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DEVELOPMENT OF SHOE LINE, PREPARATION OF IMS UPPERS
AND SETTING UP OF WORK CENTRES FOR THE
CEYLON LEATHER PRODUCTS CORPORATION

DP/SRL/81/007/11-52

SRI LANKA

Terminal report

Prepared for the Government of Sri Lanka
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of Bankim Ch. Chatterjee, consultant in
footwear designing and production

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Explanatory notes

The monetary unit in Sri Lanka is the rupee (SL Rs).

Mention of dollars (\$) refers to United States dollars.

Mention of the names of firms and commercial products does not imply the endorsement of the United Nations Industrial Development Organization (UNIDO).

In addition to the common abbreviations, the following have been used in this report:

CLPC	Ceylon Leather Products Corporation
DMS	direct-moulded soles
IMS	injection-moulded shoes
IPQC	in-process quality control
MS	micro-cellular sheet
PVC	polyvinyl chloride

ABSTRACT

The Ceylon Leather Products Corporation (CLPC), which operates a number of factories including a shoe factory as well as a tannery, had previously received technical assistance from UNDP/UNIDO through various projects which helped to increase the quality and output of its different products.

The project "Assistance to the Ceylon Leather Products Corporation" (DP/SRL/81/007) was first approved in 1982 and in February 1986 a consultant in footwear designing and production was appointed to work with CLPC in order to introduce a rational shoe line, especially for hand-made units. His other tasks included the design of new styles for men's, women's and children's shoes and sandals, develop materials for injection-moulded shoes (IMS), organize sewing lines for the production of uppers, advise on suitable technology, and train counterpart personnel.

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INTRODUCTION

The Ceylon Leather Products Corporation (CLPC), with the assistance of UNIDO, has achieved a remarkably high production output.

The project (DP/SRL/81/007) executed with UNIDO assistance by four international and one national expert significantly helped the CLPC to show marked improvement in the areas of design and product development, construction, production output, and has created quality consciousness among the employees. Training of technical personnel in quality control was given top priority.

The injection-moulded shoes project (IMS) which was recommended by the technical expert in his assignment in 1984 was successfully introduced. Initially, the production of IMS shoes began with imported uppers. In the meanwhile, a stitching line was set up using locally developed polyvinyl chloride (PVC) upper materials, but as these failed to meet the factory's requirements the Chairman of CLPC decided to produce 50 per cent of the requirements from leather uppers and 50 per cent from PVC uppers. This would enable the factory to continue production. It was intended to make a market evaluation of leather IMS shoes, which would be in a higher price range.

The Chairman of CLPC discussed with the Ministry of Industries and Scientific Affairs a proposal to introduce Work Centres into rural areas; this was agreed to and it enabled CLPC to improve production both in quality and quantity. A rise in the number of young people profitably employed was also apparent. The necessary infrastructure and machinery were provided by the Government.

Work Centres in and around Kandy were opened on 15 May 1986 by Mr. Sunil Abeysundera, the Deputy Minister of Agriculture. A training programme to achieve the required output was begun and production output in these Centres is now around 30 to 40 per cent. The CLPC target is 10,000 pairs per month, without any further increase in the cost of production.

The system of production has undergone a radical change to cope with the customers' needs. Several meetings were held among sales personnel to calculate the number of pairs of shoes the factory needed to produce for various market segments. A shoe line was developed and after a few modifications to basic lines the collection was finalized. One of the successes of this effort was the development of moccasins made from bovine nappa.

Finally, improvements in the quality of daily production were encouraged. Statutory quality control systems and minimum quality specification assignments were recommended as a team effort for the staff of the factory, as well as in-process quality control in the regular production line of all departments.

