
PROMOTING REGIONAL TRADE IN LEATHER AND LEATHER PRODUCTS

“Programme for Building African Capacity for Trade
(PACT II) LEATHER”

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Supply survey on The Leather industry in Sudan

While every effort has been made to verify the information contained in this document, ITC cannot accept any responsibility for any errors that it may contain.

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ABBREVIATIONS & ACRONYMES

BADEA	Arab Bank for African Development
CITES	Convention of International Trade on Endangered Species
COMESA	Common Market East & South Africa
EPZ	Export Production Zone
FAO	Food & Agriculture Organization
IRCC	Industrial Research & consultancy Center
LII	Leather Industry Incubator
LPC	Leather Production Committee
LPC	Lather Production Council
MARF	Ministry of Animal Resources & fisheries
MFNC	Ministry of Finance & National Economy
MFT	Ministry of Foreign Trade
NHSIC	National Hide & shins Improvement Center
NLTC	National Leather Technology Center
RSFZ	Red Sea Free Zone
SCU	Sudan Commercial Union
SD	Sudan Government
SFZ	Sudanese Free Zone
SSMO	Sudanese Standard & Metrology Organization

I. SUPPLY SURVEY

A. Overview of the leather industry

1. Structure of the leather sector

The largest nation of the African continent, Sudan is situated in the northeastern part of Africa. It is the 10th largest country of the world by area.

Sudan is endowed with a very large livestock population. The animal herd of Sudan is estimated at about 134.57 million heads, being the largest in Africa and the Middle East. It consists of about 39.76 million cattle, 48.91 million sheep, 42.18 million goats and 3.72 million camels (Ministry of Animal Resources, 2004)) Based on the quoted figures Sudan ranks on the 7th place with respect to cattle population, the 6th place on sheep population and the 4th place on goat population worldwide (FAO, 2001). However, such large stock provides annually a relatively small quantity of hides and skins. There is a wide disparity between the livestock population and the hides and skins output. The main reasons for that been the low off-take of about 6% for bovine lower than African average 8% and the lack of meat industry. Sudan hides and skins are characterized by a fine quality of its fiber network composition and grain surface which make it suitable for the manufacture of many articles such as garments and gloves (FAO, 1991).

Leather business constitutes crucial economic sources in Sudan as leather exports top industrial exports and come second to live animal and meat exports. Among Arab and African countries Sudan leads in terms of camel resources, come the sixth in respect of sheep and goat and the seventh with regard to cattle.

The hides and skins produced in Sudan are of an inferior quality due to accumulation of surface defects which are classified into two categories, the ante-mortem defects which occur during the life of the animal due to poor animal husbandry, spread of diseases and mechanical damage. And also postmortem defects due to high percentage unsupervised scoter due to lack of slaughtering fail and social habits for backyard slaughter and late curing and storage and transport problems.

The seventies and eighties witnessed the coming up of a number of private and public tanneries of different sizes. Most of these tanneries produce intermediate products of a low added value for export, namely Pickle & Wet blue. Few tanneries produce finished leather for shoe uppers from cattle hides and lining leather from sheep and goat skins for the local market.

Leather can be considered as one of the important economic sub- sector oriented for export. Animal wealth of the country is estimated at 125 million heads of cattle, sheep, goats, camels etc. The raw hides and skins are distinguished by hard fibers and consistent texture.

There is a large livestock base producing sizable hides and skins. Till now There is no good size of investment in the tannery industries and footwear despite of the declare government policy supports the leather, textile & vegetable oils industries, further actions and policies are expected to support industry for adding value so there is need for vertical and horizontal expansion for the sector to utilize the existing capacities and go further to advance processing to crust, finished and leather products.

(a) Leather Industry SWOT Analysis

<p>Strengths:</p>	<ul style="list-style-type: none"> • A large livestock base producing sizable hides and Skins with reasonable prices • The government policy supports the leather, textile & vegetable oils industries, & further action & policies are expected to support industry for adding value. • Attention is made for non petroleum exports one of them life stocks products export. • The scope of mobilizing the ideals capacities in tanning sector and leather products sector beside many unexecuted licenses to supply the local market an look for export
	<ul style="list-style-type: none"> • Low quality of raw Hides/Skins due to man made defects and lack of tanning and extension services ,lack of recourses led to depuration in hide and skins managements . • Non awareness of the potential in the leather industries. • Low productivity and slow technological advancement to more add value. • Lack of design capabilities. • Low management and marketing skills, • Small investment in non - footwear leather products. • Reduced role of Business, scientific associations.
<p>Opportunities:</p>	<ul style="list-style-type: none"> • Immense natural resources and variable climatic conditions. • Strategic position in the heart of Africa and its projection in the Arab World and North Africa. • Realization of peace and Democracy and expected reconciliation to solve other conflicts within the country. • The improvement of infrastructure such as a roads, communication and means of transport. • Liberalization of economy and privatization trends. • Investment motivating policies, investment in projects in less developed areas, war / conflict affected areas, large employment creation projects and promotion of scientific and technical research. • There are also guarantees against nationalization, confiscation with retransfer of invested capital in case of non- execution. • Some foreigners started tannery business for export. • Establish of leather promotion council including all the stakeholders of the sector. • Leather industry is included in agriculture program and corporate with meet export Program. - Promotion of R/D through programs for national leather centers and institutes and Incubator. • There is a project for specialize industrial area. • Hholding meet in Africa six edition in Khartoum 4-7 may 2009 support the leather Industry in Sudan. • Technical and financial support is expected from international, regional agencies and also from friendly counties.

