# INTERNATIONAL EXHIBITION FOR TEXTILE, APPAREL, LEATHER AND EQUIPMENT

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AT THE EXHIBITION CENTER

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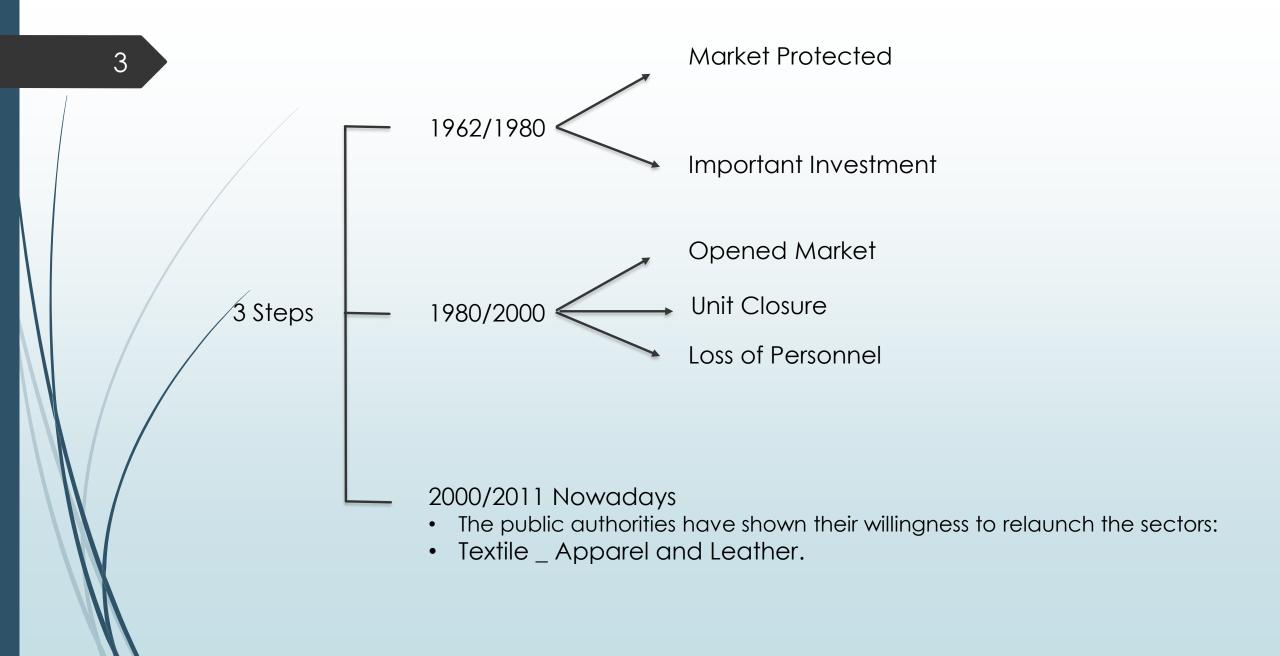
Conference on the statistics of the sectors Textile-Apparel-Leather-Leather Goods-Shoes of the year 2019 in Algeria presented by Mr. Mourad Faudil during the 3rd edition of "TexStyle-Expo"

21-22-23- Janvier 2019 C.I.C

## REVITALIZATION OF THE INDUSTRY

Textile \_ Apparel \_ Leather \_ Leather Goods \_ Shoes





- Extreme weakness of the market coverage is largely due to losses in production equipment and personnel as a direct result of the abrupt opening of the market.
- Thus the production units (Public and Private) are not preparing for the Open Market to all competitions.
- Situation aggravated by unfair and informal competition.

