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SOMALIA

A STUDY OF THE PROFITABILITY OF SOMALI EXPORTS

AUGUST, 1989

Prepared for:

USAID Mission

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A STUDY OF THE PROFITABILITY

OF SOMALI EXPORTS

		<u>Page</u>
EXECUTIVE SUMMARY		i - iii
1.	INTRODUCTION	1
1.1	Background to the study	1
1.2	Scope of work	1
1.3	Conduct of the study	1
1.4	Acknowledgments	1
1.5	Report structure	2
2.	THE EXPORT COMMODITY SECTOR	3
2.1	Introduction	3
2.2	Livestock	3
2.3	Hides and skins	11
2.4	Bananas	14
3.	DOMESTIC COST STRUCTURE	17
3.1	Introduction	17
3.2	Livestock	17
3.3	Hides and skins	28
3.4	Bananas	37
4.	EXPORT MARKETS	39
4.1	Introduction	39
4.2	Saudi Arabia	41
4.3	North Yemen	46
4.4	Egypt	48
4.5	Italy	51
4.6	Summary	54
5.	PROFITABILITY ANALYSIS	56
5.1	Introduction	56
5.2	Livestock	56
5.3	Hides and skins	62
5.4	Bananas	62
5.5	Sensitivity tests	63
5.6	Wider issues	65
5.7	Analysis updating	69

ANNEXES

1. Terms of reference
2. Bibliography
3. Personnel Interviewed
4. The Gisoma Livestock Operation
5. Recent Measures by GSDR to Improve Export Incentives
6. Premium Price Schedule for Export Bananas
7. Livestock Exporters: Member Companies of the Somali Chamber of Commerce
8. Veterinary User Fees
9. Charges and Levies on Livestock Exports
10. Saudi Arabia : Livestock Statistics
11. Yemen: Livestock Statistics
12. Egypt: Livestock Statistics
13. International Leather Guide
14. Goatskin Price Series
15. Origin of Italian Banana Imports
16. Banana Price Series
17. Beef Price Projections
18. Banana Price Projections
19. 1989 Official and Parallel SoSh Exchange Rates
20. Procedures for Exporting under L/C
21. Banana Farm Cost and Revenue Data

CURRENCY EQUIVALENTS

Currency Name	=	Somali Shilling (SoSh)
US\$1.00	=	SoShs 489 (Official rate)
US\$1.00	=	SoShs 770 (Official parallel rate)

(As of July 1, 1989)

GLOSSARY OF TERMS AND ABBREVIATIONS

CIP	-	Commodity Import Program
CSBS	-	Commercial and Savings Bank of Somalia
Der	-	the shorter rainy season (September to November)
Dilaal	-	Local market brokers who assist buyers and sellers over price negotiations.
ENC	-	National Commercial Agency
GSDR	-	Government of the Somali Democratic Republic
Gu	-	the principal rainy season (April - June)
hadj	-	the annual Moslem pilgrimage to Mecca, Saudi Arabia
Hagai	-	The dry season between Gu and Der (July-August)
HASA	-	Hides and Skins Agency
IBRD	-	International Bank for Reconstruction and Development (World Bank)
IMF	-	International Monetary Fund
Jer-Stock	-	mostly castrated male stock and usually for export
Jilaal	-	the long dry season following Der (December-March)
L/C	-	Letter of Credit
LMHP	-	Livestock Marketing and Health Project
MLFR	-	Ministry of Livestock, Forestry and Range
MNP	-	Ministry of National Planning and Jubba Valley Development
MOA	-	Ministry of Agriculture
MOC	-	Ministry of Commerce
MOF	-	Ministry of Finance
SLA	-	Somali Leather Agency
USAID	-	United States Agency for International Development

GOVERNMENT OF SOMALIA

FISCAL YEAR

January 1 - December 31

EXECUTIVE SUMMARY

Deloitte Haskins & Sells, in consortium with Abt Associates and the Post Harvest Institute for Perishables of the Agriculture Marketing Improvement Strategy (AMIS) Project (ST/RD), were requested by USAID/Somalia to conduct this study of the profitability of Somali exports, particularly livestock (sheep/goats, cattle and camels), hides and skins, and bananas. This assignment was undertaken on a Rapid Appraisal (RA) according to the guidelines established by the AMIS project.

During recent ongoing discussions between officials of GSDR, IMF and IBRD concerning appropriate exchange rate policy, questions were raised about the profitability of major exports at different exchange rates. Differences of view were expressed over the domestic cost of export commodities, as well as, the export prices realised. Given the paucity of data on the subject, it was considered desirable to obtain more accurate information on the variables concerned. This USAID - funded study is, therefore, intended to provide the necessary data as an aid to a more informed policy dialogue.

The commodities covered in this study - livestock (sheep/goats, cattle and camels), hides and skins, and bananas - account for the overwhelming majority of Somalia's export earnings (see sub-section 2.1). Exports of livestock, particularly sheep and goats, predominate (see sub-section 2.2). The single most important livestock market is Saudi Arabia, absorbing 92 percent of sheep/goat exports in 1987.

In 1988, total livestock export sales fell from US\$ 51 million the previous year, to US\$ 22 million, largely as a result of the closure of the port of Berbera. Deteriorating profitability of the livestock export trade was also advanced as an explanation for the continuing downturn in officially - recorded exports into 1989. The GSDR has responded by initiating a number of policy changes designed to improve the export business environment.

A detailed breakdown of domestic cost to the point of export for livestock (see sub-section 3.2) reveals two important points: the high weighting within total costs of the purchase price of the animal; and, the low import content of costs. By contrast, the cost structure of the bananas and, to a lesser extent, hides and skins exhibit a high import element.

