COMMISSION OF THE EUROPEAN COMMUNITIES

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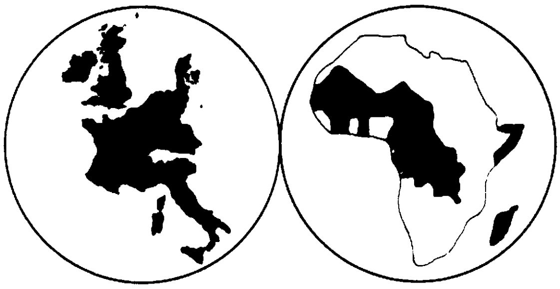

POSSIBILITIES OF ESTABLISHING EXPORT INDUSTRIES IN THE ASSOCIATED AFRICAN AND MALAGASY STATES

LIVESTOCK PRODUCTS

- *meat*
- *hides and skins, leather*
- *shoes*
- *leather articles*

SUMMARY REPORT

OCTOBER 1974

VIII/223(74) – E

PREAMBLE

Considering the priority given by the second Association Convention (Yaounde II) to the industrialization of the Associated African and Malagasy States, and the prospects which certain manufacturing products destined for exportation could offer to certain of these States, the Commission of the European Communities, in agreement with the Associated States, drew up a study programme on the possibilities for setting up certain export industries in these countries.

This programme of sectorial studies concerns the production or the homogeneous entity of the following products :

- Livestock products
  - meat
  - hides and skins, leather
  - shoes
  - leather articles
- Electrical and electronic equipment
  - electro-mechanical equipment
  - electronic equipment
- Processing of wood and manufacture of articles of wood
  - first stage of processing (sawing, peeling, slicing)
  - second stage of processing (profiles, mouldings, plywood, panels)
  - finished products (for building purposes and furniture)
- Iron and steel products
  - pelletization of iron ore and electric steel making
  - ferro-alloys (ferro-silicon, ferro-manganese, ferro-nickel)
- Preparation and or preserves of tropical fruits

  (dates, bananas, citrus fruits and essential oils, pineapples and preserves in syrup, cashew nuts, groundnuts for direct consumption and various exotic fruits)
- Manufacture of cigars and cigarillos.

All these studies were carried out according to the same methodology ; each comprises, on the one hand an analysis of the openings which might exist on the markets of the industrialized countries (in particular those of the Community) for products manufactured in the AAMS, and on the other hand, an analysis of the specific production conditions for these products in the AAMS which are the best placed to produce and export them.

Each study was entrusted to independent experts. The competent Commission Services fixed the object of their research and followed their work throughout the period of execution. Furthermore the experts acted in an autonomous way thus their reports only reflect the results of their research and the conclusions drawn from it.

The study of the valorisation of breeding products, the tanning and the manufacturing of leather articles, was carried out under the management of the Societé d'Etudes pour le Développement Economique et Social (SEDES), Paris, with the collaboration of the IFO-Institut für Wirtschaftsforschung of Munich.

The following participated :

- for SEDES

  Mr. Azouvi, Filippi, De Gonneville, Kleinmann, Libchaber, De Mieulle, Oliver, Paquier, Sarniguet, Tyc, Warnod.
  Mrs. Hamelin and Miss Pioge.

- for the IFO-Institut

  Miss Grünewald, Mr. Beck, Breitenacher, Gusten, Klemm, Schädler.

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The Commission and the Experts would like to thank all those who collaborated in the accomplishment of this study. They hope that it will provide useful information for all the organizations, administrations and investors who are interested in the Industrialization of the Associated African and Malagasy States.

This synthesized report is available in French, German, English, Italian and Dutch.

The reports on the sectorial studies by the experts can be obtained free of charge (only in French) from the following address :

Commission of the European Communities
VIII/B/1
Rue de la Loi, 200
1040 Bruxelles (Belgium)

MEAT - LEATHERS - LEATHER GOODS

This study covers the bredding sector and its derived products

The study on meat, the treatment of leather and the manufacturing of leather goods covers the animal production operations of an industrial nature as well as the activities deriving directly from it like, slaughtering, preservation of meat, tanning, the recuperation and the valorization of the products derived from slaughtering. Amongst the latter, leathers and skins hold a special place, their tanning and processing give rise to industrial activities as well as artisanal activities producing a flux of products which are exchanged at different stages of the manufacturing process. Within the framework of this study the main stress has been put for leathers, skins and leather articles, on the flux directed from the AAMS towards the EEC which feature on the diagram on the following page, numbered from 1 to 5.

This sector is particularly important for the AAMS, which are the most devoid as far as industrialization is concerned