#### Results:

- 1) PME/PMI have reconverted or closed;
- 2) Several public units have ...... closed;
- 3) Staffing has grown from 200,000 to 290,000.
- It is important to note that the inputs needed for production are imported with the exception of raw hides for the leather industry

#### **Public Textile**

Production of textile supports

In Partnership with GETEX \_ MND \_ IATIT
 07 Units

o In Partnership Algéro\_TurqueO1 Complexe(Integrated)

**Confection** 

Cotton sector

or II

- Wool sector
- Synthetic Silk Industry
- Jute sector
- Textile sector
- Confection sector \_ Hosiery

11 Units

17 Units

7

#### 5 000 Units

- o 3 000 units in the confection
- o 1 025 Units in hosiery
- 955 Units in the Weaving \_ Finishing
- o 6 Cotton mills
- o 3 Texturing units

#### Manufactured Products

- o Fabrics
- Hosiery
- Confection
- o Furnishings
- Footwear

craft

3 000 Workshops

- 3 Tanneries (Cattle)
- 2 taweries (Goats)
- o 1 Synthetic leather
- o 3 shoes
- 1 Leather Clothing\_ and Leather goods

#### **Private Leather**

- Several dozens of collectors
- o 21 taweries
- o 7 Tanneries
- 2 Synthetic leathers
- o Around twenty of PME/PMI in the Shoes sector.
- o A hundred in leather goods.

NB:

Strong concentration in the regions Médéa \_Tlemcen \_ Alger

## Geographic Distribution of Potential <u>Production</u>

#### Confection

- o 50 % In the center
- o 40 % in the West
- 4% in the East
- o 6% in the South

#### The Revitalisation PAGE 5 WORK SHOP

#### Will of the Public Authorities

This desire has manifested itself in several forms at different times in a concern to make the production tool efficient.

- 1. The Address of the Public Sectors: Balance Sheet Remediation (Grooming)
- 2. Establishment of Competitiveness Promotion Funds (FPCI)
- 3. Benefits granted to investors and with partnership
- 4. Export aid
- 5. Guarantee Fund (FGAR)

#### Situation in 2011

Despite the mechanisms put in place by the public authorities, there is no appreciable result and we continue to note:

- Exorbitant debt
- Difficulty accessing credits
- ❖ A low level of management
- An absence of commercial culture
- Strong dependence of international markets for inputs
- Strong competition from the informal sector and imports
- ❖ An investment freeze
- A lack of training
- ❖ A total lack of creation inadequacy with the requirements and taste of consumers
- ❖ A lack of synergy between companies in the same group
- ❖ An inexistence of a distribution network worthy of the name

## Revitalisation of the Industry Textile –Apparel and Leather

- 1) Creation of the Industrial Textile and Leather Group in order to devote the factories to the production by ensuring the quality / price ratio according to the target market niches.
  - ☐ Restructuring criteria
    - Synergy effects
    - Replacement of the strategic managerial function towards the staff of the new entity;
  - Unification of management procedures and technological processes.
  - Better control of human resources management.
  - Better approach to relationships with the banking system by a representative level of collateral arising from the asset pool.
  - Benefit of the tax regime specific to groupings of companies.
- 2) Remediation measures adapted to the requirements of the restructuring
  - Adequate debt relief,
  - Provision of normative working capital,
  - Support of social aspects,
  - Enhanced credit for upgrade investment (Hardware and Intangible) and development

- The measures decided by the public authorities through the CPE were accompanied by the following orientations:

Textile sector Cotton
Synthetic
Wool



- Ensuring the coverage of the needs of textile products for the satisfaction of the garment industry Public and private clothing taking into account market conditions.
- Move towards export markets, especially for drapery items and greige fabrics.
- Focus on the manufacture of technical fabrics (personal protective fabrics, geotechnical fabrics, etc.)

Confection nd
Apparel
Sector



- Consolidate its position in the market for incorporated bodies, communities and administrations.
- Adapt to the demands of the potential market segment demand in terms of trend, fashion and quality.
- Adopt a partnership policy for subcontracting and cocontracting.

Leather and skins sector



- Organize the collection of raw skins
- Reviving the production of the civilian shoe by adapting to the market demand
- Consolidate its position in the footwear and safety equipment market.
- Develop an export policy, especially finished tannery products -High value added tanning.