A review of the major export markets for the commodities concerned indicates that prices actually realized exceed minimum export prices within the range 7 - 39 percent. Most significantly, the bottom end of the range applies to the most important commodity - sheep/goats (see sub-section 4.6).

Based on the derivation of current export costs and actual prices being realized, the analysis of livestock profitability is essentially a 'snapshot' picture of profitability of prevailing official and parallel rates (see sub-section 5.2). The analysis for sheep/goats and camels represents a typical transaction over the period 1st June to 1st July: that for cattle, 1st May to 1st July this year. The results are summarized below:

Profit per Head

	<u>SoSh</u>	<u>US Dollar</u>	<u>Total SoSh</u>
Sheep/goats	1119	(0.27)	911
Cattle	32212	35.45	59509
Camels	30917	38.36	60454

As is evident, export of cattle and camels appears profitable at prevailing exchange rates. The situation with sheep/goats is more equivocal. A typical sole trader might have an annual turnover of 2000 head: that is, annual income of SoShs 1.8 m, or circa SoShs 150 thousand per month. Household expenditure surveys conducted by the central statistical department show expenditure for a family of 6 at SoShs 75 thousand per month for May of this year. Given the importance within the livestock sub-sector of sheep and goat exports, the profitability analysis was subjected to sensitivity tests (see sub-section 5.5). Three adverse departures from base case assumptions were tested, namely:

- the trader receives the minimum export price only (the base case assumes a premium of US dollars 3 per head);
- the transaction period is lengthened from one to two months and the full opportunity cost of working capital is imputed rather than a 50 percent advance against L/C used for the base case; and
- the purchase price of the animal increases by 10 percent.

At the same time, two favourable departures from base case assumptions were analyzed, namely:

- the port of Berbera returns to full operation; and
- increased efficiencies are achieved in banking and shipping, in line with recent enabling legislation.

The above produces the following profitability matrix:

	<u>Base Case</u>	<u>Berbera</u> <u>Open</u>	<u>Efficiency</u> <u>Gains</u>
1. Base case	911	2591	1849
2. No export premium	(1399)	281	(461)
3. Lengthened transaction period/full capital cost	(599)	1081	339
4. Producer price increased 10 percent	(589)	1091	349

As can be seen, the base case is sensitive to all changes to basic underlying assumptions, especially the absence of a premium above minimum export price. The restoration of export through Berbera has a major impact on improving profitability. But it is not clear to what extent the dislocation at Berbera is temporary or not. On the evidence available, there would appear to be a case for examining exchange rate adjustment as a means for improving sheep/goat export profitability. This could be achieved either through devaluation of the official exchange rate or by manipulation of the current retention regime (see sub-section 5.2).

The other obvious way to improve profitability would be to make further movement on taxes, particularly stamp duty which is levied against the full value of the L/C. This would also have the advantage of streamlining the official procedures that have to be gone through before export can occur. Traders report that the time taken in progressing paper through the various channels can be considerable. This impacts on profitability in two ways: it immediately lengthens the transaction period (see above); and, in the long term, prevents traders from devoting time to the improvement of their product, and hence, future competitiveness in what will clearly be an increasingly aggressive market (i.e. Saudi Arabia).

Based on data provided by SLA, export of both raw and wet-blue goatskins appear profitable at current exchange rates. Given Somalfruit's pivotal role in export marketing of bananas, the basic issue with bananas is whether current producer prices provide an incentive to maintain/expand current hectarage. Basically, they currently appear to do so. In addition, the payment to producers for premium quality in US dollars negates partially any exchange rate issues.

The major wider issue is the extent to which exchange rate adjustment, or any other mechanism to improve profitability, will result in increased export earnings (see sub-section 5.6). It is concluded that increased export profitability improves only the latter half of the willing buyer/willing seller trade equation. The review of export markets (see section 4) revealed a number of non-price issues constraining the effective entry of Somali commodities. Exchange rate adjustment, is therefore, a necessary but not sufficient condition for enhancing export performance.

1. INTRODUCTION

1.1 Background to the Study

USAID/Somalia requested the AMIS team to undertake the following study to provide necessary data on profitability of Somali exports.

During recent ongoing discussions between officials of GSDR, IMF and IBRD concerning appropriate exchange rate policy, questions were raised about the profitability of major exports at different exchange rates. Differences of view were expressed over the domestic cost of export commodities, as well as, the export prices realised. Given the paucity of data on the subject, it was considered desirable to obtain more accurate information on the variables concerned. This USAID - funded study is, therefore, intended to provide the necessary data as an aid to a more informed policy dialogue.

1.2 Scope of the Work

The study basically calls for the collection and analysis of appropriate cost and revenue data to assess the level of profitability of livestock, hides and skins, and bananas export at prevailing exchange rates. A secondary objective is to recommend procedures for periodic updating of the analysis.

The full study terms of reference (TOR) are reproduced in Annex 1. The scope of work detailed in the TOR show clearly that the original title of the study is a misnomer in that an assessment of export commodity profitability, rather than competitiveness, is required.

1.3 Methodology

The consultants determined the feasibility of using the AMIS Rapid Appraisal (RA) approach to review the profitability of the Somali exports. Given that the focus of the study was a single market subsystem (export profitability) and the purpose was to diagnose constraints to the profitability of exports, the RA technique was considered appropriate.

Once the suitability of the RA approach was established the team defined the objectives of the study and reviewed available studies and secondary data, identified data gaps and needs and developed information gathering strategies.

Major sources of information were identified and a detailed list of appropriate government agencies, marketing organizations, traders and exporters was drawn up for interviews. The field work undertaken comprised of three elements:

- (a) direct observations,
- (b) review of relevant records; and
- (c) formal and informal interviews of the subsector participants.