RECOMMENDATIONS

The following recommendations were made:

1. In order to complete the IMS stitching line more machines are required in the sewing section. These should consist of:
 - (a) 3 post bed (roller pressure foot) machines;
 - (b) 3 flat bed (roller pressure foot) machines;
 - (c) 2 vertical cylinder bed (roller pressure foot) machines;
 - (d) 3 under trimmer machines;
 - (e) 1 eyeleting (Regenda) machine.
2. Micro sole sheets are presently being bought from various local suppliers at an annual cost of SL Rs 2.5 million. The introduction of another 24 in by 24 in vulcanizing press is needed for the production of micro sheets as well as meeting the needs of various department for sole production. This press would not only help the Corporation fulfil its requirements but would also enable it to cater to the various needs of the local market where a great demand for similar types of products existed.
3. The general trend of market requirements is for more shoes produced from moulded unit soles than from other types of soles. It is therefore recommended to introduce a system of moulded unit soles production for school children and also for nurses.
4. A fabricated micro-cellular sheet (MS) mould on a temporary basis was introduced and an actual MS mould has been ordered. The design of MS moulds for micro sheets have already been selected and approved.
5. It is recommended to order MS unit moulds for the children's and youth categories. The cavity of the mould should be at least 3.5 mm and the width of the decorated welt-look design at the edge of sole should not be more than 1.25 to 1.50 mm.
6. A moulding and pre-shaping set should be introduced in order to improve the quality of moccasin shoe production.
7. With regard to moccasin lasts, their present shape and fitting does not conform with the general demand of customers and it is recommended that new shapes of lasts be introduced with broader toe shapes and wider insteps with a "G" fitting.
8. Seasonal shoe line conferences should be held, where the design section would present all categories of shoes to the sales division for their approval. This will enable the CLPC to increase its market participation in the market. It is also recommended that a designers' competition be held each year.
9. Statutory quality control, in-process quality control and a pre-shipment inspection system of all leather products produced by CLPC should be introduced.

10. Staff should be given the opportunity of being trained abroad to improve performance in quality control areas.

11. CLPC should seek further technical assistance in the following areas:

(a) In the development and streamlining of IMS production and in new styles for future production;

(b) In developing new styles as a package for each category;

(c) In finalizing unit sole and micro sheet moulds and in making mechanical drawing for all moulds;

(d) In introducing a new set of designs in the men's and women's categories with PVC uppers for production in Work Centres at Kandy.

I. THE ASSIGNMENT

Soon after the consultant's arrival in Colombo, Sri Lanka, on 8 February 1986, a preliminary work plan was drawn up for the first tenure of his assignment. It was decided, first, that he would concentrate on the IMS project with new designs as well as in establishing sewing lines in the injection moulding sections. Secondly, he would develop and select the most suitable technology for the manufacture of various types of injection moulded uppers. Thirdly, he would train designers in the manufacture of injection moulded footwear uppers including the preparation of the necessary technical specifications.

On the basis of this decision the consultant designed six styles, with different combinations of upper materials, suitable for the IMS injection process. These consisted of:

- (a) PVC and mesh material combinations;
- (b) Leather uppers with PVC combinations.

The adhesion of the PVC sole to leather uppers proved unsatisfactory. The uppers were therefore redesigned and made in various combinations of leather, PVC-coated textiles and/or mesh, so that the adhesion to the sole was always located between the PVC-coated textile and the PVC sole. This improved the sole bond.

He also developed a few designs in the men's category of the slipper range:

- (a) A padded slipper with leather uppers and micro sole with binding around the insole for an upgraded look (in a higher price range);
- (b) Another six styles with PVC uppers and recycled PVC insoles to cater for the low income market.

A request was then made by the Chairman, CLPC, through the Ministry of Industry and Scientific Affairs for an extension of his assignment until end of December 1986.

Another work plan was then formulated, on the basis of which sewing lines for injection moulded shoes were set up. Initially, imported upper materials were used for the newly developed sewing lines for different stitching operations. The production of injection-moulded shoes until April 1986 with ready imported uppers from Taiwan was running at a rate of about 300 pairs per shift. In the meantime, the consultant, with the help of the CLPC factory manager, assisted a local firm to start manufacturing PVC (backed with textile) upper materials for the Corporation which were used later in the sewing lines. These upper materials were in production from May 1986 and enabled CLPC to reduce their imports of upper materials as well as ready uppers.

Of the consultant's six designs, two styles with PVC and leather combination, were selected and approved for production and the necessary equipment was also prepared and completed. Production of these two styles was scheduled to begin on 25 August 1986. The leather upper material of the injection-moulded shoes was developed with help of Mr. G. Felsner, UNIDO expert, who worked with CLPC in the tannery section.