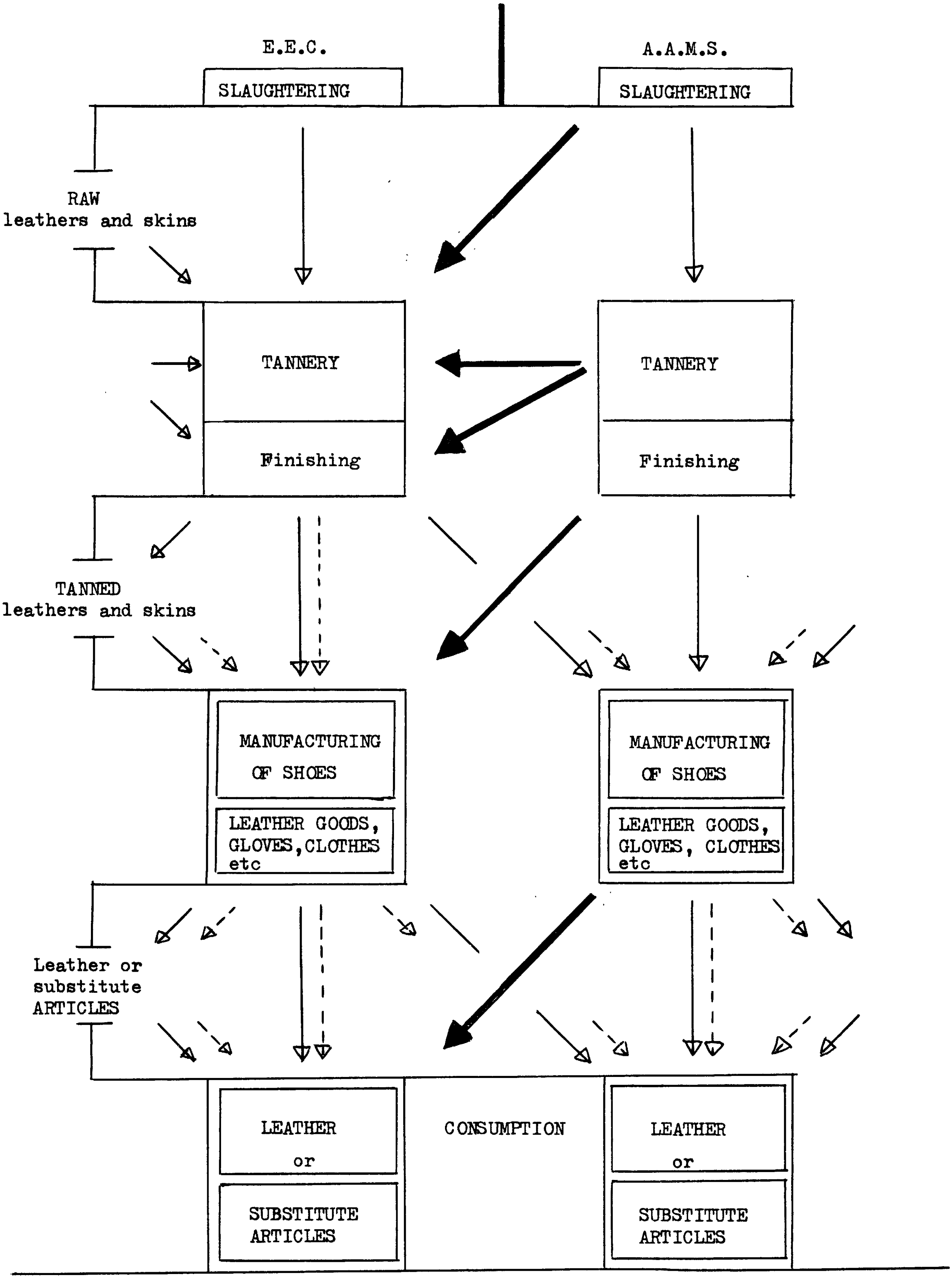
This sector holds a particular interest in so far as amongst the 18 AAMS, it concerns those (10 of them) which for the most part make up the Sudan/Sahel zone and for which bovine breeding in particular constitutes one of the major elements of the economy and has great potential. Furthermore, the valorization of the breeding products and of the derived products, stands out as one of the rare and most promosing opportunities for industrialization.

This study has a double aim :

- to examine in what world, or more precisely, in what European context are situated the AAMS export opportunities

- to define the conditions likely to be necessary in the Associated States concerned, for industrial implantations with an exporting vocation coming within the range of this sector possibly taking the shape of a transference of activity from Europe.

SECTOR FOR "LEATHER RAWHIDES AND SKINS, AND LEATHER ARTICLES"



In the framework of the study this table applies to : 1) Bovine leathers
2) Goat and kid skins

- - - - - leather substitutes

BREEDING, MEAT, OTHER MEAT PRODUCE DERIVED FROM SLAUGHTERING

The deficit of the EEC is increasing especially for "manufactured" bovine meat

The situation in the European Community for meat, in particular bovine meat and other meat produce, is heading towards a more and more pressing demand for imports. The current external trade deficit in the Community of the Nine for bovine meat amounts to 300 000 t/year (1). The estimates currently accepted for 1980 show a deficit of more than 1 million tons, taking into account the repurcussions of the rise in prices at consummer level, and the possible substitution of bovine meat by pig and poultry meat particularly because of the high prices which the former have reached.

Whilst autonomy of supply can be attained by each country for pig and poultry meat because of the possibilities which are offered for the rapid development of this stock farming, the growth of resources for bovine meat in the industrialized countries especially European, is on the contrary, considered at present as limited and furthermore as badly adapted to demand. This limitation is due to various factors :

- structural : size of the farms, artisanal character of production, excluding the United Kingdom
- social : charges tied up to dairy production, slaughtering of calves
- economic : immobilization of capital, insufficient profitability.

On the other hand European production is evolving towards the production of "fatty" meats which is not suited to the manufacturing of "preparations".

It favours investments outside Europe

This constant disequilibrium which is growing within the European Community, between the consumption of bovine meat which increases, and production which is subject to multiple limiting factors, indicates that the prices will remain at a high level, regardless of the variations in economic trends. This situation favours possible investments outside of Europe in this sector linked with Breeding.

(1) Of which for 1971 approximately 600 000 t for Italy, 200 000 t for the United Kingdom, 100 000 t for the FRG, Ireland, France and Denmark and the Netherlands showed a surplus.

since the prices have to be maintained at a remunerative level. However the exportable resources from the traditional supplying countries diminish

Confronted with this pressure and the growing demand the Community tends to diversify its sources of supplies. Its usual suppliers, South America, Australia, New Zealand have already drawn the benefits from this situation. But for these countries the internal markets develop more rapidly than production and the exporting possibilities diminish.

and Europe mainly produces fatty meats

At the same time in Europe the evolution of alimentary habits steer consumption towards "preparations" made from lean meats. Already the annual Community imports of "manufactured" meats from Third countries surpasses 150 000 tons.

These various trends which have been noted as far as the Community is concerned and which it seems reasonable to believe will continue, favour possible exportations to Europe from the Associated States having a pastoral vocation.

Certain AAMS (7) show a large surplus especially for lean bovine meat

Taking into account the still low level of individual consumption registered, the 18 AAMS together, currently show a surplus in meats (+ 148 000 t per year for the last recorded years 1970-72) and in particular for bovine meat. Certain of them dispose of particularly high surpluses specially

- in West Africa : Niger, Mali, Mauritania, Upper-Volta
- in Central Africa : Tchad
- Somaliland
- Madagascar.

Exception made (Madagascar) these countries only export in their respective region either live animals or frozen meat. The meat of the Zebu which constitutes the major part of their bovine cattle is lean and would be useful on the European markets as meat destined for processing.

The sanitary state of their cattle and the Community regulations on imports do not allow them to export fresh meat towards the EEC (except Madagascar)

In the case of live animals and fresh meat, that is to say only frozen, and destined for consumption as well as processing, sanitary regulations in force in the Community do not permit imports originating from Third countries other than countries or regions of countries considered as "intact". Consequently amongst the AAMS only Madagascar currently exports towards the EEC.

This is not the case however for imports of prepared meats, that is to say which have undergone a treatment other than freezing, which are used for manufacturing of dishes or other preparations with a meat basis and more particularly for preserves ; imports of this nature are possible on condition that the regulations of each importing country are respected ; Somaliland already exports preserves to the Community as does Madagascar which also exports boned and pre-cooked meat. The European markets are expanding as far as the latter are concernd but in the case of preserves consumption and price trends do not seem to favour the growth of imports from countries outside the Community.