Wholesale and retail prices were collected through secondary data from government agencies and through structured interviews with exporters and traders in Somalia. In addition, the International Trade Centre in Geneva and FAO statistics office in Rome was also contacted for detailed information. The study was completed over the period May 3rd to July 14th. A bibliography and list of personnel interviews are provided in Annexes 2 and 3 respectively.

1.4 Acknowledgements

The consultants would like to record their appreciation of all the many individuals who provided information and guidance, without whose cooperation the study would not have been possible.

1.5 Report Structure

Section 2 of the study provides an overview of Somalia's export sector and the role within it of the commodities to be analyzed. Particular emphasis is given to recent sub-sectoral developments as they might affect export performance of the individual commodities/commodity groups.

A detailed discussion of cost composition to point of export is presented for each commodity/commodity group in Section 3. Tables are provided which summarize cost for each stage of the marketing chain.

Section 4 represents a review of those export markets specified in the study TOR. The primary objective of the review is to establish actual prices realised for commodities, as opposed to minimum export prices. At the same time, however, issues currently affecting Somalia's successful entry into each market are discussed.

Finally, Section 5 details the results of the profitability

analysis. The implications of the analysis for exchange rate policy are discussed, as are some of the wider issues of the linkage between exchange rate adjustment and export performance. Recommendations are also made for ensuring the continuation of data collection and analysis.

2. THE EXPORT COMMODITY SECTOR

2.1 Introduction

As is evident from Table 2.1, the commodities covered in this study - livestock, hides and skins, and bananas - account for the overwhelming majority of Somalia's export earnings. By value, their share of total fob exports has typically been in excess of 90 percent over the 10-year period 1979 to 1988.

This section, therefore, provides an overview of each commodity/commodity group. The accent is on recent trends within respective sub-sectors and the identification of developments which may affect future export performance.

2.2 Livestock

The livestock sector predominates in Somalia's economy. Livestock provides a livelihood for an estimated 50 to 60 percent of Somalia's population and accounts for 35 percent of gross domestic product and more than 80 percent of export earnings. The national livestock population in 1987 was estimated at 6.4 million camels, 4.6 million cattle, 12.3 million sheep and 19.2 million goats 1./

Recent figures for livestock exports are presented in Table 2.2. Perhaps the salient feature of data shown is the heavy weighting of sheep and goat exports within annual totals. 1982 was the peak year for Somalia's livestock exports when around US\$ 83 million was earned. Since that year, Somalia has suffered a series of setbacks. 1983 opened with a ban on Somali cattle by Saudi Arabia and cattle exports dropped from US\$ 27 million to US\$ 9 million. Sheep and goat exports, which for the six year period ending in 1982 were steady at approximately 1.4 million head, dropped by 300,000 head in 1983 and have stayed at the 1.1 million head level through to 1987. This is the result of increased competition from other exporting countries, notably Australia. Roughly speaking, Somalia maintained earnings in the \$ 50 million range through to 1987.

1./ See Bibliography, Ref 12.

317

Table 2.1 - Exports by Commodities 1979 - 1986

Item	Millions of So Shs									
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1/1988
1. Bananas	54.0	68.8	56.8	25.8	434.3	100.3	523.0	755.3	-	-
2. Livestock	555.2	639.5	858.6	2010.9	1170.1	758.9	3309.8	3832.7	-	-
Cattle	135.8	156.7	170.6	383.9	215.6	8.6	374.1	681.2	-	-
Sheep	188.6	217.4	302.1	855.0	444.2	350.2	1415.5	1453.2	-	-
Goats	190.8	218.7	349.0	715.3	448.2	393.6	1413.0	1474.0	-	-
Camels	40.0	46.7	36.9	56.7	62.1	6.5	107.2	224.3	-	-
3. Meat and meat products	5.9	10.4	0.2	1.2	1.0	0.1	-	176.0	-	-
4. Hides and skins	53.1	42.1	7.5	3.2	5.1	11.4	110.2	208.0	-	-
5. Fish and fish products	3.7	2.8	15.9	22.8	21.0	8.0	5.1	48.3	-	-
6. Other	32.0	71.3	21.0	78.7	85.5	395.1	346.6	768.4	-	-
Total exports F O B.	703.9	834.9	960.0	2142.6	1717.0	1273.8	4294.7	5788.7	-	-
1., 2. & 4. as % Total exports	94	90	96	95	94	68	92	83	90	77

Note: 1. Bananas and live animals as % total exports fob: 1988 estimated (Source: see Bibliography, Ref. 29)

Source: Foreign Trade Returns, Central Statistical Department, Ministry of National Planning and J V D..

Table 2.2 - Livestock Exports

<u>Numbers</u>	1982	1983	1984	1985	1986	1987	1988
Goats	719	557	337	719	582	533	207
Sheep	730	559	339	719	582	533	207
Goats & Sheep	1,449	1,115	676	1,438	1,164	1,066	414
Cattle	157	54	f	42	56	48	27
Camel	15	8	4	6	9	17	11
<u>Value in 1985 Shillings</u>							
Goats	950	727	441	935	747	693	269
Sheep	994	770	466	994	805	737	287
Goats & Sheep	1,944	1,497	907	1,929	1,552	1,430	556
Cattle	743	256	38	199	265	227	128
Camels	154	82	41	62	93	175	112
Total	2,841	1,835	986	2,190	1,910	1,832	796

Source: Various

The latest (1987) statistics on livestock markets show Saudi Arabia to be Somalia's most important market. In that year Saudi Arabia absorbed 91.6% of the sheep & goats and 83% of the camel exported. North Yemen was the next most important "official" market, purchasing 36% of the cattle and 5.5% of the sheep and goats. The importance of the Egypt as a market for Somalia was almost negligible at 3% of the cattle sales and 16% of the camel sales.