The Chairman, CLPC, began to discuss with the Government the setting up of small manufacturing units, known as Work Centres, in rural underdeveloped areas with a view to promoting and developing those areas and also providing much-needed employment to the local youths. It was planned that the uppers and bottoms would be cut in the shoe factory and sent to the Work Centres once a week. On the same day, the ready-stitched uppers and bottoms sent over in the previous week would be brought back.

This unique plan was readily accepted by the Government and three Work Centres were successfully established in and around the Kandy electorate, as well as one near Colombo, at Mellawagedera.

The Kandy centres were inaugurated on 15 May 1986 by Mr. Sunil Abeysundera, Deputy Minister of Agriculture.

The Work Centres concentrated on the following:

- (a) Sudugampola Work Centre: Leather slipper design no. 947;
- (b) Edanduwawa Work Centre: Six designs of women's shoes with PVC upper design no. 1001 to 1006;
- (c) Polgola Work Centre: Entrusted with the preparation of leather moccasin uppers;
- (d) Mellawageder Work Centre: This Work Centre was capable of working as an independent unit. It was assigned those designs, especially slippers, which required manual execution. Men's padded slipper with PVC uppers, design no. KG 001 was introduced and a production rate of 500 pairs per week was assured.

The introduction of this new brand of shoe with PVC as one of the main upper materials was named "DILCO". Since the inception of CLPC the Corporation has produced and marked leather shoes with the brand name, "D.I.", which has already secured a good image of genuine leather in the local market. The slight change of brand name was made in order not to confuse the customers and to maintain the "D.I." image. The introduction of DILCO was also economically viable because it was made without additional investment. With this innovation, too, CLPC was able to compete with such companies as Bata, D.S.I., Elasto, Zenith etc., who were already in the local market, and who had been producing shoes with the help of imported materials.

To cope with the intensive work programme formulated under this new scheme a training programme of PVC (DILCO) shoes started in different Work Centres from May until July 1986. On 21 July 1986 the Minister of Industries and Scientific Affairs, Mr. Denzil Fernando, introduced 3,000 pairs of the DILCO brand of shoes to the market through retail and wholesale outlets.

The abundance of goat skins in the tannery enabled the management of CLPC to continue production with goat skins instead of bovine nappa. The consultant accordingly developed a Tru-moc design which was duly approved by the company selection board. The patterns were graded for one design and sent to the cutters in the equipment section. With respect to moccasin shoes a full set of equipment and machinery is required for large-scale production, but as production was sufficient to meet the sales requirement it was considered unnecessary to make any further investment in this area. Nevertheless, the consultant recommended the introduction of a moulding and pre-shaping set of machines which would enhance and retain the shape of the shoes and improve the quality of production.

The CLPC sales division together with dealers conducted a thorough market survey and suggested the introduction of two styles in the IMS range - one in lacing and the other in casual wear. As a result, some designs were developed in bovine nappa with a suede combination. But a problem cropped up with regard to adhesion with this particular combination. To obtain better adhesion of the sole in the injected moulded process it was decided to continue production with leather and PVC contained uppers. Two new styles were then developed by the consultant:

- (a) Lacing with a "D" ring, design no. 004;
- (b) Casual with a velcro fastener, design no. 005.

Design no. 005 had to undergo minor modifications because the use of a velcro fastener as proposed by the sales division needed to be replaced by a buckle strap as the wear test results of velcro fasteners proved unsatisfactory.

Further styles with different designs were then developed and submitted for approval. Some were selected for the Kandy Work Centres while the others were approved for shoe factory production. These consisted of:

- (a) Men's: design no. KGP 001, 951, 955, 956;
- (b) Women's: design no. K 006.

Five other designs were developed by CLPC designers, but because of the sudden non-availability of PVC upper materials and recycled PVC insoles which were mainly used for making men's slippers, no other categories except women's were able to be introduced at the Kandy Centres. The CLPC management, decided not to wait for imported PVC materials to become available, which would take at least three to four months, but decided to continue production using the same designs but with leather uppers. Style no. 956, which was originally conceived for a PVC upper was converted to a leather upper with three new styles, i.e. 951, 955 and 956.