Threats:	<ul style="list-style-type: none">• Low quality of raw hides and skins due to primitive husbandry practices, lack of slaughters facilities, etc. which will be address in agriculture perform programs.• High operational cost due to continuation of taxes and levels from different level of government.• Same as other countries flooding of market with cheap low quality products from Asia and other countries and in most cases unsuitable for Sudan hot clime.
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2. Recent and current trends

(a) Supply chain

The leather sector is increasingly integrated globally. Supply chains, which are often buyer-driven, can spread across several countries and regions, as marketing and manufacturing agents set up global production networks, principally in developing countries. To gain access to new markets and secure additional market share, the African leather sector must integrate itself — to the extent possible — at the national, subregional and regional levels.

Effective industry integration is difficult to achieve. Each stage of the supply chain — from recovering hides and skins and converting them into leather in tanneries, to manufacturing and marketing leather products — requires specific policies, human skills and industry support systems. Along the leather industry supply chain, problems, constraints and solutions are interrelated. As such, only a combined approach by the African leather sector can address the competitive factors it faces.

The potential for development is huge and can play an important role in developing the economy taking in consideration the initiatives and polices that have been adopted by the government as follows:

- Strategic salvation plan 1990 – 2000
- Industrial plan 2001 - 2006
- Economic plan 2007 –2011

During this period the following take place:

- 1992-1994 the large government tanneries Khartoum, White Nile, Gazira & also sata shoe factory were privatized.
- In 1993 the export of raw hides and skins was band and open again 2000 with export tax for raw 15%.
- In 1992 the national leather technology center (institute LLTC) was put under the administration of industrial research and consultancy center (IRCC)) of the ministry of industry to play better role in red as support facility to leather industry in Sudan.
- This polices resulted in the establishment of more small and medium tanneries and their numbers rise from 8 to 23 tanneries plus about 20 licenses.
- Some raw exporters of hides and skins also turn to export process hides and skin by tanning on commission.

- Some foreigners started tanning tannery business and export process.
- Increase production of finished leather led to establish footwear production workshops and many licenses are issued (15).
- The leather promotion committee was established in 2003 and then by ministerial order changed to a leather promotion council in 2008 and including all stakeholders of the sector plus the ministry of finance, trade and banks, the report of the council and the recommendations were as guidelines for future policies to be passed to be approved by the economic committee and the cabinet of ministers.
- The leather industry incubator was established in 2008 through a loan from the INDIAN EXPORT BANK and local finance from the Sudan government and it was opened during a meeting in Africa, Khartoum, 6 May 2009 and it is a joint effort between the ministry of industry and Sudan University. Also, leather technology centres and some university faculties at Juba and Gazira were supported.

3. Prospects for growth in exports / plans for expansion

According to National Centre Hides and Skins and leather products, the number of establishments dealing with leather industries has been increasing steadily after a spell of decline and even close down. Prospects for growth in export and plans for expansion have been identified as a government priority.

4. Location of major industrial districts in the country

The tanneries and other leather production units are located in the urban cities:

Khartoum State	14 tanneries
Gazira State	3
White Nile State	1
South Darfur State	1
Red Sea State	3
Cassala State	1

B. Supply capacity (by product category)

1. Present national production in quantity and value

The policies and strategies set for raising the productivity and competitiveness of animal sectors are such as:

- Rehabilitation and improvement of quarantine and slaughter houses according to international standards.
- Rehabilitation and development of veterinary services at state levels.
- Assurance of health for national herds for food security and increasing exports.
- Improvement of indigenous breeds.
- Introduction of modern production technology.