In 1987 earnings by livestock exporters were devastated when monetary policy was abruptly reversed. Exporters were calculating purchases and earnings based on a policy where the official and the parallel exchange rates were to be unified at a point in excess of 150 SoSh per US\$. Instead, in late 1987 the official rate was set at SoSh 100 per US\$ and a few months later extensive price controls were established. For exporters holding foreign currency, the result was a major economic loss.

In June 1988 livestock exports were abruptly stopped when an insurrection broke out in Northwestern Somalia, forcing the closure of the port at Berbera. Berbera port absolutely dominated livestock exports: in 1987 94% of the sheep and goats, 85% of the cattle and 84% of the camels were exported through Berbera. In US\$ terms, 92% of foreign exchange earnings from livestock exports came through the use of Berbera. In 1988 total livestock sales dropped from US\$ 51 million to US\$ 22.4 million.

The closure of the port at Berbera significantly affects the livestock export industry and as a result, the underlying assumptions adopted in this study. This is because the four types of livestock raised in Somalia are not evenly distributed throughout the country; different ones predominate in the different ecological zones. Very roughly speaking, sheep dominate the far north east portion of Somalia, with mixed sheep and goat herds in the central area, going down to predominantly goats in the Shabelle area. Cattle are raised mostly in the far south and in the higher country of the northwest. Camels seem to be everywhere, depending on the season, since they are most adaptable to the nomadic way of life.

When Berbera port was in full use, sheep and goats came in from the east, from the central rangelands and from the Ogaden, all moving north towards Berbera. In 1989 that flow is entirely reversed with the sheep and goats moving south towards Mogadishu. The statistics indicate that prior to 1988 cattle from the northwest were exported through Berbera, while cattle from the far south of Somalia were exported equally through the ports of Mogadishu and Kismayo. The export of cattle in 1988 and 1989 (as far as can be told at this point) is staying at roughly the same rate for Mogadishu and Kismayo, with the decrease in cattle exports coming entirely from the closure of Berbera.

Exports of camels was gradually increasing in importance with earnings reaching US\$ 4.4 million in 1987. A small part of the reason for that increase was the contract for cattle to Egypt that the GSDR negotiated with the Egyptian government. Livestock carriers travelled from Somalia to Egypt and could carry camels on the open deck. Camels are not as easy to transport as cattle, sheep, or goats. They require much more head space and can be intractable when loading. On most ships they can only be loaded on the top deck. Saudi Arabia is the more important market for Somali camels, and the closing of Berbera must, therefore, have had an effect on total exports.

The re-direction of export flows through Mogadishu has two effects besides the lowering of the overall export volume: it increases the cost of exporting, and it favors the large traders over the small. The livestock export business in the northwest was dominated by many small traders in what was a small town atmosphere. The leaders of family groups organised shipments of the sheep and goats. The family system would procure the animals, provide the labor, and raise the necessary fodder. The required authorisations to export were transacted within a small, more relaxed atmosphere than exists in Mogadishu. All of this undoubtedly made for a lower cost of doing business and higher profits for the people involved. Between 1986 and 1987 exporters in the northwest responded to good income levels by investing in improved livestock production practices. The return on 2,000 head of sheep and goats exported annually, while only in the US\$ 5,000 to 7,000 range, was undoubtedly sufficient to maintain a fairly large family. Exporting through Mogadishu requires an entirely different level of capitalisation. Costs are high and procuring authorisation to export is more complex, requiring higher level personal contacts. The costs involved in the procurement of the livestock and the transporting to Mogadishu cannot but favour the larger, better-financed traders.

It is also argued that the downturn in officially-recorded exports in 1989 can partly be explained by the deteriorating profitability of exports at the prevailing exchange rates and retention regime, which served to direct livestock into "unofficial" export channels.

Kenya, for instance, does not appear on any of the official statistics of livestock sales, but according to one source 1./ purchased an amount of cattle equivalent to the entire level of official exports. These cattle are not all of the same quality as those exported officially, so do not have the same monetary value. Nonetheless, Kenya is a very important market for Somali cattle. There is no estimation of the level of sheep/goats and camels being exported to Kenya, but one can assume that this trade also takes place.

The small ports along Somalia's northern coast have always been involved in the smuggling of livestock to the Middle East. Estimates of the importance of the trade varies, but it is generally considered that not more than 100,000 sheep & goats can leave these ports annually. The dhows that carry these animals to Yemen and United Arab Emirates can load 2,000 to 3,000 at one time and can turn around every 15 days. However, these small ships cannot travel for a six months period beginning in mid-June because of rough seas. This places a practical upper limit on the number of animals that can be shipped in this manner. The port at Bossaso, also on the northern coast, is being renovated to accommodate large ships. This port is scheduled to be opened sometime in 1989 with full facilities for the exporting of livestock. It will, however, have only one berth. One other disadvantage to this port is that fodder is not produced locally, which means it has to be trucked in at great expense.

Finally, the border between Somalia and Ethiopia is extremely porous: livestock destined for export move freely in both directions. The direction of the movement depends on which country, Somalia or Ethiopia, offers the more profit for traders. Somali exporters say that they are not directly involved in exports through Ethiopia and Djibouti but that people from those countries undertake the actual exporting of animals that originate in Somalia.

Irrespective of the relative importance of the above two factors - the closure of the port of Berbera and the perceived unprofitability of official trade in livestock - in explaining the sharp reduction in exports in 1988, preliminary figures for 1989 indicate a further deterioration in export performance.

1./ See Bibliography, Ref. 14

The official statistics for the first quarter of 1989 show sheep and goat exports down 40% over the same period in 1988 to only 49,000 head. There were no cattle exports and camel exports were maintained at about the same level as the previous year. Information from the Somali Commercial and Savings Bank indicates that L/C's for 416,000 head of sheep and goats were opened in the April to mid-June period. However, only 190,000 head have been accounted for in the Ministry of Commerce figures which represent the first step in the actual certification for export. If past experience holds true, approximately 40 percent of the L/C's are never filled. This would mean that only 280,000 head will have been exported by the end of July.