What are the possibilities, in this context, for the AAMS to achieve or develop their export trade for meat or meat products destined for the EEC ? What kind of operations can facilitate exports of this nature ?

Treating and processing meat plants exist in the AAMS

There are slaughtering plants, often modern, in the majority of the AAMS. They can be transformed, if this has not already been done, to fit in with the European Community requirements as regards buildings for the slaughtering and treatment of meat destined for exports to the Member Countries. On the other hand units for the treatment and processing of meat already exist or are being built in certain AAMS. Experience shows that private investors immediately accomplish this kind of investment as soon as the availability of cattle allows for a satisfactory supply of industrial units to be anticipated. Madagascar and Somaliland can be taken as examples as well as Tchad, Mauritania and Mali but on a more modest scale.

But the current availabilities of the AAMS are insufficient to simultaneously export, preserve the cattle and guarantee regional supplies

On the other hand the breeding conditions in the AAMS cannot permit a more intensive development of the cattle to be envisaged. The AAMS's desire to respond to Europe's current remunerative demand could lead to a serious impoverishment in cattle as well as creating grave perturbations in the supplies of meat in the regions to which the AAMS countries showing a surplus belong to.

Thus priority must be given to animal production

Under these conditions the only solution in order to promote AAMS exports, to the European Community in particular, is to take priority action on the animal PRODUCTION in order to increase the availability and improve, on the sanitary level in particular, the breeding conditions to render these products exportable. However the private sector is much more reticent in the PRODUCTION field than it is in the treating and processing of meat field, there is a danger that it will remain thus as long as the precedents, brought to a satisfactory conclusion on the initiative of the local authorities and at least partially financed by the public funds or by outside aid, have not confirmed the new profitability of "industrial breeding" activities outside of Europe. However it should be noted that under the pressure of demand and under the instigation of public authorities in certain European countries, for example Italy, investors seem favourably disposed towards a possible participation in this kind of PRODUCTION actions.

and efforts must be concentrated primarily on the achievement of "intact" industrial units conceived for exports

Besides the projects already known and sometimes already underway, units of production of an industrial nature envisaged for exports to the European Community are likely to be achieved on a medium term basis. However their accomplishment is subject to their being recognized as "intact" by the competent Community authorities, and to their final examination according to initial facts presented on the draft cards herewith (see Volume IV). These are :

of which three have been proposed in the study (Senegal, Niger, Madagascar)

- the creation of an intact zone in the Green Cape region (Senegal)
- the implantation of an intensive selection farm near Niamey (Niger)
- the implantation of a selection farm in the Diego-Suarez (Madagascar) region.

In addition to these three possibilities, immediate actions carried out in certain countries (see summary table Pge XXV) and an effort made in respect of the availabilities in competent staff and in financial means put at the disposal of the Breeding Services, would favour exports to Europe and in particular to the European Community, on a long term basis, by progressive and profound improvement of the traditional breeding conditions.

According to the case, the AAMS exports destined for the European Community can be envisaged in the following ways :

- for the short term :
  - "fresh" processed meat from Madagascar only
  - "prepared" processed meat, exceptions made, from the 8 AAMS whose availabilities make exports possible (Niger, Mali, Mauritania, Upper-Volta, Senegal, Tchad, Somaliland, Madagascar)
- for the medium term (1985)
  "fresh" meat from the above 8 AAMS, if the production units of an industrial nature, considered as "intact" by the competent Community authorities, have been completed

Exports resulting from traditional breeding will only be possible on a longer term basis

- for the long term, all products coming from traditional breeding as soon as the measures carried out on this traditional breeding render the major part of the bovine cattle "intact" and increase the availabilities of the AAMS already showing a surplus.

particularly after the restocking of drought affected cattle

The facts taken into account in this study cover the last years for which we dispose of utilizable elements, that is to say 1969-1972. This period consequently preceeds the years of dought which the countries in the Sudan/Sahel zone are facing since 1973 in particular. However it is not possible at present to validly estimate the real losses in cattle in the stricken regions. It was agreed that these events would not jeopardize the pastoral vocation of the countries concerned neither would it as a result jeopardize in time, the possibility of meat product exports.

LEATHER RAWHIDES AND SKINS

The treating of leather rawhides (of big animals comprising bovines) and skins (of small animals comprising goats and kids) is assured by the tanneries. This activity is specifically concerned with the treating of sub-products from slaughtering which are leather rawhides and raw skins (undressed, fresh or dry), to obtain the intermediary product which is leather (leather rawhides and tanned skins) destinde to be manufactured into end products (shoes, leather goods, gloves, clothes, etc.).

However there is no correlation between the availabilities in leather rawhides and raw skins and the consumption of leather by the offer of raw materials is linked to the slaughtering effected to satisfy the alimentary needs (meat) or cloting needs (wool), whilst the demand for leather rawhides and tanned skins is linked to the consumption of articles which, on the contrary can be manufactured from other materials than leather.

The availabilities of leather rawhides and raw skins are limited, thus materials to substitute leather are necessary

The derivatives from breeding and slaughtering, that is to say leather rawhides and skins are limited ; they are more and more insufficient to satisfy the needs of goods likely to be made from leather. Thus the recourse to "substitute materials" for leather, is a necessity.

For certain uses leather is always preferred

In the desire for competition but also in order to find a complement, research continues to perfect these substitute materials and at the same time to progress with new techniques for the treatment and working of leather. For certain uses (soles of shoes, travel goods), leather substitutes are already well advanced. For other uses however (tops and the lining of shoes, bags, small leather goods) leather is usually preferred, although it is more expensive and is dependent on its being manufactured, because all the qualities which it possesses have not yet been found in synthetic substitute materials.

for various reasons there was an important increase in its price in 1972 after a long period of stagnation

This situation generates tension thus the speculation on the leather rawhides and skins market. The structural tensions have furthermore been heightened since 1972 as a result of the increased demand by the East European countries, by the suppression of deliveries of tanned leather rawhides and skins from the traditional suppliers of the western countries which were South America and the Far-East. The result was a major and brutal rise in rates in 1972, following a period of stagnation in the current prices which had lasted for 10 years.

The price levels now reached by the prices for leather rawhides and skins, at the different stages of treatment, are such that they stimulate the regrouping in the producing areas, which up to now had been unexploited amongst which feature the Associated States having a pastoral vocation.