Table 1: Statistic of life stock population (heads) Hides & and Skins in pieces (Year 2008)

Type	populations	Type	pieces
Cattle	40 Million	Catels Hides	4 Million
Sheep	48.9 Million	Sheep skins	15 Million
Goat	42.2 million	Goat skins	13.5 Million
Camel	3.724 Million	Camel hides	0.20 Million

(Ministry of animal resources and fisheries)

Table 2: Slaughter and facility available

Class	No of unit's	cattle/day	sheep & goat/day
Class I	9	100+	1000 +
Class II	3	50- 99	300 - 500
Class III	28	20 – 49	150 - 200
Class IV	50	10 – 19	50 -100
Class V	50	5 – 9	25 - 45
Slabs	55	less 5	less 25

(Ministry of animal resources and fishers)

As per the FAO statistics published for the year 2008, the status of live stock population, production of hides/skins/leather etc in respect of Sudan in comparison to the world figures is as tabulated below:-

Table 3: Live stock populations

Details	Sudan	World
No. of Bovine Animals (million heads)	39.94	1591.74
No. of Sheep & Lambs (million heads)	49.18	1094.48
No. of Goats and Kids (Million heads)	42.41	843.85
Production of Bovine Hides & Skins (Million pieces)	2.8	344.0
Production of Bovine hides and skins (wet salted weight) (thousand tones)	47.6	6319.6
Production of sheep skins and lamb skins (million pieces)	9.3	571.4
Production of sheep skins and lamb skins (dry weight) (thousand tones)	5.6	425.7
Production of Goat and kid skins (million pieces)	13.3	387.9
Production of Goat skins and Kidskins (dry weight) (thousand tones)	10.6	265.2
Apparent availability of bovine hides & skins (wet salted weight) (thousand tones)	45.6	6303.6
Apparent availability of sheepskins and lambskins (dry weight) (thousand tones)	3.9	438.9
Apparent availability of Goat skins and Kid skins (dry weight) (thousand tones)	10.6	263.8
Production of Heavy Leather from bovine animals (thousand tones)	3.0	505.9
Production of Light Leather from bovine animals (million esq.)	62.0	14041.4
Production of Light Leather from sheep and goats (million esq.)	70.0	4662.9
Exports of Light Leather from bovine animals (million esq.)	9.0	13455.9
Exports of Light Leather from Sheep and Goats (million esq.)	45.0	1608.6

(2008 FAO Statistics)

Slaughter facilities

Sudan has a total of 195 slaughter facilities categorized in different classes based on capacity of

The hides & skins trade important players are:

The large merchants and tanneries are the main buyers and pre-finance some of their agent/ dears to collect the hides and skins on their behalf.

2. Present production capacity utilization:

Raw hides and skins sector establish through years since the beginning of last century and the collection channel are well established buyers to small hides and skins collectors to the large merchants (exporters or suppliers for tanneries) the collection is done from the slaughter houses and the collection outside from socials, religious or the villages markets, the table 3 below shows information's about hides and skins.

Table 4: Hide & skins information

Hides and Skins information	Remarks
Quantity bovine:	2.8M pieces
Quantity Sheep:	From Desert Hair types 15 M Pieces
Quantity Goat:	From Desert and Nubian goats 13.5 M Pieces
Quantity Camel:	0.15 – 0.20 M Pieces
Annual Collection Level Hides:	90 – 95 %
Annual Collection Level Sheep:	95 %
Annual Collection Level Goat:	90 %
Annual Collection Level Camel:	90 %
Flaying Methods:	Hand flaying. Mechanical flaying
Preservation Methods:	Air- drying: - ground, suspension, frames Wet salting Dry salting
Grading Systems, available grades and percentage of Each: Note: The grading system is based on pattern, defects and their location, concentration and depth. The most recent division was based on UNIDO and ESALIA guide lines 1993 and included in Sudanese standard	Grading: firsts, seconds, thirds and reject. Size: large, medium and small Grade %: I: cattle: 5 / sheep: 5 / goat: 5 / camel: 0 II: cattle: 20 / sheep: 15 / goat: 15 / camel: 0 III: cattle: 25 / sheep: 50 / goat: 40 / camel: 25 IV: cattle: 50 / sheep: 30 / goat: 40 / camel: 75
Average market Bovine hides price: FOB	US\$ 0...75– 0.85/kg (wet salad)
Average market Sheep price: FOB	US\$ 2.52 – 2.73/skin (wet salted)
Average market Goat price: FOB	US\$ 1.05 – 1.26/skin (wet salted)

Annual Export Value (US\$):	USD\$ 27,733,754 (2004) Source: Hide/Skins Improvement Export Grading Inspection Records - Min. of Animal Resources & Fisheries
Market (%):	Sheep skins: local - 85%, international - 15% Goat skins: local - 75%, international - 25% Cattle: local - 50%, international - 50% raw hides mainly go to Egypt, Syria, Turkey and China. Raw Skins go to East Asia, India and Pakistan. Processed good quality Hides/ Skins go to Italy and Spain and low quality go to India, Pakistan and Far East.

(b) The Tanning Industry

The tanning industry is an old industry in Sudan but the modern mechanized sector started in 1945 then expanded in 60th and 70th by establishing government and private tanneries , below the information about the tanning industry .