The production of shoes in the women's category with a PVC requirement was not hampered, however, because of the thin PVC upper used compared to the men's slippers (a minimum thickness of PVC upper required is 1.6 to 1.8 mm) so their production continued with thin upper PVC material which was available on the local market; they were produced with split-leather lining.

The work programme in the Work Centres was formulated on the basis of the new styles as follows:

Work programme in the Work Centres

- (a) The Sudugampola Work Centre was entrusted with two styles, i.e. design no. 944 and 947 (leather upper);
- (b) The Edanduwawa Work Centre continued its previous work and the only change was in lining materials which were to be either split or crust leather (women's PVC upper);
- (c) The Polgola Work Centre faced severe difficulties and could not continue production because of an electricity shortage in the workshop. This Centre was re-established elsewhere on 4 October 1986, and was inaugurated by the Minister of Internal Security, Mr. T. B. Werapitiya;

(d) The Mellowagedera Work Centre functioned as an independent unit, and its production continued as per CLPC requirements.

The management of CLPC decided that the production target for the Kandy Work Centres was to be decided by the shoe factory manager together with sales division personnel as soon as the Centres achieved 100 per cent production capacity.

Meanwhile, a regular article of men's lacing in broad toe design no. 708, which was in production, was replaced by a new design, no. 445, as sales were declining in the previous design. These shoes were produced and supplied to the sales outlet and were readily accepted by the market; the investment on equipment was negligible.

During the final part of the consultant's assignment he was asked by the CLPC to develop new styles with new designs for production in 1987. This he was able to do, as follows:

- (a) Men's ankle boots: 1 design, in beige hunting calf and wedge micro sole;
- (b) Men's police boots: 1 in direct-moulded sole (DMS) construction for police executives;
- (c) Men's shoes: 3 designs in three different colours;
- (d) Men's slippers: 3 designs in three different colours;
- (e) Men's sandals: 2 designs in three different colours;
- (f) Children's flexibles: 3 designs in three different colours;
- (g) Girls' flexibles: 2 designs in two different colours;
- (h) Women's sandals: 4 designs in different colour combinations.

A vulcanizing press with daylight for unit soles and micro sheets was scheduled to be delivered in August 1986, in consequence, the floor area and the shed required for installing the machine were completed and it was finally installed on 18 August 1986.

Experiments had to be undertaken in order to run the vulcanizing press and these were carried out with imported unit sole moulds. As a result, schedules were planned for the production of unit soles for regular articles in the shoe factory. For the complete utilization of the press as well as meeting the needs of the shoe factory, a supply of micro sheet moulds was essential. But as no micro sheet moulds were available at that time and the procurement of one from the local market with approved CLPC designs would take from 8 to 12 months, a solution to the problem was found by making a hand-fabricated mould, which would keep the press running and enable experiments to be carried out for production purposes. This solution enabled CLPC to save on annual procurement costs but the consultant suggested that orders be placed for micro sheet moulds with local manufacturers according to the design approved by the CLPC management. In order to cater for the production requirements of CLPC which will enable the Corporation to save up to Rs 2.5 million annually, and also meet part of the demand of the local market, the consultant also recommended the introduction of another vulcanizing press. It was also planned that with its introduction, new micro sheet productions would gradually replace the heavy and inferior quality solid rubber sheets, at present purchased locally.

In the meanwhile, an experiment of the "stuck-on" process with a moulded unit sole was completed, and a trial run of 30 pairs was made. Three pairs of these shoes were given a wear test. The designs selected were:

(a) Derby lacing, no. 443;

(b) Casual, no. 444.

Regular production began from the third week of September 1986 at a rate of 80 to 100 pairs per day and it was planned to maintain a regular production of 200 pairs per day.

Comparative figures, as shown in the table, indicate a satisfactory growth rate in production output.

