

CEPI Brief N° 12

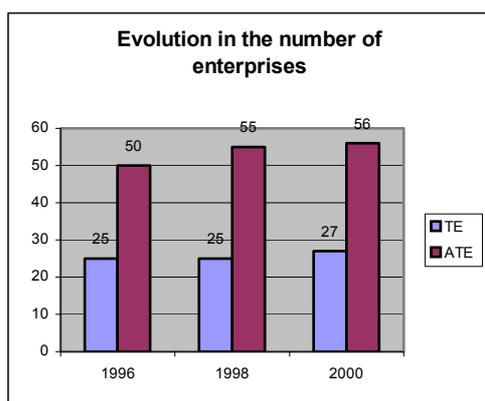
Strategic positioning study of the leather goods branch

FOREWORD

The leather goods branch in Tunisia is a leading branch within the Leather and Shoes Industries sector, recording production value of 144 million dinars in the year 2000.

NATIONAL SITUATION

The leather goods branch in Tunisia counts some 83 industrial enterprises employing 10 or more persons. Of these enterprises 27 were created in partnership (TE) whose 18 are 100% foreign owned.



The production value of the branch has risen from 132 million dinars in 1997 to 144 million dinars in 2000, for average annual growth of 3 %.

Investment in the branch rose to 3.3 million dinars in 2000, contra 2.1 million in 1995.

The branch employs 6 900 persons, of which 3 900 are employed in industrial enterprises.

In 2000, branch imports reached 7 million dinars contra 5 million in 1995.

Branch exports have risen from 33 million dinars in 1995 to 44 million in 2000, representing average annual growth of 6 %.

INTERNATIONAL SITUATION

Asia, with the China as the leading country, is the premier producer and exporter of leather goods items in the world.

Europe is the second ranking producer in the world and in particular the countries of Germany, France and Great Britain.

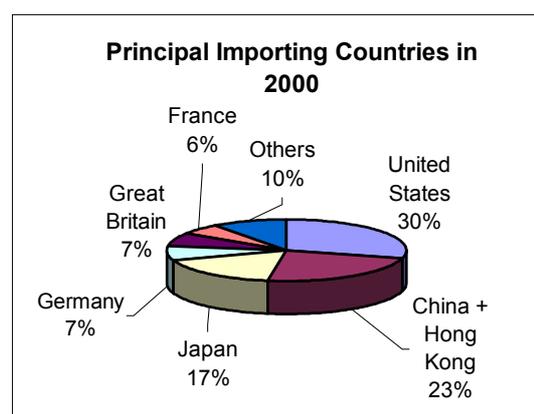
International commerce in leather goods in the year 2000 was an estimated 15 billion USD, of which two thirds was realized by Asia while Europe in second place, accounted for 28% of trade.

The United States is the premier importer of leather goods in the world.

INTERNATIONAL COMPARISON

The comparative benchmarking analysis of the branch has resulted in the following observations:

- The level of organizational structure in Tunisia is weak compared to that of two of the European countries in the reference group (Portugal and Spain) ;



- Tunisia has the lowest per minute production cost (0.120 TND) compared with Morocco (0.140 TND), Portugal (0.170 TND) and Spain (0.185 TND) ;

- The quality of leather goods products manufactured in Tunisia is average

compared to the two European, but is slightly superior to that of Morocco;

- The absence of marketing capabilities handicaps the exporting potential of Tunisian leather goods enterprises.

OBJECTIVES 2007

■ Increase the level of activity to 80% in 2007 contra the current average of 50%.

■ Increase the volume of exports to the European Union from 38 million dinars in 2000 to 60 million dinars in 2007.

LUCRATIVE NICHES

Tunisia needs to concentrate on the manufacture of three products in which the country has the know-how:

- Hand bags
- Belts
- Small leather goods

ACTIONS TO UNDERTAKE

To have a greater penetration and position on the world market, Tunisia will need to make sure that the following actions are realized:

➤ Actions within the enterprises

- modernize production machinery and integrate modern procedures in terms of quality, maintenance and management;
- develop know-how in design and creation;
- Introduce production and commercial management culture;

➤ Institutional Measures:

- Reinforce and expand the areas of expertise of the technical and sector institutions of the branch;
- Increase the value of leather goods products produced in Tunisia by “imposing” quality standards.

➤ Promotional Actions:

- Reinforce Tunisian presence at the different European (international fairs, expositions and trade shows) such as MIDEF (Paris) and GDS (Düsseldorf).
- Establish, in a systematic manner, coordinated actions with professional organizations of consumer countries.

➤ Enterprise Creation and Partnership:

- Two industrial project files to promote.
- Two exhaustive lists of foreign institutional and commercial partners.