Table 5: Tanning industries in Sudan

Information	Remarks
Number of mechanize Tanneries	23 tanneries
Installed tanning capacity:	25,000,000 Sheep and goat skins 1,400,000 Hides
Tanneries in Operation:	17 tanneries
Utilized capacity:	(2008)Skins: 6,000,000 pieces Hides: 600,000 pieces
Artisan tanning , 30 groups in different location of Sudan	Estimated production of Artisan tanning to handle 200 hides (cattle & camel 2/3 M sheep & goat skins plus reptiles 100000 (sank & lizard) and other game animals skins.
Output of the industry:	Product: Pickled: Cattle: 13,600 / Sheep: 905,121 - Product: Wet blue: 502,718 / Sheep: 4,273,772 / Goat: 2,199,731 Product: Finished Leather: Cattle: 63,682 / Goat: 737,862
Number of employees:	Approx. 1,500 employee
Market (%):	Sheep & Goat skins: -- International: 90% of processed skins - - Local: 10% of finished skins - Hides: - - 75% for International market - 25% finished for local industry.
Average export indicate current prices :-	
Pickled hides / Wet blue hides FOB	\$ 0.50 sqft FOB /\$0.55/sqft FOB
Pickled sheep / wet blue sheep	\$ 50/dozen FOB / \$60/dozen FOB
Pickled goat / wet blue goat	\$ 25/dozen FOB / \$ 35/dozen FOB

Estimated total Annual Export Value (US\$):	\$ 27,733,754 (2004)
Availability of materials	
For raw hides and skins	Available on the local market
Tanning chemicals, machineries and axillaries	Mostly imported from EU market including Italy and east market including India
Experience of exporting to :-	
COMESA countries	Only with Egypt in form of raw. Some border trade with Eriteria Kenya , Ethiopia and Uganda
To Italy and India	Old experience with Italy and India for export of raw and processed

Table 6: Cost of production of outputs

	Industrial Sector	Raw materials	Labor	Chemicals /input	Utilities
1	Tanneries	55%	20%	15%	10%

(c) Leather products supply

The leather products are mainly for footwear and the other products articles are produce in small workshops including one for garments.

Table 7: Footwear capacities

Information	Remarks
No. Three large factories	(500 pairs/day) , employees 25 – 100
No. 13 SME,S	100 – 300 pairs/day , employees 15 – 25
No. 400 workshop small , medium &large	25 – 50 pays/day , employees 5 – 15
No. 3000 artisan	10 – 25 pairs/day , employees 1 – 5

Usually footwear factories employee workers according to dement and paying per pair.

The bags and other articles are produce mainly in small work shops and artisan.

Install manufacture capacity for footwear 25.34 millions & the actual production (1997) was round 4.13 millions pairs & 3.16 million (2004) {ministry of industry}

Recent studies for Industrial Development Conference (Feb. 2010) give 13 million pairs for the working factories and actual production are 5 million (38%) estimates for artisan production 8 million pairs (mostly Markup - the national cost one footwear).

The estimated national demand for leather shoes 20 million.

There was 5 plastic sole manufactures, 4 of them closed only one work for military boots soles.

Unutilized capacities above 30% due to management problems, taxis levels & flooding the market with low cheap quality shoes.

(d) Leather products export

Mostly the production about 98% for the local market, the 2% is for tourist trade and export of the National Footwear.

(Markup) and some articles to Sudanese expatriates in the Gulf State. The prices depend on the market and type of material used and ranges \$ 10 – 20 per pair.

Table 8: Cost of production of outputs

No.	Industrial Sector	Raw materials	Labor	Chemicals /input	Utilities
1	Shoe factories	55%	20%	15%	10%
2	Leather goods	55%	20%	15%	10%

(e) Availability of raw material

The finish leather is mostly produced by the local tanneries, in case of shortage some are come from Egypt. The intermediate products: adhesives, accessories and soles are imported from Egypt, Syria & Italy and other EU.

Company's profiles interested to participate and association members are listed in annex (2)

(f) Experience in exporting

The most export is for raw pickled and wet blue hides and skins mainly and their no specific export for finish leather or leather products.

Export for COMINSA countries is insignificant except for Egypt and some border trade with Ethiopia, Eriteria, Kenya and Uganda.

C. Commercial practices

1. A. Major Transport routes utilized

Table 9: Transport infrastructure and facilities

Transport infrastructure (year)	Total	Worldwide Rank	Paved	Unpaved
Airports (2008)	109	55	17	92
Heliports (2007)	4			
Railways (2006)	5,978km	31		
Roadways (2000)	11,900km	134	4,320km	7,580km
Waterways (2008)	4,068km	26		
Merchant marine (2008)	3	139		
Ports and terminals	1			

Sudan Transport

The country has 3 Seaports along the Red Sea and 3 major International Airports at Khartoum, Dongola and Port Sudan. Railway networking covers almost all parts of the country, including the Northern parts of the South. Road transport has also expanded considerably during the last few years and it is responsible of carrying the great part of mode of transport.