Table 1. Production figures of the CLPC shoe factory (in pairs)

	1985	1986
January	23 303	24 045
February	13 729	28 007
March	21 578	28 742
April	13 769	27 391
May	12 102	28 748
June	24 937	32 655
July	25 628	32 713
August	28 010	34 038
September	25 263	33 198
October	33 724	37 864
November	15 099	
December	<u>21 312</u>	
Total	263 184	308 582

II. COMPULSORY QUALITY CONTROL

Statutory quality control and pre-shipment inspection are the most important measure that should be taken by the manufacturers to enable them to make a successful impact with their products on the domestic and international markets. Whether for the domestic or the export market, every article should have quality built in. Quality should be the keyword of the manufacturers and this will enable greater participation in all segments of the markets, locally or internationally. The responsibility for maintaining good quality in accordance with the required specifications primarily lies with the manufacturer.

Customer requirements are of paramount importance and it is the duty of manufacturers to maintain good quality in order to increase exports. This aspect alone, as well as the sense of pride in the quality of CLPC products and obtaining consumer satisfaction must be the dominating factor of the manufacturer and the export inspection authority, whether it is operated by the Government or through a private organization. It is the public image of the country as seen through its involved exports that justifies the introduction of statutory quality control.

Pre-shipment quality and inspection are carried out in order to maintain conformance with the specifications in the production guide and in the export contract or on the basis of approved customer samples. In-process quality control (IPQC) is essentially required in the manufacturing units for the inspection of consignments and it is recognized that quality control should not only be the result of the inspection process but that it should also be built into the product. The essential requirements of a unit to be qualified for approval under IPQC system are as follows:

- (a) The unit should be at least semi-mechanized;
- (b) The unit should have proper layout and adequate lighting facilities;
- (c) The unit should be in contact with a government-approved testing laboratory which can test in-coming materials and the finished products;
- (d) The unit should have skilled technical operators;
- (e) The unit should have a separate quality control department manned by technical personnel for the effective implementation of IPQC.

The quality control of different products can be ensured in the unit by effecting the controls at different stages as follows:

Materials

1. Specifications for all materials such as uppers, threads, grinders, accessories etc., should be set out in the production guide. Storekeepers should be quality conscious when receiving materials and should ensure they meet the specifications.
2. Inspection of purchased materials should be carried out in the laboratory. Flexing tests, abrasion tests, colour fastness tests, tensile strength tests etc. should be carried out.
3. The inspection process should be reorganized.

4. A systematic method should be adopted in order to segregate the accepted and rejected items.

Process

1. The manufacturing process should be set out covering the different stages of production.
2. A production guide, along with a production sample, should be maintained. Briefing of technical personnel should be undertaken.
3. Particular attention should be paid to gauges and instruments and the proper use of these should be made by the personnel concerned.
4. The different stages of the operations should be checked by an inspector and should be carried out without fail.

Products

1. The manufactured product should be as per specifications.
2. Final checking of the finished product must be done, ensuring the quality of the product and its conformity with the specifications.
3. Such checking should be carried out on the basis of the customer's approved sample as set out in the production specifications.

Metrology

1. The different instruments and gauges used for the checking of products should be serially numbered and calibrated at established intervals.
2. Templates, clicking dies, moulds, and lasts should be checked regularly; they should be repaired or condemned, as necessary.

Preservation

The products are to be looked after carefully while in production as well as in storage and transit.

Packing

Detailed specifications should be laid down for packing and packing materials, and tests should be carried out on packages as per the specifications.

Documentation

Essential records with respect to the above-mentioned stages should be systematically maintained.

Under the consignment inspection system - individual consignments for export should be inspected and tested as per the sample specifications.

The objective of these programmes is to instil quality consciousness among all levels of the industry from the chief executives to the ordinary workers.

III. STANDARDIZATION

It is essential that standardization and quality control in footwear industry be introduced in order to maintain quality and uniformity.

The significance of maintaining standards according to international specifications is illustrated by the text from ISO Bulletin, volume 15, no. 8, which reads as follows:

"The programme was discussed at a technical committee meeting in Geneva in June 1984 with the hope of accelerating work in this field, which is the subject of several international studies in shrinkage, temperature, water absorption, thickness, grain cracking and many others. Many of these standards are already available and the programme includes the use of special terminological applications for specific project works. There are already international standards on sampling, conditioning of test pieces etc., - these types of standards are the foundation of any planned project work to consolidate international technical agreements."

The Geneva meeting provided an opportunity of making a thorough technical review of finished work in the light of recent conditions and experiences in many countries. The technical committee wished to adopt all the test methods elaborated by the International Union of Leather Technologists and Chemical Societies, whose valuable input in this field was fully recognized.