The tanning in Europe encounters difficulties

On the other hand the treatment of leather rawhides and skins in the producing countries is favoured by the evolution which has been noticed in the tanning sector in Europe. In fact under the double pressure of employment needs and of the environment, the activities of European tanneries are carried out in conditions where difficulties continue to increase.

Inciting certain European industries to transfer activity towards producing countries thus breeding

Faced by these difficulties the European enterprises generally resign themselves to the progressive substitution of their supplies with already tanned leather rawhides and skins (wet blue stain) to be finished, instead of raw leather hides and skins (salted or dried). Thus more and more frequently the first phase of treating leather rawhides and skins, the "travail de rivière", as carried out in the producing countries which up to now exported raw materials. Under these conditions certain European enterprises are willing to transfer activities or have already done so. This is the case in particular for the Italian, French, British and German enterprises who contributed in different ways to the installation or development of new treating units, or are prepared to do so, in various under developed producing countries. To date especially Pakistan, India and South America have attracted this kind of transfer : only a few more modest ones have been carried out in the AAMS. Other enterprises chose to maintain their activities in Europe. Often by clubbing together, they invested money to automize the production process and to put themselves in line with the anti-pollution rules. But the choice adopted by this category of enterprise does not make them favourable to transfers of activities over a medium term period in the producing countries.

The European Community shows a deficit for the majority of types of leather rawhides and skins

The exchange between the Community of the 9 and the Third Countries currently demonstrate :

- a deficit for :
  - rawhides and skins (- 140 000 t net, approximately, in hard cash equivalent for 1971). The Italian deficit alone surpasses this total, whilst the other 8 Member Countries show a surplus
  - tanned leathers for soles and industrial use (12 000 t in 1971 of which more than 7 000 t for Italy)

. tanned sheep and lambskin leathers and goat and kidskin leathers (12 million square feet in 1971). The FRG alone shows a deficit of 73 million square feet (in Italy 16) whilst the United Kingdom and France are net exporters.

- a surplus for tanned leathers and skins (bovine, calf and equine animals) for the top part of the shoe, of 100 million square feet of which approximately half is attributed to Italy and half to Ireland and the Netherlands.

This deficit as a rule increases

The Community deficit for raw bovine cattle leather decreases whilst it increases for the tanned leathers for soles and industrial use as well as for raw and tanned lamb and sheepskin leather and goat and kidskin leathers. The Community surplus persists for tanned leathers and skins used for the outer part of the shoe and other uses but imports from the Third countries increase.

On the whole we notice that in the industrialized countries, the consumption of leathers and skins is stagnant and is even diminishing in the United States, Japan, the FRG and the United Kingdom whilst it is growing and seems that it will continue to do so in Italy, France, USSR and in the East European countries.

The FAO accepts the following estimates for 1980 for the Western countries and the other East European countries :

- deficit of 70 000 t or surplus of 40 000 t for bovine leather (net equivalent in tons) according to the hypotheses made, in particular for the degree of substitution of leather by synthetic materials

especially for lamb and sheepskin leathers and goat and kidskin leathers

- deficit of 125 to 175 000 t (net) for lamb and sheep skin leathers and goat and kidskin leathers

The AAMS resources are considerable

As regards this situation in the Community, the current resources in the 18 Associated States are :

- 3.8 million for leather (bovine) that is to say approximately 24 000 t (net), 110 million square feet

- 20 million skins (sheep and goat) that is to say approximately 12 000 t (net) 100 million square feet of which 60 % and 50 %

respectively are collected. The major part of these collected quantities, that is to say 75 % of leather and 87 % of skins respectively are exported wholesale (net).

The tanneries currently only treat a small number on the spot

The tanneries established in the Associated States amount to 14 which are situated in the 10 AAMS (1) and their treating capacity per year is 1 million leathers (bovine) and 1.4 million skins (sheep and goat). Approximately 50 % of their capacity is used.

For 1985 the resources can be estimated at :

- 4.4 or 6.6 million leathers (bovine)
- 23 or 30 million skins (sheep and goat)

according to the hypotheses for the duration of the restocking of cattle in the different regions, after the years of drought which certain AAMS countries are currently facing.

Given the collecting rate of 70 % and 60 %, the quantities to be tanned would be :

- 3.3 million leathers (bovine) that is to say 21 000 t (net)
- 15 millions skins (sheep and goat) that is to say 9 000 t (net).

New implantations for exports seem possible

The tanning of the total will necessitate the installation of new facilities for :

- 2.3 million leathers (bovine) that is to say 14 500 t (net)
- 13 million skins (sheep and goat) or 8 000 t (net)

in addition to the existing units and will represent an investment of 6 thousand million F.

on condition of improving the collection and the quality of leathers and skins

Taking into account the European deficits estimated for 1985, especially for sheep and lambskin and goat and kidskin leathers (88 000 t net) the problem of distribution in the Community of the possible production of tanned leathers and skins

(1) the 10 AAMS visited (Mauritania, Senegal, Mali, Niger, Upper Volta, Tchad, Rwanda, Burundi, Somaliland, Madagascar and Zaire-Burundi).

in the AAMS, shoud not arise. On the other hand, in addition and preceeding the industrial investments, efforts to reach this level of treatment on the spot must be undertaken in order to improve the quality of leathers and skins collected as well as their number.

The progress expected in the sphere of the quality of production are subject to actions putting in operation modest investments centred on :

- the training and information of breeders and butchers (branding, hides, drying, price to the producer according to quality, etc.)
- training of administrative staff responsible for activities linked with breeding
- availabilities in appropriate material means (sheeds, troughs, knives, etc.)

As for the growth of the quantities collected, it is above all tied to the price paid to the producers as well as to the organisation of trading structures which is often necessary to ensure satisfactory revenues for the producers, and also guarantee the supplying of units whether artisanal or industrial for the treatment of local leathers and skins.

The new units could in the first instance tan to the stage "wet blue" and "stain"

Because the valuation of these leathe s and skins is made after their tanning on the spot. But the actual and predictable context, on a medium term period, of the Community market, the still recent experience of the Associated States in the field of the industrial working of leather, and the increasing commercial contraints, for international exchanges, with the degree of elaboration of leathers and skins, have made that the tanning on the spot to the stage "wet blue" and "stain" have been maintained. After which when the commercial links between European units for the manufacturing of leather articles and the tanneries implanted in the AAMS will be sufficiently efficient, it is not excluded that their exportation will be made as "finished leathers".