Air

Khartoum International Airport (KRT) is 4km south-east of the city. The national airline is Sudan Airways (SD) which operates services to/from Africa (Addis Ababa, Cairo, Kinshasa, Nairobi, N'djamena and Tripoli) and the Middle East (Al Ain, Dubai, Jeddah, Sharjah and Riyadh). Other airlines serving Sudan include British Airways, Egypt air, Emirates, Ethiopian Airlines, Etihad Airways, Gulf Air, Kenya Airways, KLM, Lufthansa, Qatar Airways, Royal Jordanian, Saudi, Syrian Arab Airlines, Turkish Airlines and, Yemenia.

Water

The only sea ports are Port Sudan and Suakin on the Red Sea. Piracy has been reported in the area. There are steamers From Aswan in Egypt through Lake Nasser to Wadi Halfa on the Egypt/Sudan border.

Rail

Rail links run from Cairo to Aswan High Dam and then by steamers to Wadi Halfa.

Road

Entry to Sudan by road is at present only possible at Wadi Halfa.

2. Forms of payment generally required & export procedures:-

The exporter from Sudan including hides, skins and leather should prepare and meet the following:

- should be registered with the Ministry of the Foreign trade and ministry of animal recourses and fisheries
- Should have a signed commercial contract with the importer including the commodity specification, method of payment (L/C, CAD, Advance),
- Should have EX- form from commercial Bank
- Should have valid certificate from veterinary authority.
- Certificate from Sudanese Standards Metrology organization (SSMO).
- Grading certificate FROM Ministry of Animal Recourses and Fisheries – National Hides and Skins Improving Center.
- Then custom clearance.

3. Packaging utilized

The packing is generally according to the following:

- Use containers 20` for wet salted , processed pickled and wet blue H&S and 40` containers for dry salted H&S.

- The use of 10 wooding pallets for 20 containers round 4000 sqft/pallete for pickled & wet blue hides and 2000 pieces for Skins .
- The pallets are cover by polyethylene sheets and woven plastic sheets.
- Quantities and grade are marked on each palette.

D. Export policiy

1. A. Free Export Zones (FSFZ)

Export processing zones (EPZ) have been useful for promoting exports in countries with high trade barriers, cumbersome business regulations, and weak infrastructure. An EPZ regime that is properly implemented can attract foreign direct investment, boost employment, stimulate export and economic growth, transfer knowledge and skills to the local community, and facilitate export development that contributes to a higher level of infrastructure and services within a country.

The Sudanese Free Zones and Markets Co. (SFZ)

The Sudanese Free Zones (SFZ) is one of Pioneering Economic Institutions in the country.

It is one of the companies which guarantees freedom of capital movement and provides suitable investment climate for both the local and foreign investors. It is one of basic pillars of Sudanese Liberalization Policy.

The Sudanese Free Zones & Markets Co. was established in 1993 to adopt, enhance and implement the Free Zones concept in Sudan in addition to it its commitment to a wide range of Duty Free Business & also fair ground for Exhibition Industry in Burri-Khartoum.

The Red Sea Free Zone

Located at a focal point connecting the port of Sudan, Port Sudan international Airport, Khartoum-Port Sudan Highway and Suakin Harbor, a 26 sq. km, coastal area at the Red Sea has been planned as the Red Sea Free Zone. The Master Planning of this area was earned out and concluded by the NCCC of Tian Jin Economic Development Area of China. The RSFZ is now prepared to host all kinds of investment activities. The inclusive planning of this area is very much qualified to host:

- Free Zone Port
- Infrastructure Investment Projects
- Multi-economic activities
- Exports Processing Industries
- Industries and Assembling investments
- Banking and Insurance activities
- A wide range of related services/investments

Al Gaili Free Zone

Located (60) km. north of Khartoum (Capital of Sudan).

This area is allotted and is now being planned to cover (20) sq.km. This area is significant since it is:

- Located within a fast economic booming circle accessed to the country's main Oil Refinery Station.
- Linked with active business and industrial communities in Khartoum, the heart of the nation's economy.
- Well connected with traffic networks of air, highways and railways extending beyond Sudan's boundaries into the African markets.

Note: - EPZ for the leather industry are not activated.

2. Incentives for Export

At the time being there is no incentive for export for processed hides and skins mainly pickled and wet blue as mentioned, there is export tax 15% on raw hides and skins since year 2000 how ever there is a proposal now to have incentive for advancement in products to crust, finished leather and leather products for export and introduced tax on pickled and wet blue also as happened in some nab- our countries to in carriage the utilization of capacities and getting more adding value.

However it is suppose to refund the paid taxis in intermediate products imported for making the exporting materials it is settle lately when paying taxis.

Sudan have large recourses of hides and skins and their much scope foe the utilization of the existing capacities and there is chance both horizontal and vertical growth mainly geared to export and adding value.

