins should be graded one grade lower than other damages.

[illegible] pr[illegible] [illegible] are as follows:

[illegible] . 1	100%
[illegible] . [illegible]	[illegible]
[illegible] . 3	[illegible]
[illegible] . 4	[illegible]

[illegible] the [illegible] quality [illegible] the quality [illegible] the quality of the leather [illegible] should be graded [illegible] . 2; if [illegible] the skin should be [illegible] . 3; If [illegible] skin should be graded [illegible] . 4. [illegible] should [illegible] separately.

[illegible]

[illegible] [illegible] less, medium [illegible] fat, [illegible] other [illegible]

[illegible] Categories

Description	for 1 [illegible] piece		for 1 piece	for 1 piece	for 100 pieces
	Average lbs	Range lbs	Average grammes	Range grammes	Average kg
Lambs					
Lights	20/22	18/24	5[illegible]–55[illegible]	400–[illegible]	50–55
Medium	26/28	[illegible]4/3[illegible]	7[illegible]–800	[illegible]50–900	75–[illegible]
Heavies	32/34	30/36	1.[illegible]50–1.300	1.150–1.400	125–130
Rams extra heavies	varies	+ 36	varies	+ 1.400	varies

Description [illegible] tolerated [illegible]
(a)

Grade pox		Mange	Scratches on the grain side	Perforation by flaying	Flay cuts gouges
No.1	No	No	No	No	No
No.2	no	no	few	Two holes on the edge or one on croupon	few slight on the edge
No.3	Sporadic	on the neck or tail	More	Two holes on the croupon or three on the edge	few deeper
No.4	More and on croupon	More and on croupon	more and deep	Three holes on the croupon or four on the edge	More and deep

[illegible]

b)

Grade	Residual meat and fat	Putrefaction stale skins	Deformed but not pieces	Insect damage
No.1	no	no	normal	no
No.2	no	no	normal	no
No.3	not too much	only a small part	slight deformation	slight
No.4	more meat and fat	bigger part but not rotten skins [illegible] skins	deformed but not pieces	more

Stale skins should be graded one grade lower than other damages.

The difference in price from grade to grade is as follows:

Grade No. 1	100%
Grade No. 2	85%
Grade No. 3	70%
Grade No. 4	50%

If a skin has many defects, grading should depend upon the cumulative damage caused to the skins cutting area and to the quality of the leather. If the cutting area or the quality of leather is reduced by up to 15%, the damaged skin should be graded No. 2; if the cumulative damage is up to 30%, the skin should be graded No. 3. If the cumulative damage is up to 50%, the skin should be graded No. 4. Skins valued at less than 50% should be graded separately.

Notes:

1) The Hides and Skins Rules, 1955 (1955 L.R.O. No. 27 and the Hides and Skins Regulation, 1955 (1955 L.R.O. No. 28) are valid except for grading, the marking of grade and origin, and the folding of salted hides, which no longer apply.

2) The Hides and Skins Ordinance April 1969 is no longer applicable

3) Hides or Skins damaged by defects not listed should be graded according to the degree of damage.

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