Cattle exports as of June were nil. However, GISOMA, a joint venture between an Italian firm and GSDR reports a major sale to N. Yemen and the possibility of the first cattle sale to Saudi Arabia in seven years. GISOMA also has secured some special considerations in the regulations governing the conversion of foreign exchange that could signify the willingness of the GSDR to reconsider these regulations for other exporters (see Annex 4). Camel exports, finally, seem to be proceeding at the same level as previous years for that portion of the exports that have always gone through the Mogadishu and Kismayo ports; presumably these exports were all to Saudi Arabia.

Given the critical importance of livestock to Somalia's export trade, the GSDR has introduced a number of initiatives intended to arrest the current declining trend. It is reported that for any exports going through Berbera, all taxes are waived and that it is not even necessary to have an L/C before shipping. GSDR officials seem more responsive to the demands of the exporters, and a number of costly government practices have been modified. The Ministry of Interior municipal tax has been lowered, the transit tax abolished, and regulations governing banking transactions have been made more equitable. In addition it appears that the requirement that livestock be shipped only on a c&f basis has been relaxed. The government has also negotiated directly with Saudi Arabia on behalf of the livestock exporters and procured an order for 100,000 head of sheep/goats, which has been parcelled out among a number of traders.

At the same time, in January of this year the GSDR introduced a number of legislative changes designed to liberalise the business environment for exporters (see Annex 5).

The current (June 1989) status of these measures with respect to banking, shipping and insurance are summarised below:

- banking; probably the greatest improvements have been at the Somali Commercial and Savings Bank. A regulation published by the Ministry of Commerce in April, 1989 ('Resolving the difficulties facing the livestock export trade') seems to have eliminated a lot of the problems faced by the exporters in 1988. They are now uniformly allowed to take an advance of 50% of the L/C value, provided they can put up security valued at 100% of the L/C value. The interest rate is 50%. Although this seems a little steep it is an improvement over the old system that was not very regular. This regulation is not very helpful for the traders whose property has been destroyed in the north, or for the traders who don't have a lot of real estate, since property is the only acceptable collateral. On the whole, however, traders seem enthusiastic about the changes at the bank. As for the law passed in January 1989 allowing private banking, the necessary regulations have not yet been published. At least one, probably many, potential Somali bankers have made enquiries to various international banks. When they can expect to open private banks is, however, uncertain;
- shipping; the Somali Shipping Agency is still in charge of booking ships. There are unconfirmed rumours that some livestock shipments have been on an fob basis. At least one former official of the Somali Shipping Agency is ready to start a private booking agency once the necessary regulations are published. The brokerage commission is US\$ 0.25/head for sheep and goats, US\$ 1.50 for cattle, and US\$ 2.50 for camels. There is also an agency fee of SoShs 1, 1.5 and 2.5 respectively. The commission is payable in dollars and is also charged against fob shipments. These will be the major savings when shipping is privatised. Also, being able to sell on an fob basis will interest Saudi importers since some have their own ships. It is estimated that booking large carriers for multiple trips can result in savings of \$ 5 per head for cattle;

- insurance; insurance from the Somali Insurance Agency is only required for cattle shipments to Egypt. There is no current evidence of private insurance companies selling insurance in Somalia, although imports are usually insured outside of the country.

Finally, although livestock exporting is very much a private sector activity, the ENC (Entenazionale Commerciale), or the National Trade Agency, which is an agency of the Ministry of Commerce, is involved in exporting livestock. The agency is not as important as it was in the past, but still competes in the trade. ENC has taken 20,000 head of the recent 100,000 head contract for sheep and goats to Saudi Arabia. Supposedly the contract is for US\$ 38 fob.

2.3

Hides and Skins

The annual export values for hides and skins shown in Table 2.1 exhibit an erratic trend with a nadir over the period 1981 to 1984. Closer inspection of the trade statistics yearbooks reveals two additional points: the increasing importance of the Italian market for Somali exports; and, the high proportion of skins exported in a raw state. The latter finding is corroborated by 1987 export sales figures reproduced below.

Hides and Skins: 1987 Export Sales

	<u>Quantity</u>	<u>Value</u> <u>SoSh '000</u>
Raw skins (sheep/goats) ('000 pcs)	2,625.0	417,896
Raw hides (cattle) ('000 pcs)	15.7	17,837
Wet-blue cattle ('000 hides)	36.0	38,754
Wet-blue sheep/goats ('000 pcs)	180.0	46,310

Source: Somali Leather Agency.

The GSDR established monopoly control over the domestic and external trade in hides and skins in 1973 through the Hides and Skins Agency (HASA), which in 1981 was superseded by the Somali Leather Agency (SLA).

Parastatal control served to depress real producer prices on offer, a policy which contributed to the major problems which have characterised the sub-sector sector in recent years:

- poor quality; trade sources report that the quality of hides that Somalia supplies is less than the minimum export price of US\$ 0.6/sq.ft. and that Italy could re-export wet-blue hides to Somalia for 20 percent less than the minimum export price;
- low recovery rate; a UNIDO study 1./ concluded that the raw stock collected by SLA was probably less than 50 percent of the potential available, amounting to a then (1987) possible foreign exchange loss of US\$ 2.6 million. A more recent study 2./ (1988) found that livestock owners in the middle and upper Shebelle did not even bother to sell their hides and skins;
- low capacity utilisation of SLA tanneries; again, the UNIDO study concludes that, with the possible exception of wet-blue processing at KM 7, the SLA tanneries were operating at about 20 percent of their capacities.
- increased smuggling; a logical effect of low official prices is to divert trade into unofficial channels. The scale of this trade is unfortunately not known but to the extent that it exists it has probably served to reduce added value in the sub-sector since all smuggled hides and skins are sold unprocessed.