The recommendation to start partnerships with the existing tanneries and footwear factories and the government polices stress on promotion of non petroleum exports also use should be made of Sudanese membership of the Arab link to utilize faineance from Arab development bank (BADIA) for development exports to African countries.

Support Sudan to get technical assistance to mobiles its recourses and support the private sector to implement its plans and mainly to the proposed industrial area for leather sector in Omdurman.

Assistance should be prepared according to the large potential in Sudan and with direct study and evaluation with the private business organization.

Give assistance to have evaluation for better utilization of the national and regional R&D / institutes and link them with Italian and Indian institute's centers.

3. Application of CITES regulations on export of exotic skins and leather

This is relevant for export for reptile's and other Game skins and they have to be approved by the Game department of Sudan police.

II. DEMAND SURVEY

Requirements Required for Sudanese Imports

The require elements on the label should be:

- The country of origin.
- Manufacturer name.
- Size and fabric content (when applicable)
- English Language is acceptable
- The product should not contain any pictures or text against Islamic traditions
- Name of end user should be written clearly preferably on more than one side.
- Packaging should allow for the hot weather, rough roads and handling.
- Expiry date usually required on each item, not just on packaging.

What is the packaging used by Sudanese exporters for hides and skins. How are they packaged for export?

Sudan does not apply any quantitative import restrictions. All goods can be imported to Sudan except those that are prohibited by Government rules, Islamic values or security considerations. These include alcohol, narcotics, gambling equipment, arms and ammunition. Importation of second hand clothing is prohibited, except by NGOs. This paragraph should not be here as it relates to imports not to exports.

A. Overview of the leather market

1. A. Structure of the leather market

Sudan is the one of largest countries regarding life stock and hides and skins production but till now the utilization of this resource is not to the aspiration of the people working and generally the utilization is less than 30% in the tanning industry, exports have not exceeded 35 million us dollar in the last ten years, and it is mainly from processed hide and skins and some raw where as other near by developing countries are performing better despite of their less resources.

In the leather product sector the performance is also the same and Sudan is a large country with 40 million population and the leather shoes demand is estimated 20 million pairs so it has to import to fill the gap and actually the import of shoes and other products goes to 60 – 70 million dollars.

The potential market is large for hides and skins processing and the leather products for adding value and import substitution and even export of various leather products to the regional and international market.

Also the import of chemicals, axillaries and accessories for the whole chain is of high potential.

2. Recent and current import trends

Sudan is importing slaughter equipments also the hides and skins are importing some 18th chemicals from socking to finishing, the leather product industry is importing 30 items both industries are importing machinery and equipment from different part of the world.

3. Prospects for growth in imports

There is large scope by implementing plans for vertical expansion to mobilize the present capacities and also the horizontal expansion by establishing new lines both in the tanning and the leather products industry and even more in case of establishing the new industrial area and expected execution of partnership with foreigners and getting new technologies and introducing new attractive products for the sophisticated.

Also there is a scope for the establishment of chemicals and exuries in the local material : chrome or lime, vegetable tanning material , oils and dye stuff and last and soles not for Sudan market only but also for export to the rejoin and international market .

B. Import for the leather sector

As it is shown from the supply server Sudan leather industry is producing sizable and variables products and there is wide scope to expansion to have a very good situation and better position in the leather market.

Along the chain of production many products are imported from the life animals for the life stock slaughter preparation of hide & skins, tanning and leather products industry so the following imports show part of this.

1. Volume and value of imports

- **Imports for the livestock** include medicines worth \$ 55 million (2009) there is also there is import of equipments for the veterinary clinics and also slaughtering equipments. This is done by The Vet. Supplies Cooperation of the Ministry of Animal Recourses and Fisheries and also by some companies by small scale by individuals.
- **Imports for the hides and skins and the tanning industry** these include some 18 chemicals from preservative to finishing materials and this worth\$10 million dollars also all machineries and equipments are imported and there is large scope by expansion vertically and horizontally.
- **Leather products industry** imports many items about 30 including lining and in soling materials different types of soles adhesive ,threads, accessories, ornaments, lass, finishing materials, machineries, equipments and tools the annual estimate is 65 million dollars .

2. Origin of imports

* The origin of imports is variable Eu countries, India, China, Turkey and Egypt & Syria.

3. Import and distribution channels

The Sudan chambers of commerce unions has chambers for exports and chamber for importers the chamber of importer has a sub-chambers for wear which include foot wear , leather products and clothes.

- To be importer you have to register your company and then in the camber and then in the Ministry of the foreign trade.
- Submit your invoices and B/L and importing document to the commercial bank for endorsement and pay the amount as agreed CAD-L/C-...
- After release and endorsement from bank the good will be cleared from the customs according the custom regulation
- After the clearing the goods the importers can disrepute the goods by his self or by his agent or distributors

4. Competitive factors of importing products

* This is according to price and quality and speciation submitted with the goods and the practice and experience of the users'.