## DEVELOPMENT of the PME/PMI around manufacturing companies

- The important measures implemented by the public authorities for the revitalization and revival of the manufacturing industries, must also allow the emergence and development of PME/PMI, around these companies.
- □Actions must be put in place for these companies for, among other things:
  - 1) Revive the production of artisanal yarn (in the blanket units) for reactivity the artisanal weaving activity (carpets and blankets), in anticipation of the revival of tourism
  - 2) To provide, adapted supports (textiles, leather for TPE or for the activity at home (weaving, confection, ready-to-wear, cabinet making, carving on wood, etc.)
  - 3) Provision of yarn for the activity of PME operating in the field of winding sewing thread, knitting, embroidery, footwear, hosiery, layettes, etc.
  - 4) Provision of small craftsmen of leather and wood scraps for the making of small craft items (bags, wallet, purse, key holder etc ...).

The national economy, at its inception, was based essentially on a strong public industrial sector, as it should also be remembered that private sector PME / PMI developed through public production that fueled their production, as well as It should be noted that even the private sector has benefited from state support for its investments.

Also assuming that the public sector is the locomotive of the development of the PME/ PMI and thanks to the revitalization decided by the public authorities, this one must find the place which is hers in the national economy.

In addition, we are presently present in numerous small workshop creation of textile, leather, wood transformations, thanks to the various devices of help to the employment (ANSEJ, CNAC, ANGEM) which suffer from the non availability of the necessary inputs to their operation.

#### **Investment Material**

- ☐ All infrastructures of all units have been upgraded (Buildings, VRD, Fluid).
- □ Latest generation equipment has been acquired to replace old equipment and new ones with new products.

#### Immateriel Investment

- ☐ Training not well supported
- Øther actions are timidly and partially supported

#### **Important Note**

- ☐ Production equipment is up to 80% operational
- ☐ The TUC \_ capacity utilization rate does not exceed 37% (for the entire Getex)

How to do?

- > This is a proposal from our knowledge of the manufacturing sector
- > It must be deepened from the multifunctional diagnosis that must be launched without delay.
- The production that we propose to launch immediately from the available tool, is more than achievable through the recovery of a number of technicians and engineers retired.
- In addition, the manufacture will be able to produce, for 2 to 3 years, for the constituted bodies and the communities.
- Also, it will have to take advantage of this time, to reorientate its production and to organize to be competitive and regain market share.

- ✓ It should be recalled that the manufacturing sector, like all the national industry has benefited from several clean-up operations that have not led to any improvement and quite the contrary the situation of the companies of the manufacture has only gone down year after year.
- ✓ The few survivors owe their survival only to the programs of the constituted bodies (textile, leather and confection) and local communities (wood).
- ✓ Also given the recent measures decided by the government for the revitalization of manufacturing, including the erasure of certain debts, improvement of interest rates for investments, allocation of working capital, it is essential to establish a plan for concrete recovery with an adequate investment program, it will certainly avoid falling back into the mistakes of the past.

#### **Immediate actions**

- 1) Upgrade Training
- 2) Organization and management procedures
- 3) Systematization of quality control at all stages of production to improve current production
- 4) Redefining the production programs and inputs needed to support certain market shares from the existing tool.
- 5) Prior commitment of maintenance and value-added investments in production.
- 6) Development of a business plan with performance contracts for managers.

#### **Recommendations**

#### For a better integration

- 1. Develop the cotton crop.
- 2. Invest in synthetic fiber.
- 3. Develop livestock for wool skins.
- 4. organize the collection of wool and skins.
- 5. Organize the collection of textile waste.

#### For a better return

- 1. Motivate staff by better compensation with revised incentives.
- 2. Promote technical expertise.
- 3. Set up an organization and procedures allowing traceability.
- 4. Conduct training and retraining with technicians participating in international events.
- 5. Ensure preventive maintenance.
- 6. Listen to the market constantly
- 7. Establishment of a design structure for textiles / clothing and leather.