Results to be expected being particularly favourable for sheep and lambskin and goat and kidskin leathers tanned on the spot in "stain"

The comparative study of Prefactibility (see Volume IV) made for the 6 AAMS (1) stresses from the contractors point of view and according to the 1972 economic conditions that :

- the preferential location of a tannery, treating leathers and skins originating from the Associated States, the tanning of which is destined to be finished in Europe is to be found exception made, in the AAMS rather than in Europe.

- the treatment, on the spot, of goat skins is economically speaking, a better working proposition for contractors than the treatment of bovine leathers.

- the advantage of implantation in the AAMS, as compared with a locality in Europe, is more pronounced for the manufacturing of "stain" rather than "wet blue" leather.

The effect, on the national economies of these tanning activities directed towards exportation, is positive and is also increasing with the degree of working of these products.

LEATHER ARTICLES

Shoes

shoes with the outer part in leather continue to be the main outlet for leather

The manufacturing of footwear is leather's main destination (78 % of tanned bovine leather for France in 1972, and 82 % for goat and kidskins). Leather is used in particular for the upper half (or tops) of shoes and for the lining, for soles on the contrary we see leather being substituted more and more by synthetic materials.

Within the framework of this study, amongst all the footwear articles, shoes with the outer part in leather hold a particular interest. Their production in the AAMS is in fact an opportunity to value up to the finished product stage, the local leathers and skins after their tanning on the spot.

(1) Senegal, Upper-Volta, Tchad, Rwanda, Burundi, Madagascar.

On a total world production of 4 thousand million footwear articles, the production of leather top shoes equal 2 to 2.5 thousand million pairs if we include slippers partly made of leather (approximately 250 million pairs).

In the EEC for this type of shoes : the production develops faster than the consumption,

The European Community of the Nine is the first world producer of articles with "leather tops" with a production of 600 million pairs for 1971.

In the course of the last few years, since 1964, this production has increased more rapidly than its consumption, due in particular to the accelerated growth up to 1972 of Italian production, whilst that of all the other Member States has decreased. On the other hand the consumption trends are different within the Community : rapid increase in Italy, less rapid in FRG and BLEU, regression in France, Ireland and the United Kingdom. Generally speaking for the European countries of the OECD, we note an increase of consumption from 1960 to 1971, but a closer analysis uncovers 4 phases in the course of this period : rapid growth from 1960 to 1965, stagnation from 1965 to 1968, regression from 1968 to 1970 and renewal in 1971.

For the total of footwear articles the part of shoes with "leather tops" for the Community production has increased from 1961 to 1971 going from 62 to 64 % whilst for consumption, it diminished from 58 % in 1964 to 53 % in 1971.

exchanges increase but remain mainly intra-Community

As for exchanges for all the countries of the Community, in the course of the last years (1964-1971) the trend remains the same and is particularly orientated towards an increase for imports as well as exports.

the surplus increases

The Community as a whole shows and continues to show a surplus : + 90 million pairs in 1971 instead of + 34 in 1964. This situation mainly derives from Italy (+ 160 million pairs in 1971) and on a lower scale France (+ 15 million pairs). All the other Members of the Community show a deficit of varying levels, whilst the FRG remains the biggest net importer (- 54 million pairs in 1971). But the greatest part of these exchanges remain intra-Community, especially for the imports (91 % in 1971) instead of 49 % only for exports.

Italy holds a particularly important place

The importance of Italy within the Community, in the footwear sector and especially for shoes with leather tops, must be stressed, since in 1971 it represented :

- 43 % of the Community production for "leather top" shoes
- 72 % of Community exports for "leather top" shoes.

Italy's exporting capacity (60 % of its production in 1971) to its European partners as well as to the USA (36 %) places it currently and on a periodical basis, in competition with all the current and powerful suppliers of the industrialized countries.

new suppliers outside the EEC have made their appearance.

However over the last few years new producers have appeared as suppliers of these markets : Spain, Greece, Turket, certain East European countries (Yugoslavia, Hungary) and more recently Brazil for "leather top" shoes, countries of the Far-East (Hong-Kong, Taiwan, India, Korea) for the other types of footwear articles, in canvas, rubber or synthetic fibres.

The European enterprises try to maintain their activities.

Thus the European shoe enterprises find themselves on the whole in a difficult position, having to face in particular the competition of new producers. To safeguard their activity, they carry out efforts of productivity, by means of concentration but also by research thus ensuring the necessary technological progress. They tend towards specialising in quality articles which can be sold in the more expensive price range.

Only a few with exportation in mind have carried out transfers in the under developed countries, but not in the Associated States.

These attitudes do not reveal a spontaneous tendancy on behalf of the European enterprises, to transfer their activity in the under developed countries. Such transfers, still rather limited, have all the same been carried out, but note in the AAMS. In Brazil for example, western enterprises (American and German) associate themselves with the local initiative favouring the national production of shoes. During missions in the EEC, it became evident that other transfers could be envisaged by Dutch or British enterprises but preferably in favour of Indonesia, India or Pakistan.

The AAMS dispose of a production apparatus with a national and regional vocation

The industrial production apparatus installed in the 18 Associated States amounts to 27 enterprises, spread over the 16 AAMS ; it represents a production capacity of 50 million pairs of all footwear articles. These units of which 12 belong to the BATA group have been designed to partially satisfy the national markets. Thus we are dealing with medium sized units of which the most important is in Zaire and whose capacity is for 8 million pairs. Their vocation implies that they are susceptible to manufacturing numerous types of footwear articles, for the main part in plastic, in unlimited numbers.

Amongst these AAMS enterprises, only the Senegalese one, exports regularly and in substantial quantities to the industrialized countries : EEC, United States, Canada (27 % of its production for 1972). The other factories export to the countries of their respective regions (countries of the Entente, CUCAS, Réunion etc.).

which is open to possible extensions.

These factories, mainly new (less than 10 years) are conceived in view of extensions, probalby specializations for the manufacturing of certain types of shoes or certain parts of shoes. Other than the possible exports to Europe, the prôduction apparatus of the AAMS disposes of development possibilities to satisfy the needs of national and regional markets. The individual consumption in these countries are in fact still rather low : 0.6 pairs/inhab./year of all footwear articles for all the AAMS, instead of 2.3 to 4.6 in the EEC ; from industrialized countries (30 % approx. of the AAMS consumption).