5. Experience in importing from or partnering with other COMESA countries, Italy and India

* In case of COMENSA countries there is establish trade with Egypt since condominium rule and up to now for especially for chemicals, leather products material and leather products imports.

Also their some border trade with Eriteria, Ethiopia, Kenya and Uganda.

With ITALY there is old experience with import of machinery, chemicals, leather products materials and accessories. With INDIA machinery and recently some chemicals. But large technical assistance since 1960 – 1967 with CLRI – Central Leather Research Insatiate in Chinai and recently through assistance by offering loan to Sudan government from Indian export bank utilize supply the Leather Industry Incubator (LII) AND The National Leather Technology Center (NLTC).

C. Prevailing product requirements and commercial practices

1. Product specifications (grading, size, type, etc)

Up till now Sudan has no import raw hides and skins. Recently some upper leather is imported from Egypt. for the other imports mention above the international standard grading , size, type ,etc... are adopted by Sudanese standard and meteorology organization (SSMO) were some 77 standards for leather and leather products submitted by technical committee were adopted and now on action . Also for chemicals and machinery there are slandered submitted by the relevant technical committee as Sudanese standard where ever their no Sudanese or international specification standard the British and Indian specification are adopted for their items.

2. Certification and inspection requirements (example SGS)

All goods can be imported to Sudan except those that are prohibited by government rules, Islamic values or security considerations. Those include alcohol, narcotics, damping equipments, arms and ammunition. Importation of second hand clothes and shoes is prohibited except by NGOs.

No import license is needed to import; Sudan uses the Brussels Definition of Value (BDV) in custom evaluation.

Importers must present:

- An import declaration, commercial invoice, certificate of origin, Bill of lading,
- Meet the requirements of Sudanese Standard and Metrology Organization or other documents for specific types of goods e.g. Packing list, analysis certificate and manufacturing and expiry date.
- Complete the bank formalities for the documents and then pay the required taxes and release the goods.
- Importer is advised to have pre shipment inspection certificate issued by international cargo inspector registered by SSMO. Double check inspection might be conducted by SSMO. Any consignment with no quality certificate will be subjected to SSMO at entry points.
- Tariff a rate of 15% value added tax. Industrial input pay 3% customs, 40% for leather and leather products, for new projects capital equipment have exemption of tax. Sea Port Corporation pays 2% quay duties civil aviation 1.2% in case of air handling.

3. Packaging Requirements

Sudan import for the leather sector should be according to the international standard and requirement

*For hide and skins and process leather for the time being there is no import if it happens it should according to the international standard and requirements.

*For finish leather should be in rolls or in polyethylene sheets for leather products it should be in suitable boxes or good packing, for chemicals it should be as agreed by the importer and user might be in packing paper or nylon or plastic pages or it might be in polyethylene container of different sizes.

*For leather products requirements might be boxes, carton boxes of different sizes.

*For machinery and equipment in wooden frames in the container covering by polyethylene.

Labeling in packing should include the country of origin, the manufacture size. Fabric weight when applicable, expiry date if applicable and the name of end user if asked for.

For Sudan products and packing should not contain any picture or text against Islamic values.

The packing should allow for Sudan hot climate, rough roads and rough handling

4. Contractual standards

The government agencies and imports, business associations and importers are fixed to the international trade standards and registration of importers and exporters is based on this, and this includes the business import and export contracts.

5. Customary methods of payment and conditions

As agreed by the trade importers & exports:

- E.g. letter of credit, CAD, Advance payment, T/T transfer etc.....

6. Delivery timeline

As agreed by the importer & exporters

D. Market entry

1. National import policy

The government adopted policies to encourage private sector to invest this provides some incentive:

No nationalisation or expropriation to projects then give land at low price, exemption from custom duty for machineries and equipment motor vehicles and for production inputs recently is 3% custom duty tax are applied.

Also exemption from business income and profit tax from 3-5 years and might be extended up to 10 years.

The investor has the right to transfer the invested capital with the same currency and also re-export machinery and equipments which have been imported in case of non execution.

Also good fiscal and monetary policies – including reduction of export taxes and corporate taxes with a view to encourage the production and export.

The control of foreign exchange has been easier especially in Euro foreign currency.

Phytosanitary measures are required especially import of certain chemicals mainly disinfectants and biocides and other hazardous chemicals.

2. Custom rules and regulations

Custom regulation and duties are according to the international system.

The following shows the duties on import leather related items.

Table 10: Duties on import leather items

Item	Custom duty	Other duties & charges	Remarks
Raw hides & skins	45%	20%	Vat.15%+port tax 2% + (airport tax 1.5%).+ others
Chemicals	3%	20%	Production inputs
Footwear & leather products	45%	30%	+ development tax 10%
Soles	45%	20%	

Custom regulation

3. Preferential import schemes

Sudan is a member of COMESA Arab league countries, Islamic counties league and also have economic cooperation agreements with other friendly countries but unfortunately leather related import and export are not exploited in this .except with Egypt & Ethiopia.