#### **Partnership**

Faced with globalization and the opening up of our market, it seems to us necessary to attract the interest of foreign companies to:

Technical assistance and technology transfer with obligation of result.

- 1. Management contract with obligation of results.
- 2. Equity participation in existing businesses.
- 3. Invest in new projects such as:
  - Cotton growing
  - Synthetic fibers.

### Conclusion

- ❖ No market research has been conducted on the industry. However, in the light of the information available to us, we can easily say that the Algerian market remains very important and that an optimal use of the production capacities of the units that we propose to recover can only satisfy 25 to 30% of the national demand (all production combined) in textiles, clothing and leather.
- ❖ It should be pointed out that all manufacturing industries currently allocate 80% of its production to the incorporated bodies and other public services with production reserves that should be directed to the "general public".

- ❖ It is thus a question of taking advantage of these reserves to take charge of a significant part of the "General Public" market on the condition of offering a better quality / price ratio.
- ❖ To this end, in addition to the external measures proposed to be taken over by the State, internal measures must be defined in parallel to ensure a sustainable recovery of the industry and avoid making the same mistakes as in the past.

Also, the industrial groups, from their constitution, must organize not only to manage, guide and control, but also and this is what has mainly failed:

#### Invest:

(Technology - Production Technology - Training),

#### **Create and innovate:**

(stylisme - Modélisme - Improvement of the Production),

#### **Develop marketing and branding:**

- ✓ Market Reoccupation
- √ Fairs \_ Specialized Trade Shows
- √ Witness Showcase
- ✓ Market research

#### **Search for partners:**

Opening of Capital - subcontracting and co-contracting.

- ❖ It is therefore important to point out that companies in the sector have turned their backs on the market and have mostly never consulted each other (upstream downstream) in order to benefit from synergies and respond to the "Consumer" market.
- ❖ In the world of the textile, clothing and clothing industry and the leather industry, the programming of "upstream" production is intimately linked to the programming of "downstream" production so as not to obscure market trends (quantity). , quality and purchasing power ...).

Moreover, there is a need for the factory to have its own sample stores and to animate the technical meetings between "Amont and Aval".

#### 6. CONCLUSION

- The program thus developed takes into account our knowledge of the Manufacture of its main problems and its potential.
- All actions to be launched immediately must be from support textile and leather clothing and leather goods, shoes, models that can be acquired according to trend and fashion requirements
- In addition, the organization must allow at any time responsiveness to market demand and flexibility of the production tool to support any type of product.
- Mote that to be in tune with trends and fashion, operators must follow its evolution permanently through the use of the internet, specialized magazines and participation in various specialized fairs.
- At the same time, given the potential of our country (Hydrocarbons, cultivable surfaces, pedology, sun and water, livestock), it would be desirable:
- To start growing cotton and possibly other plant fibers
- To organize the collection of textile waste
- To organize the collection of wool and skins.
- To develop the synthetic fiber industry

On the other hand, it seems to us essential to promote a multifaceted partnership with foreign groups.

In a first phase, call for foreign technical assistance of quality, to improve the quality of products manufactured.

In a second phase, implement management contracts with obligation of results.

In a third phase, move to a partnership with equity participation in different companies.

Given the importance of the investments made, it would be desirable to detail them by mentioning for each investment the expected impact.

It also appears that the recovery plan is essentially based on investment, there is no mention of internal measures that can be taken immediately and can contribute to the improvement of the current situation, such as for example: quality at all stages of the process, upgrading training, boosting the commercial function.

Market research

Technical staff upgrade training

Specific management training for managers

Establishment of a quality control system at all levels of production

Establishment of a distribution circuit

Improvement of the brand image (graphic charter, deposit of brands and models)

Respond immediately to market demand by importing semi-finished products.

Redefining the investment program according to the strategic axes selected

Start a diploma training for particularly technical supervision (Engineers, Technicians, Creative and design professions).

Call on suppliers for assistance in implementing their products.

Develop, as soon as the investment is put in place, the maintenance plan and follow it methodically.

#### Thank you for your attention