The Common Market trends would place the new manufacturing units likely to be set up in the AAMS in view of exports to the EEC, in difficult conditions

The growth of consumption in the EEC, which uncovers in certain Member countries, signs of saturation, the Community's show of surplus for shoes with leather tops, the consternation of the European countries and their enterprises who want to preserve the activity of their manufacturing units and finally the competition of new producers, more often than not, situated in the under developed countries, place the new units which will possibly be placed in the AAMS for export on the European markets, in a difficult position. Under these conditions it seems probable for the medium term, that initiatives tending to the completion of such industrial units will not come spontaneously from European investors but will have to come from the

determined will of the AAMS, who having taken all the measures of support and the necessary provisions, in particular on the commercial level (models, openings) will be able to tackle with success a particularly tough international competition.
On the other hand the non-European firms could try to enter onto the European markets on the occasion of implantations in the AAMS.

all the same, "special" articles to be defined, could be exported to the EEC, from new units or more easily from workshops integrated in the existing factories.

Furthermore, we must not exclude the fact that certain particular markets to be specified could give rise to exports from the AAMS : parts of shoes in leather (tops, soles) or special leather footwear articles (childrens shoes, walking or sports shoes, slippers, sandals, etc.). This sort of production can be conceived in new production units or in better conditions, from workshops integrated in factories already operating in the AAMS.

The study of prefactibility achieved within the framework of this study (cf Volume IV) deals with the manufacturing of leather shoes for men, in Mali, Senegal, and Madagascar. It points out the difficulties which the new industrial units, independent from the existing installations, face in order to place themselves in satisfactory competitive positions.
On the Community markets, in particular because of the imports of the type of leather top shoes, originating from Spain, Yugoslavia and even Italy.

Fancy-leather goods

The "fancy-leather trade" covers a wide range of articles of which the main articles are those of the current and small leather trade (bags, cases and travelling articles). In France these two types of goods represented respectively 47 and 24 % (in value) of the leather trade production for 1971, the rest being represented by articles used for hunting, saddlery (12 %), belts, watch straps (10 %) and by case making articles (7 %).

This diversity leads to probelms when gathering the price data on the market for the different products other than by a specific approach to each one.

Leather is still used in the "current" and "small" leather trade.

The fancy leather articles can be manufactured in leather or in other materials which more often than not are synthetic. The place held by leather varies according to the types of articles. In the Community for the current and small leather trade, leather is still widely used (50 to 60 % of productions in value) : the leather situation is still more favourable for belts, watch straps (70 to 85 %) whilst for travelling articles, leather often holds only a modest place (20 %) that is if it has not completely disappeared like in Denmark for example.

In the EEC : the consumption is stagnant

The Community consumption of all fancy-leather goods is currently stagnant except in Germany where it is growing and in Great Britain although at a slower pace. The FRG is the biggest consumer in the Community (39 % of the total consumption) coming before Italy (32 %) whose market is already well developed, and France (15 %).

as well as the production which maintains rather an artisanal character,

EEC production in the last years has followed the evolution of consumption, that is to say that it has remained stable since 1960, with constant prices, whilst a trend towards a decrease became apparent since 1965. This production is assured by a big number of enterprises, usually small except in a few cases, which makes that this sector resembles a more or less mechanized artisanat than a real industry. The generally modest size of European industries gives them a definite flexibility to adapt to frequent fashion changes (2 collections per year) and to manufacturing in limited numbers. However the gains of productivity have been sought and obtained over the last few years and have generally been reflected by the diminution of jobs.

whilst the mainly intra-Community exchanges are important and increase.

The imports and exports of the Members of the Community represented together for the last known years (1970-71) about 30% of their production. But these exchanges are mainly intra-Community 60% from German imports, 40% for exports from Italy which equally exports 30% to the United States. The imports originating from outside the Community come either from Europe (Spain, Yugoslavia, Austria) or the Far-East (Hong-Kong, India, Pakistan, Korea) or finally from the American continent (United States, Canada, Argentina, Brazil).

The Community continues to show a surplus

On the whole the Community show a surplus because of the situation in Italy, mainly for bags and travelling goods, and on a minor scale France, whilst the other 7 Members of the EEC show a deficit, in particular Germany and the United Kingdom.

with exceptions the AAMS production is artisanal

At present the production in the AAMS is mainly of an artisanal nature and thus badly known. Apart from the artisanal sector, industrial units whose production is destined for national or regional markets, exist in 3 states only. This production in the Associated States still leaves room on their markets for imports which are not to be underestimated (1.5 thousand million F.CFA in 1970-71) originating mainly from France but also from China, Japan and Ghana.

The context in the EEC is not very favourable for transfers of activity in the AAMS

The context in which the enterprises in this sector evolve in the European Community, does not allow to predict on a medium term basis, spontaneous transfers of these enterprises to the AAMS for exports to the EEC. The initiative for the achievement of such new production units thus must be taken on the spot, with all the commercial and technical precautions (quality of locally tanned leathers and skins) which an endeavour to implant an enterprise on these very competitive markets, necessitates.

But the artisanal seems interesting and it seems possible to promulgate it in the AAMS with the view of possible exports

At the artisanal level, the exploiting of the knowledge of populations and techniques already practised in manufacturing quality objects, corresponds to the aspirations of the responsible authorities of many AAMS (cf note on the artisanat, Volume IV). This type of activity is in fact more and more widely recognized as a factor for the economic and social transformation of an urban milieu and as an equilibrating factor in a rural milieu. The Artisanal furthermore presents the advantage of engendering a considerable added value for limited investments.

Gloves

In view of possible manufacturing in the AAMS and exporting to the EEC, it is important to distinguish between "town" gloves and "sport" gloves and "protective" and "working" gloves.

For "town" gloves mainly in leather : the market is regressing in the EEC

For town and sport gloves, the consumption is diminishing in the Community, especially for leather town gloves, except in Germany, Denmark and the Netherlands. The same applies for productions which are diminishing everywhere (except in the Netherlands). Little by little the European countries are tending towards the manufacturing in limited numbers of superior quality articles at high prices. On the other hand all the members of the EEC show a deficit, except for Italy which exports outside the Community (58% towards the USA and Canada). The Community imports are increasing but especially for cheap gloves in other materials which originate from either East Europe (Hungary, Tchecoslovakia, Roumania, Bulgeria) or the Far-East (Hong-Kong, China, Japan) or from Portugal.

the fabrication in the AAMS is not to be envisaged

Nothing allows us to imagine that these trends will be reversed in time. In this context thus it does not seem opportune to envisage the manufacturing of town gloves in leather in the AAMS in view of exports to the EEC.

on the contrary the consumption of protective gloves increases.

For protective or working gloves, the situation is different. These gloves, generally made of different materials (leather and material for example for 20% of the United States' market) correspond to well defined uses and are often manufactured on orders given by the industries who use them themselves. The markets are expanding in the industrialized countries.
The manufacturing of gloves can be envisaged in the AAMS in the integrated workshops either in the tanneries or in the units of production for other articles in leather or in substitute materials, like shoes or fancy leather articles.

