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INDUSTRIAL ESTATE DEVELOPMENTS IN THE UAR

As of now, industrial estate development in the UAR consists of first steps, plans and occasionally only intentions. Nonetheless, it is clear that the scale of projected growth warrants a careful statement of its proposed content. This is attempted in this paper under three major headings:

- A. The plans for the development of a Leather Tanning Estate, in a 130-acre site on the outskirts of Cairo, which will eventually involve, on present estimates, a total investment of E£.8 million;
- B. The projected industrial estates in Mansoorah, 130 kilometres to the north of Cairo, and Beni Swef, 124 kilometres to the south of Cairo. The very preliminary estimate for investment is, around E£.600,000 for each of the two estates; and
- C. A very brief statement of the current state of thinking about a large industrial estate and area development programme which might include as many as 120 estates, of varying sizes and spread over the entire country.

A. Cairo Industrial Tanning Co-operative (CITC)

The CITC is one of several semi-autonomous organizations set up and financed through the General Egyptian Organization for Co-operative Production and Small Industries. The latter is in overall charge of industrial co-operatives and small-scale industries and is a part of the Ministry of Industry.

The CITC is in charge of setting up the leather tanning estate,

and among other things, is responsible for the running of the larger tanneries which were nationalized a few years earlier. In order to appreciate the eventual shape that the estate has taken, it is necessary to present a brief statement of the present condition of the leather tanning industry and the steps by which official thinking has progressed to its particular lies.

To come to the general background first.

The leather tanning industry in the UAR is concentrated in specific areas in the two major cities of Cairo and Alexandria. The industry in Cairo, organized into units of diverse sizes and ranging over the whole spectrum from the handicraft to the modern type, produces some 70% of the total tanned leather output of the UAR. The industry in Alexandria, organized on a distinctly superior basis of technical practices, produces the balance. Both centres use indigenous as well as imported hides and skins.

The number of tanneries in Cairo is around 80, and separately organized productive units are almost double that number, because of sub-contracting and/or partitioning of the built-up areas. All the units are presently jammed together in one area in old Cairo, and constitute a jumble of old and rickety buildings on both sides of a single main road which has streams and puddles of smelly effluents over most of its surface. Allowing for some variation between one tannery and another (and on occasional outright exception), the buildings are old and rickety, and the workspace is crammed with machinery and equipment, which is both archaic and inefficient. The organization of the work-flow is poor in most of the larger tanneries which have grown up haphazardly over the years, and in some of the worst cases it is like a most ingenious game of snakes and ladders. The cost-raising effects of the absence of reasonable lay-outs and the old, decrepit machinery are compounded further by low labour productivity (current output per man-hour is around

4 to 5 square feet as compared to the European level of 25 square feet) on the one hand and the general inadequacy of well-trained personnel on the other. For many of the smaller tanneries, the situation gets complicated further by financial resources inadequate in relation to the volume of output. From the point of view of the worker, life inside the tannery is a blend of low wages and sustained exposure to extremely unhygienic conditions.

One further economic aspect of the tannery situation might also be noted. In the absence of any standards, there has been a significant fall in the quality of tanned leather over the last several years.

The unsatisfactory situation in the tanning business in Cairo attracted official attention soon after the Egyptian General Organization was set up in 1960.

The first formulation of a policy response was modest. It was decided to set up a model tannery, equipped fully on a modern basis and with adequate technician support under the auspices of the CITC. This was to be a full-scale, large-sized plant which would leave an uplifting effect, it was hoped, on the other tanneries and also serve as a training ground, on a more impressive scale than the existing vocational training centres. Simultaneously, it was also desired to integrate the small tanners into co-operatives, with workers and foremen drawn from these units, and it was expected that the usable positions of existing machineries could constitute, as it were, a physical contribution to the capital of the co-operatives, which would be supplemented by funds from the State.

This formulation, it soon became apparent, was an undue simplification. The kind of physical reconstruction that was desirable was plainly impossible in the context of the cluttered, closed in area in which the tanneries are located.

In the next formulation, it was therefore decided that there should be a wholesale physical transfer of tanneries from the area to a new 130-acre site on the outskirts of Cairo. This site in Bassatin, near Mokattam, was to be organized, briefly, as follows:

The model tannery, as visualized earlier, would be built here and the existing vocational training centre, near the present tanneries, would be transferred to Bassatin. Existing 85 tanneries (i.e. 155 producers) were planned to be re-organized into 19 units organized on a co-operative basis, with reserved sites for a further 11 units. Facilities to be provided on a common basis by the CITC included electricity, water, streets, chemical stores, purification of effluents, central stores for hides and skins, chemical analysis laboratory, foundry, mechanical engineering workshop and a carpentry workshop. Arrangements were proposed to be made for on-site facilities such as banking, post office, police station, cafeteria, first aid centres, etc. In addition, a hide market was to be established and sites were to be made available for the manufacture of allied products such as glue, gelatine, imitation leather. It was also planned that housing for workers should be provided in the vicinity.