4. Certificate of origin requirements

Now it is in action and appears in documents for imported material as main requirement.

It is more necessary in case of import from countries members of organization with preferential economic relation with Sudan.

In some cases it has to be certified by Sudanese embassies.

AS FOLLOWS:

- 1- Commercial invoice
- 2- Bill of lading or airway bill
- 3- Certificate of origin
- 4- Specifications- Certificate of analysis (in case of chemicals)
- 5- Packing list.

5. Free Trade Zone

Please refer to Supply Survey No (IV – A) however the Export Production Zone (EPZ) can be Useful both for export and also for import, and to import chemical and distribute to the factories to Tanneries and leather product factories.

E. Government policy

1. Foreign investments condition

Sudan location in heart of Africa gives advantages to foreign investment to have a role to increase trade with Africa, Middle East, and Europe and all over the world.

Also the huge resources especially in life stock and hides – skins production, good experience the leather business , liberalization of economy and investment incentive and trade agreement with African countries . Islamic countries and theirs – all these factors create opportunists for trade regional and international besides the largest Sudanese market it self for leather products and industries input and machinery and equipments.

Recently the establishment of special ministry of investment reflects the attention paid by the government to the investment process and creating the favorable climate for investor from all over the world.

The Investment Act provides grantees and cessions for domestic and foreign investors –there are equal chances for similar projects and capital and also employment of foreign labor if required.

Also incentives are provided and they r vary for strategic and non strategic projects. This includes customs tax exemption for capital and capital goods, land free or reduce prices, accelerated depreciation and right to operate without the Sudanese partner. Also there are in hands incentive for investor located in the free zones in Red sea (Soaking) and AlGaili areas.

2. Environmental legislation

The environmental act was sign sine 2001 the law is detailed aiming the protection of natural resources and pollution control.

According to this law an environmental impact –assessment is required for projects likely to have negative impact in the environment and of course tanning is one of them.

Government and public awareness' is increasing and this is the main drive of specialized industrial area for leather and allied industries and to cope with the international trends in trade - eco labeling etc...also there is legislation from Sate and Province level for Huygens and industrial safety and they have to be made The tanneries located in areas where there is sewage disposal have got better chances, others who have to transfer effluent water by tanks leading to higher cost and this lid to increase to production cost.

F. Summary of conclusions and recommendations

1. Conclusions

Sudan potential in hide and skins leather and the leather products is one of the impotent natural resources and has much opptiunites and scope to expand both horizontal and vertical for added value and for domestic and export market and improve the contribution to the national economy and other benefit from the industry e.g. Poverty reduction and more opportunity in jobs and satisfy the local market with reasonable price and quantity and quality of good products to substitute import of low quality and mostly unsuitable and uncomfortable to Sudan hot cline.

The national industrial congress during the national conference for Sudanese Industry a paper was prepared by the leather sector committee which reviewed the potential problem along the chain giving recommendations to solve them and review the plans according to the certain objective and estimate that in five years time export erring to be raised from 35 – to 150 million dollars and the production of leather products for the local and export market to be raised to 60 million dollars this is to be achieve through incentive program for advanced products and fetching new markets .

2. Recommendations

It is recommended from capacity building program to get the following for Sudan:

- To offer assistance to Sudan according to its potential and scope and work close with the private sector to formulate this, to help in realization and setting of practical programs after proper evaluation of the sector.
- Assist to get harmonization and integration between the national programs for the leather alone the chain from live stock to production and export promotion (trade).
- To prepare an economies study and lobby for finance and implantation of specialized leather industrial area proposed in Omdurman.
- Assist for partnership with Sudanese industry from Italy and India and African countries to utilize capacities and improve performance quantity and quality and use of BADEA assistance of finance of import to African countries from Arab Countries.
- Using the existing R/D centers institutes national and regional and in Italy and India to have fixed programs for training and research and to have share for the private sector and get scholarships for both graduate studies R/D centers in Sudan and activation of short courses and study tours to let the people stand on new technologies and good performance in successful enterprises.
- Preparations of studies for new projects along the chain for modernization and quality and quantity improvement – slaughter facilities for the different parts of Sudan - chemical and auxiliaries manufacture from Sudanese indigenous material e.g. chrome powder , vegetable tanning materials hydrated lime, bating agent ,fat liquor, finishing and dyes.
- Manufacture of leather products requirements: - sole, last. Adhesive accessories and ornaments.
- Assistance of leather product artisan group to get in the export business like done in other African and Latin and South American countries.
- Suitable project for utilization of slaughter, tannery and factory west.
- Participation in commercial and technical gathering related to leather sector.
- Lobby for technical assistance programs to the leather sector from international regional and friendly countries based on mutual benefits of the partners rather than politics.

Annex I - Sudan map