The identification of the market for protective gloves, (and other articles) by approaching the big enterprises belonging to the consumer industrial sectors, like the iron works, the car construction and the food industries present a good opportunity to open out on the detection of articles likely to be made in the AAMS having a tannery of their disposal.

Clothes in leather

The European market for clothes in leather is rapidly developing, the FRG's market is very important and shows a deficit.

Since 1965 and especially 1968–69, the European market for clothes in leather has developed rapidly and in particular the imports from EEC countries showing a deficit (Germany, Denmark, Netherlands, and the United Kingdom). The other Member countries of the Community also carry out increasing importations but they show a surplus and France in particular. Germany is by far the number 1 consumer in the EEC.

Clothes which are currently asked for in Europe are for the greater part, made from sheep in the wool whilst the rest are in sheared sheep, calf and kidskins.

Because of the nature of availabilities in skins, the articles which are best adapted to the possible manufacturing in the AASM are clothes in sheared bovine and kid skins.

The manufacturing of leather clothes for men can be advantageously envisaged in certain AAMS

It seems that the progression of the markets in the Community will carry on and it is not impossible that under certain conditions, relative especially to the availabilities in skins tanned on the spot, the quality of which is appropriate to the models, to the integration within the selling circuits in Europe, that certain Associated States will be able to make articles which can be exported to the EEC, in particular clothes for men, which are subject to the variations of fashion to a lesser degree than are womens' clothes.

with reserve in the first instance of knowing with precision the aptitude of local skins for this use in view of defining possible productions.

The study prefactibility achieved in the framework of this study (cf Volume IV) deals with the manufacturing of lined clothes in leather (37 and 70 000/year), for men, of which 60% of jackets, 10% of 3/4 length coats, 30% of coat. A country which can be used as an example for its implantations is Niger, because of its resources in quality skins and because of its current tanning capacities. The results of this study are encouraging for the enterprises as well as for the national community. In the first place they justify that attempts in tanning should be undertaken. From precise facts thus gathered on the quality of skins and on the characteristics of the European markets, in particular Germany because of its size, its diversity and its development, the nature of clothes likely to be made in certain AAMS can be defined. The projects for manufacturing units for this type of clothes implanted in the Associated States can thus be studied or examined.

Other varied articles in leather

The manufacturing or articles in leather for technical uses in the AAMS could be integrated to other activities of industrial units.

The European markets for leather articles destined for technical uses like, belts machine components etc. are stagnant and give rise to limited exchanges.

The manufacturing of such articles in the AAMS cannot engender new implantations of industrial units. On the other hand it can favourably integrate itself, in the units existing or to be created, in other activities for the working of leather, in so far as the European markets, regionsl or African of these varied types of articles would be detected and examine like components of textile machines or bags for industrial usage.

The activities in the AAMS, linked to the working of leather articles for decorative purposes are not excluded but must still be defined.

The use of leather in Europe for furnishings, upholstering and for mural coverings can only be apprehended by a specific study in the professional milieux but it seems to be developing favourably. The possibilities of manufacturing in the AAMS and the definition of the degree of working of products likely to be exported towards Europe still needs to be specified. Such activities in the Associated States could concern the artisanal as well as the industry.

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The following tables group the proposals formulated in the heart of the report to propagate the activities of an industrial character deriving from the breeding sector, leathers and skins and articles in leather, likely to be implanted or developed in the AAMS in view of exporting them towards the EEC.

Amongst the 54 proposals, the greatest part (34) are directly linked to investments concerning production operations in the AAMS destined for exportation towards the European Community, under various forms of technical attempts, of study projects, of identifications and analysis of market, of real achievements or of contracts with professional milieux concerned with the production or the commercialization in Europe.
The other proposals (20) are linked but indirectly to the envisaged achievements, and are concernd with structural, administrative, statutory or organisational achievements. Although the operations concerned by the last type of proposals often take a long time to achieve and that their results often seem irregular and not immediate, they are not less important for the long term development of the breeding sector and the activities which are dependant on it.

In summing up, a convergence became apparent in the sector covered by this study for certain activities, between the aspirations of the Associated States to develop their breeding products and the difficulties which the EEC faced to meet an ever increasing demand which is the case for :

- the animal production of the exportation of bovine meat in particular
- the tanning mainly of lamb and sheep and goat and kid skins
- the manufacturing of leather clothes (in sheared skins).

For other activities (meat preserves, sub-products from slaughtering, manufacturing of shoes or parts of shoes, articles in leather other than clothes) possibilities can be uncovered and taken up but under conditions of very tough competition on the Commynity market, originating from the situation of the European productive apparatus as well as from the production offers outside the Community.

Pages (2)	No (1)	Classification	Member States concerned (3)									
			West Africa					Central Africa			Somaliland	Madagascar
			Niger	Mali	Mauritania	Upper-Volta	Senegal	Tchad	Rwanda	Burundi		
		BREEDING, MEAT, OTHER MEAT PRODUCTS, SUB-PRODUCTS FROM SLAUGHTERING.										
53	1.	Definition of "countries or parts of countries" considered by the EEC as "intact"	C-M	L	L	L	C-M	L			L	
"	2.	Agreement or suggestions for agreements by the EEC, for slaughtering and treatment plants for meats and sub-products destined for exports	C-M	C-M	C-M	C-M	C-M	C-M			C-M	C-M
83	3.	Increase of availabilities in qualified staff and financial means of the breeding services, for the long term development of the traditional breeding	M-L	M-L	M-L	M-L	M-L	M-L	M-L	M-L	M-L	M-L
"	4.	Safeguarding and restocking of the breeding cattle in the drought-stricken regions (mobile teams, tree nurseries)	C-M	C-M	C-M	C-M	C-M	C-M			C-M	C-M
89	5.	Traditional breeding in Madagascar: rescuing of calves, faster commercialisation of cows, development of modern breeding in Madagascar										M-L
"	6.	Study of possibilities for the creation of "modern" production units for the supplying of existing industrial abattoirs										C
"	7.	Studies, projects, achievements										M-L
"	8.	Execution of projects (Samangoky, Morondava, Lac Alaotra										C-M
"	9.	Research on the market for antler and nail powder	C	C	C	C	C	C	C	C	C	C
"	10.	Development of boning units for exports										C
"	11.	Examination of problems for animal prices and the transfer of these animals to Nigeria - Proposals, developments	C-M					C-M				
"	12.	Accomplish the stockage, maintainance, transport of meat, equipments in Niamey In Kaedi:	C									
"	13.	Creation of a boning plant with installations for: - pressurized packing			C							
"	14.	- Construction of a laboratory			C							
"	15.	- Organisation of the runway for the DC 6			C							
90	16.	Study of obstacles to regional exports of meat (transport, availabilities in refrigrating vans) and execution of proposals				C-M						
"	17.	Refunctionning meat preservation plant in Dakar (financing, technical assistance)					C					
"	18.	Creation of an "intact" zone in the Green Cape region (study and achievement)					C-M					
91	19.	Implantation of an intensive selection farm, for exports near Niamey (study and achievement)	C-M									
"	20.	Implantation of a selection farm in the Diego-Suarez region (study and achievement)										C-M
95 62	21.	Research for contracts from the demands in European groups for corned beef and meat extracts					C				C	C
96	22.	Definition "preparations" or supplies for exportable "preparations"	C	C	C	C	C	C			C	C
"	23.	Markets and factories for pre-cooked boned meat	C	C	C	C	C	C			C	C
"	24.	Contracts with likely investors (Italian) for animal production operations	M	M	M	M	M	M			M	M