1./ See Bibliography, Ref. 17.

2./ See Bibliography, Ref. 9.

Recognising these problems, GSDR, under the auspices of the IBRD-financed Agricultural Sector Adjustment Program I (ASAP I) agreed to the preparation of a study of the hides and skins trade which would form the basis of an action plan for reform in the hides and skins industry as a condition for release of the second tranche of ASAP I. The outcome was the UNIDO study cited above and GSDR agreed to decontrol the domestic hides and skins trade, but not the export market.

In January 1989, however, GSDR decided to decontrol both the export and domestic trade in hides and skins. The objective of this policy was to increase the export of hides and skins traded through the official market. It was envisaged that in the short run the value of official hides and skins exports were likely to double from an annual average of about US\$ 6 to US\$ 12 million, assuming appropriate exchange rate policy. Sufficient local government and private capacity was considered to exist to process about 60 percent of all sheep and goat skins available from domestic slaughterings. It was, finally, projected that as facilities increased and private tanning capacity was expanded, the value of hides and skins exports could increase to about US\$ 20 million within five to ten years.

The above at least is the theory. In practice the liberalisation of the sub-sector has so far resulted in total confusion. The current (June 1989) situation is a half-way house between continued government monopsony/monopoly control and liberalisation, with a reportedly very high level of smuggling.

Predictably SLA management labels the reform a 'smuggler's charter'. It has suggested to GSDR and the World Bank that exports of raw skins should be banned to encourage the private sector to invest in the means to add value. As noted above, SLA's record on exporting processed skins is mixed and GSDR has so far refused to consider this proposal.

With the price of goatskins having risen from SoShs 200 to 1,000 per piece as a result of the liberalisation of the trade, SLA maintains that it cannot operate profitably at the new level of producer price and has, therefore, stopped operations in its two shoe factories and five tanneries and has made no exports in the past three months.

Other trade sources counter that SLA has been buying all along and is in the process of refurbishing its factories. It was not possible to verify these claims and counter-claims during the course of the study fieldwork; clearly, however, the industry is in considerable turmoil, although the official export trade has not been totally disrupted: documents examined at the Chamber of Commerce indicate L/Cs currently open for about 5716 dozen sheet and goat skins distributed among 3 traders.

2.4 Bananas

Recent statistics for banana exports are presented below.

<u>Year</u>	<u>Exports</u>		<u>US\$/Ton</u>
	<u>Tons</u>	<u>Value (US\$ million)</u>	
1983	62,448	14.7	235
1984	47,860	14.3	287
1985	45,321	13	287
1986	57,943	17	294
1987	64,004	20.5	320
1988	73,368	23.5	320
1989 1.	85,000	-	-

Note: 1. Estimate by Somalfruit.

Source: See Bibliography, Ref. 27 and Somalfruit.

As is evident, banana exports are on a rising trend to the extent that export value this year may exceed that for livestock.

The revitalisation of the sub-sector is largely attributable to the operations of Somalfruit, a joint venture between GSDR and the Italian De Nadai group which replaced the National Banana Board in 1983 as overseer of the Somali banana industry. The original equity share was 60:40, De Nadai: GSDR, but with the renewal of Somalfruit's agreement in December 1988 for a further five years, equity has been redistributed on a 51:29:20 basis between the Italian firm, the banana producers and GSDR respectively.

Somalfruit comprises 3 separate companies: the trading company, an input supply company, and the company which operates the carton factory. It operates 4 banana farms, which account for more than 30 percent of total sub-sector output. The company has negotiated important concessions with GSDR. Inputs are imported free of duty, with the exception of fuel which the company pays for locally. If supplies of fuel are not available, however, (Somalfruit's allocation is 1,000 tonnes per month), the company may pay for imported fuel with its 60 percent SoSh retained earnings. Somalfruit supplies the approximately 120 banana producers with all their input requirements, including machinery and machine rental.

Bananas are produced in two areas: Shebelle and Lower Juba. Respective areas in production in May 1989 are shown below:

	<u>Hectares in Production</u>	<u>Yield (Tonnes/Ha)</u>
Shebelle	2,840	17.8
Juba	1,671	20.5
Total	4,511	18.7

Previous studies (see, for instance, Ref 13 in the Bibliography) have remarked on the generally low level of yields. Reasons are complex but generally related to heavy soils and inadequate drainage systems; the heavy soils makes it rare for a stand of bananas to stay productive for three years and heavy rains overwhelm the drainage system, waterlogging the plants.

Currently about 6,000 hectares are planted to bananas on the two rivers. It is generally considered that 10,000 hectares would be an upper limit. Both water and labor availability appear to be limiting factors. Somalfruit, in the meantime, is projecting exports of 100,000 tonnes for 1990.

Somalfruit operates as a monopsony/monopoly in its control of the export trade in bananas. Although, again, previous reports have implied the application of a formal price formula (Bibliography, Ref.13), the company maintains that it determines producer prices as a residual after deducting its own expenses. Following the December 1988 renewal of its agreement with the GSDR, the company has instituted an incentive system for quality control where a premium is paid the producer in US dollars for that portion of deliveries which exceeds 80 percent export standard. In 1988 the average quality was 84.5 percent export quality, a figure which Somalfruit expects will increase to 85.5 to 86 percent in the current year with the introduction of premium payments in hard currency.

calculating export earnings, the recent agreement with GSDR includes a price agreement which specifies the fob prices in US dollars per ton for three separate periods of demand for bananas. The base prices relate to 80 percent export quality, with a sliding scale of higher posted fob prices for quality classifications above 80 percent (see Annex 6). The fruit has only one buyer of bananas fob: its parent De Nadai group.