The CLPC should distribute the ISO Bulletin among its management.

IV. EXPORT MARKET REQUIREMENTS

Soft and pliable exportable quality leather is a "must" for export purposes. Alongside handbags, travel bags etc., shoes and shoe uppers are the most important leather items. Demand for shoe uppers is increasing rapidly with the rise in world population and the change in the style of living. Huge quantities of shoes and shoe uppers made from synthetic materials are being exported by Bangkok, Hongkong, South Korea, Taiwan etc., but the products made of genuine leathers take a more prominent position in the export field. CLPC has one of the most modern tanneries in the country and should profit from products of this type, utilizing its shoe factory capacity.

Exporters can do the following:

- (a) Develop new exportable products, i.e. innovative ideas with improved standards of design;
- (b) Improve production methods;
- (c) Identify new product lines suitable for export customers and adopt the modern way of shoe manufacturing;
- (d) Adopt modern production processes, standardization, minimum quality specifications, follow international nomenclature and the introduction of the quality control process.

The first emphasis must be on improving the quality of footwear, shoe uppers etc., especially the stitching and finishing lines. It should be borne in mind that "workmanship is itself a basic virtue", and new ideas using genuine leather allied with good workmanship will meet the general demand of export customers.

In the not too distant future, leather industries are going to earn a substantial percentage of the needed foreign exchange by switching over to the export of higher value added products.

Steps should be taken to collect and disseminate market intelligence on a continuous basis by government agencies. The lack of a marketing strategy is the most important impediment for the leather sector in selling their products. In fact, in the field of export marketing, feedback on marketing conditions, prices, designs, demand, and consumer testing is not getting through to leather and leather products manufacturers. The management of CLPC should take action on the following:

- (a) Inadequate or non-availability of basic raw materials;
- (b) Changes in government policy that sometimes affect import/export of raw materials, chemicals and auxiliaries, machinery and equipment, and other accessories, as well as taxation, finance, and other related factors;
- (c) Recession in demand which allows no scope to entrepreneurs to continue until they prepare themselves for other production.

The Export Development Board and CLPC should together advertise in foreign trade bulletins and arrange participation in Export Trade Fairs; meanwhile, a government study group should periodically visit foreign countries and monitor the global trend in footwear, leather uppers and leather goods.

Some of the essential recommendations for the shoe factory at the CLPC are:

- (a) Proper layout;
- (b) Production planning;
- (c) Maintenance of machinery and the replacement of spare parts after breakdowns which are to be dealt with on a priority basis;
- (d) Introduction of quality control process in the production lines; this will eliminate any deterioration in quality and a high rejection rate;
- (e) Avoid a high percentage of material wastage;
- (f) Control of high overhead expenses;
- (g) Avoid low capacity utilization. The CLPC should organize seminars, exhibitions etc., from time to time for its employees, including all sales representatives.

The main problems encountered by exporters in their marketing efforts are the following:

- (a) Lack of knowledge of the nature and structure of the target markets;
- (b) Lack of know-how and experience of export markets;
- (c) Protectionist measures taken by many importing countries.

The export of footwear from Sri Lanka has been negligible. The main reason generally given is that the quality of leather available is not adequate for footwear suitable for the export markets. Another significant reason is the inability to develop commercial relationships with importers in the major importing countries and the absence of any organized efforts to develop these relationships. As footwear manufacturing is labour intensive, Sri Lanka, with its comparative advantage in labour costs, should be able to compete effectively in the international footwear market provided raw material costs and other costs of manufacture are competitive with those of other footwear exporting countries.

The accompanying table clearly shows that the export of footwear has exciting possibilities. It is a market that several developing countries have entered successfully, and is equally accessible to Sri Lanka.

Table 2. Footwear imports of the major importing countries

Country	Pairs (thousands)	Average price in \$US per pair
France	131 259	5.84
Germany, Federal Republic of	186 847	8.45
Luxembourg	42 820	9.27
Netherlands	50 711	7.83
United Kingdom	123 878	6.58
United States of America	386 622	6.30
Other countries	253 626	6.84