(1) Proposals made in the study in addition to the projects already known or in execution

(2) From the general report (volume 1)

(3) Amongst the 10 Associated States visited

(4) Interests all the Associated States

Note : The beginning of all the operations mentionned can be undertaken within the next 5 years.

- short term C (before 5 years)
- medium term M (before 1985)
- long term L (after 1985)

SUMMARY TABLE OF PROPOSALS (1) IN VIEW OF EXPORTS TO THE EEC.
(continued)

Pages (2)	No	Classification	Member States concerned (3)									
			West Africa					Central Africa			Somaliland	Madagascar
			Niger	Mali	Mauritania	Upper-Volta	Senegal	Tchad	Rwanda	Burundi		
		LEATHERS AND SKINS										
159	25.	Training and information of breeders and butchers - elimination of branding with the iron - improvement of the skins - improvement of the drying - means and conditions of commercialization, price	C–M	C–M	C–M	C–M	C–M	C–M	C–M	C–M	C–M	C–M
		Training of qualified staff										
"	26.	Guidance towards this specialization, in particular scholarship holders abroad	C–M	C–M	C–M	C–M	C–M	C–M	C–M	C–M	C–M	C–M
"	27.	For the training of producers and control of production		M	M	M	M	M		M	M	M
160	28.	Material means (sheds, troughs, storage, knives etc. . .) - need to verify, locate number - specific possibilities and means of local financing	C	C	C		C	C	C	C	C	C
		Increase of collection:										
161	29.	Fixing and repartition of guaranteed price for producers (study and execution)	C	C	C		C	C	C	C	C	C
"	30.	Trading structures (study and execution)			C–M			C–M	C–M	C–M	C–M	C–M
162	31.	Verification of origin		C				C	C	C		
"	32.	Technical attempts for the treatment of leather rawhides and skins			C			C	C	C		
	33.	Updating of regulations for distribution of production between wholesale exports and supplying of treatment units (artisanal and industrial)			C			C	C	C	C	C
163	34.	Technical and management assistance for existing units		C	C				C			
"	35.	Study projects (location, size, production programme, outlets) new units or extensions	C	C			C	C	C	C	C	C
"	36.	Execution of these units	C–M	C–M			C–M	C–M	C–M	C–M	C–M	C–M
169	37.	Examination or proposals on production structures (crafts' industry, small units, industry)	C	C	C		C	C	C	C	C	C
"	38.	Establish contacts between European investors and the Associated States (proceed with the contacts made in Europe in the course of this study)	C–M	C–M	C–M		C–M	M–L	C–M	C	M	M

(1), (2), (3), (CML) see preceeding page.

(2)		Classification	Member States concerned (3)									
			West Africa					Central Africa				
			Niger	Mali	Mauritania	Upper-Volta	Senegal	Tchad	Rwanda	Burundi	Somaliland	Madagascar
		LEATHER ARTICLES										
		Shoes										
174	39.	Fixing of a denomination for footwear articles, in particular shoes, adapted to the possible manufacturing in the Associated States for the European markets. Fixing of statistical elements according to this denomination										
184	40.	Examination of the impact of the technological evolution and research in the manufacturing of footwear articles, in particular, shoes with leather tops on possible manufacturing in the Associated States for European markets.										
218	41.	Study of factors deciding transfers of activity to the under-developed countries, in the European shoe sector.										
219	42.	Identification and analysis of the European markets for special leather articles in view of possible manufacturing in the Associated States (tops, soles, childrens' shoes, walking shoes, slippers, sandals)										
"	43.	Fixing of projects for the implantation of new units for this manufacturing in the Associated States	C	C	M	C	C	M	C-M	C-M	C	C
"	44.	Study of possibilities for extension and specializations for existing factories in the Associated States for exports to the EEC	C	C		C	C		C-M	C-M	C	C
"	45.	Opportunities sought in European trading enterprises or organisations Projects, achievements	C	C		C	C	M	C-M	C-M	C	C
		Fancy leather articles										
234	46.	Attempts at tanning local leathers and skins for use as fancy leather	C	C		C	C		C	C	C	C
234	47.	Attempts to find opportunities in foreign enterprises (creation of models, trading) Projects, achievement	C	C		C	C		C-M	C-M	C	
"	48.	Promotion of arts and crafts	C	C-M		C-M	C	C-M	C-M	C-M	C-M	
		Gloves										
241	49.	Identification of markets for gloves and other "protective" clothing by entering into contact with the consumer industries. Projects, achievement	C	C		C	C	M	C-M	C-M	C-M	C
		Leather Clothes										
249	50.	Tanning attempts for goat and kid skins likely to be manufactured for leather clothes	C	C	M	C	C	M	C	C	C	
"	51.	Identification and analysis of the European markets (FRG in particular) for mens' leather clothing										
"	52.	Study or examination of manufacturing products for leather clothes	C	C	M	C	C	M	C-M	C-M	C	
		Other varied articles in leather										
251	53.	Leather articles for technical uses : identification and analysis of the European markets (but also regional and African) for various articles (textile machine componenets, bags for industrial uses...) Projects and achievements	C	C		C-M	C		C-M	C-M	C	C
252	54.	Leather articles for decorative purposes European openings and degree of working needed for products in the Associated States, to be specified. Projects achievements	C	C		C-M	C		C-M	C-M	C	C

(1), (2), (3), (CML) see page (XXV).