3. DOMESTIC COST STRUCTURE

3.1 Introduction

This section discusses the derivation of the costs for livestock, hides and skins, and bananas up to the point of export. Costs are based on the most recent information available. For reasons explained below, it was not possible to generate time series of costs for the commodities investigated.

3.2 Livestock

Livestock costs are broken down into seven cost categories:

- pre-purchase costs;
- procurement and holding costs;
- trekking/transport to port area;
- quarantine/staging costs;
- trekking/transport to docks;
- export costs;
- shipping costs.

Costs are based primarily upon 12 in-depth interviews with livestock exporters. Data from each interview were tabulated to assess the level of corroboration provided. In the majority of cases a degree of uniformity emerged and actual costs could be derived. Where a wide range was apparent (unofficial marketing costs, for example), a percentage figure was judiciously applied.

The format for sheep/goats presents a snapshot of export that covers the period of June 1 to July 1, 1989. This period was chosen because it represents the ideal timing for sheep/goat export for the 1989 season. One month represents the minimum time required to receive an L/c, organise the required finance, purchase the animals and deliver them to the port.

This would be the optimum situation and any delays, which are common, would result in extra costs. The marketing scenario further assumes that the sheep and goats are purchased in the Galgadud region of Central Somalia and transported some 500 kms to the Mogadishu area where they are staged in preparation to be loaded onto a ship. 2,000 head of sheep and goats are considered an ideal trading unit, but some traders purchase and deliver as many as 15,000 at one time. Often a number of traders will share in the loading of a ship 1./ For instance, a shipment of 35,000 head that left in early June was shared by 3 traders. For cattle exports, the trading period covers May 1 to July 1 of this year. The cattle are assumed to be purchased in the region around Af Madow in Southern Somalia; they are grazed on the government Aglibah Holding Ground for 36 days and trekked the 100 kms or so to the Lehaly Quarantine Station where they are confined for another 21 days. They are then trekked to the Kismayo marshalling yard during the night, held over for the day, and loaded the next night. Their final destination is assumed to be Yemen. The May 1 to July 1 period represents a good mixture of ideal purchasing conditions with ample time to graze the bulls to peak condition. The natural administration unit for cattle exports is around 1000 head. Camel exports also relate to the period June 1 to July 1. The camels are assumed to be purchased in Bay District and exported through Mogadishu, destined for Egypt. The natural administrative unit for camels was taken as 500 head.

1. Pre-purchase costs

Traders are allowed to borrow up to 50% of the L/C at the current rate of 50% interest. Most use this provision, even though they feel interest charges are high. It appears that last year's L/C advances were not easily acquired and that these recent administrative changes are welcomed by the traders. However, to get an advance traders must put up as collateral property equal to 100% of the L/C value. This puts smaller traders and traders whose property was in the Northern region at a serious disadvantage.

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- 1./ Although the Chamber of Commerce lists 112 livestock exporting member companies (see Annex 7), the GSDR directive that all traders form into larger companies appears to be in abeyance.

The bank charges a commission of 1.3% of the L/C value. As far as can be determined, most traders are required to pay this commission in US dollars. The banking system outside Mogadishu seems to be in disarray. This forces traders to carry cash to the bush to pay for their transactions. A large number of 2 bushel sacks of money are thrown into the back of a truck and transported to the hinterlands. What this costs the traders in administration, guards, labor, and transportation is hard to determine but the bank employees are reputed to withhold SoShs 1,000 for each brick of 100,000. Therefore, a standard 1% bank transaction fee for money withdrawn from the bank has been assumed.

Administrative overhead comes in three categories. First are costs associated with maintaining an office - telex, secretaries, accountant, and a vehicle. It is not easy to extract this kind of information from traders, since their lives are intertwined around their business dealings and the costs have to be allocated to many other business endeavors. The second administrative cost is incurred in both dollars and shillings and associated with travelling to the importing country and getting the order for the livestock. The third cost is incurred in dollars and is a fairly standard charge for the agent representing the trader's interest in the destination country. For sheep/goats to Jidda the charge is US 1 per head. For cattle to Yemen the charge is \$2; for cattle to Egypt it is \$5.

There is a fourth category of administrative charge that has been ignored. This is the deposit required to guarantee that the L/C is fulfilled. In Yemen, for cattle purchased by the government, 10% of the L/C is required. Some traders complain that the Commercial and Savings Bank of Somalia refuses to deposit 10% of an L/C in a foreign bank. In this respect perhaps the bank is right because the experience of one trader is that the Yemeni government has cheated him out of the 10% every time he has dealt with them. In any event the Yemeni government is the only purchaser that requires this high a level of deposit. Reportedly some Saudi importers require some sort of deposit, perhaps US\$ 1 per head of sheep/goat. Presumably if the transaction goes according to contract, the trader recovers his money and is paid interest on it.

Assumptions used in computing administrative overheads are summarised below:

- sheep/goats; based on the costs of maintaining an office, office staff, and transportation for which half of the business deals with exports. Dollar costs are calculated on the need to visit Saudi Arabia in order to obtain an L/C. Average cost is around SoShs 30,000 for an airplane ticket and US\$ 50/day for a 10 day visit divided by 10,000 head. Also an agent must be engaged to represent the traders interest in Jidda. The standard fee is \$1.00 head;
- cattle; based on SoShs 1200/head cost for maintenance of office, transportation plus a cost of SoShs 106,000 and US\$ 200 for airfare to Sanaa and back and living expenses of US\$ 500 per 2,000 head and an agents fee of US\$ 2 per head;
- camels; based on SoShs 1500 office administrative overhead per head and US\$ 2200 travel to Egypt to organize an L/C for 1,000 head and US\$ 7 per head agent's fee.