After substantial progress had been recorded in working out the details of the project, official policy shifted into its present, final state. Presumably because of the substantial state financing involved in the common facilities and in the financing of the co-operatives, and possibly because there were second thoughts in the matter of optimal sizes, a new study was initiated by the CITC. The results of this study underlie the current approach to the task.

The site in Bassatin remains the basis for the development, and the model tannery (although the word 'model' has ceased to have relevance, as we shall see) and the various common facilities remain an integral part of the new tanning city. But the number of tanneries is

now reduced to 6 (7 including the model tannery) with the concomitant growth in the size of each tannery. (The capacity of all seven tanneries put together will be 50% more than the current estimated output of the Cairo tanneries). These tanneries will be owned by the CITC, but will not be co-operative societies. Anyway, they will replace the existing tanneries (which will eventually be closed down) in due course.

These will be a marked pattern of specialization under the new arrangements. While the model tannery will retain a 'mixed' pattern of production, the other 6 tanneries will be divided as follows in terms of the end-product: 2 for uppers; 2 for sole leather; and 2 for light leathers.

Moreover, inasmuch as the new tanneries will not now make any compromises in favour of 'salvaged' machinery from the existing tanneries, a tremendous spurt in labour productivity is expected. On the one hand output per man-hour is expected to rise from 4 to 5 square feet per man-hour presently to 24 square feet, a standard comparable with modern European tanneries. On the other hand, employment will decline from 2,800 to 985 for workers, and expand substantially in the non-worker group to 400.

The total investment, excluding housing for workers but including the common services and working capital, will eventually exceed E£.8 million.

Work at the site has already begun on water supply, electric supply and sewage facilities. Construction of streets was expected to begin in March/April this year. The contract for the 'model' tannery has already been given and it is expected to go into production in May 1965. Construction of the other 6 tanneries is proposed to be somewhat staggered in time. Foundations for two tanneries - one for light leathers and one for sole leather - are expected to be laid in the middle of this year, and in 1965 and 1966 for the other 4 tanneries.

B. Industrial Estates at Mansoorra and Beniswef

The Egyptian General Organization (EGO) are planning to set up two industrial estates on sites of about 20 acres each in Mansoorra and Beniswef.

Mansoorra, 130 kilometres to the north of Cairo, is a town where a number of small and medium plants manufacturing machine tools and parts thereof exist. Beniswef, 124 kilometres to the south of Cairo, is an economic area which has been relatively neglected in the past.

The estate in Mansoorra will concentrate, it appears, on engineering industries; and the estate in Beniswef will more markedly be a mixed estate. Both estates will be built in instalments of 5 acres at a time and will provide common facilities of the municipal type - water, electric supply, sewage, etc., to some 45 (this is a very provisional figure, at the present stage of planning) factories in each estate.

The estates will function, it is believed, both ways - build buildings first and then let them out as well as arrange tenants first and then build according to their needs. In either case, however, the idea is to build 4 different sizes of building, and it is hoped that this will provide an adequate spectrum of patterns to suit different industrial needs.

The rental value of the buildings is proposed to be set on a no-profit, no-loss basis, with an element of subsidisation during the first four years. Provisional ideas indicate no rent at all in the first year; 25% of the rental value in the second year; 50% in the third year; and 75% in the fourth year. From the fifth year onwards, the full rent will be payable.

As a part of the larger role of the EGO, loans for working capital and new machinery, in approved cases, would be available at 3%, the co-operative interest rate in the UAR. (Some machines might also be available on a hire basis).

In terms of common facilities, the following are visualized: general maintenance shop; laboratory for testing materials; canteen; post office; police station; fire brigade, etc.

The management of the estate will be by a Board, consisting partly of the representatives of the EGO and partly of the industrialists who come to the estate.

The expectation, at present, is that the 1964-65 Budget of the State will make some financial provision (the estimated cost of each estate is around E£.600,000), and that the estates will be ready to commence operations somewhere in the second half of 1965.

C. Other Estates

The UAR has under active consideration a vast proliferation of the industrial township and area approach in the course of the forthcoming Second Plan period. The whole matter is subject to amendment as a result of further studies, but the very preliminary notion is to have 120 townships and/or areas springing up throughout the UAR. Very few of these will be as large as the tanning city set out in the first part of this paper, and quite a few will in all probability will be smaller than the estates in Mansoor and Beniswef. The content of these new schemes is not settled as of now.