2. Procurement and Holding costs

The cost of the export animal is both the most important component of total costs and also subject to the greatest uncertainty. Although market price data is collected on a regular basis by a number of agencies, including inter alia the Livestock Marketing and Health Project and the GTZ team at the Ministry of Livestock, Forestry and Range, a number of previous studies and reports lend support to the conclusion that the cost of export quality animals follows an entirely different market pattern from that of animals for local consumption. The Clarke University study on the Kismayo Region (see Bibliography, Ref 13) states, for instance, that:

" A third major difference in the overseas trade is the lack of reliance on local market channels for procurement of cattle. Virtually no purchases of export cattle are made in the Kismayo town market and only a small percentage at other market towns. Instead, export traders have their own chain of middlemen who procure the cattle for them, often buying directly from smaller middlemen."

Conversations with the GTZ team which has recently established a livestock marketing survey confirms that very few export quality livestock are included in the count. In order to access directly the market price of export quality livestock, it is necessary for enumerators to interview the brokers and middlemen who conduct the transactions. None of the market surveys currently do this.

Equally, the seasonality of livestock prices should be evident from past graphs of livestock market prices. However, figures supplied by the Chamber of Commerce for 1988 and 1989 (Bibliography Ref. 28) show an almost flat line. A recent report (Bibliography Ref. 8) on livestock marketing in the Central Region states that:

"The supply of animals generally in the longer dry period (Jilaal) is high, because yields of livestock fall, as also the quantities available for home consumption or sale. In these months the demand for non-nomadic products (sorghum, rice, flour, sugar, tea, and oil) increases and thus the higher cash requirements compels the nomad to an enlarged marketing of animals accepting an unfavorable price discount. It has also to be noted that the anticipation and occurrence of good rains (Gu-season) causes pastoralists the reluctance to sell some of their marketable animals. Therefore, the supply of live animals to the market will decrease and subsequently the price increase. Marketable Jer (export) stocks are kept for predictable periods of demand, so higher return per head using this strategy are expected".

The inference is that the price of domestically consumed livestock follows a predictably seasonal curve, while export quality animals are saved for an equally predictable export demand. The two curves would, therefore, only marginally coincide.

Sheep and goat exports clearly follow the demands made by the hadj in Saudi Arabia. The Somalia Agricultural Sector Survey (Bibliography Ref.16) states: "Saudi live animal requirements are particularly strong during the months preceding and just after the annual Moslem pilgrimage to Mecca - the Hadj. The dates of the Hadj move forward ten days every year in line with an unadjusted lunar calendar. In 1984, 77% of the sheep and goats exported from Berbera port were sent in the month of August alone."

3. The survey also infers a high seasonality of cattle exports from graphs charting the number of cattle exported from 1976 to 1981. However, the hadj period in those years coincided with the mid-summer season in Somalia. Were, therefore, exports to Saudi Arabia in those months because the Saudis needed more meat for the pilgrims, or because the Somali cattle were in peak export condition?. Charts for more recent years showing the much smaller cattle trade with North Yemen do not show a strong trend towards seasonality.

The implications of the above for deriving representative prices for export quality livestock are two-fold:

- livestock market price data and time series available do not provide a reliable guide for the level of, and movements in, export prices;
- price variability on account of seasonal factors is not an issue for export animals. Rather, price relates to a specific quality of animal supplied at a particular point in time to meet a known demand.

Discussions with traders gave a range of SoShs 12,000 to 15,000 for an export quality sheep/goat with most saying that 15,000 is the current cost of export quality animals in the Galgadud region. It appears that the price of male sheep can be above SoShs 20,000 but the 15,000 average seems to hold. Perhaps it is a "wish" on the part of the exporters that the animals will not cost more. June would represent the highest price market for export animals since producers are expecting a high demand, and exporters generally do not buy until they have an L/C. On the other hand livestock prices are dropping in real terms when compared to the last few years. With official exports cut in half in 1988, the unofficial channels simply could not have absorbed all of the excess. Also the rains since 1987 have been normal or above, thereby increasing overall herd productivity.

The range given for export quality bulls for purchase in May was SoShs 70,000 to 80,000. There is more uncertainty here, since there were not very many bull exports in progress and the time frame with cattle exports was less certain. Similarly, procurement costs for camels were quoted in the range 120,000 to 140,000 per head.

Agent or broker fees, like everything else in an inflationary economy, are in a state of flux. Exporters, however, were fairly unanimous that the current cost is SoShs 200 per head for sheep and goats, 1,000 per head for bulls and 1,500 per head for camels.

The municipal (Ministry of Interior) tax on livestock purchases has recently been amended (see the Ministry of Commerce directive, "Resolving the Difficulties Facing the Livestock Export Trade" April 27, 1989). The current fees are SoShs 150 per sheep/goat, 300 per bull, and 600 per camel. The old fee was 3% of the purchase price. Transit taxes have been eliminated.

The cost analysis assumes that the pasturing phase lasts 31 days for sheep and goats, 39 days for cattle, and 18 days for camels. The labor requirement for keeping care of sheep and goats in the bush seems to be around 8 men for each 1000 head. Wages vary from SoShs 500 to 1000 per day. However, some exporters indicated that they have to feed the herders. A composite wage of SoShs 1000 per day was, therefore, assumed. Cattle require 16 men per 1000 per head, camels twice this figure. Pasture in June for the sheep and goats is free. The government maintains a large holding ground (Aglibah) near Af Madow for cattle exports. The fee there is SoShs 5 per head per day. Water this summer is free and in the holding ground is included in the fees.

There do not appear to be any veterinary requirements for the sheep and goats at this stage of handling, but traders call on the local veterinary people if they have a health problem. Cattle get a dipping for tick control. The current, not completely official, charges amount to SoShs 50 per head labor and SoShs 145 per head for the chemicals. The death loss at this point is minimal. The biggest problem is losing the animals and having them stolen. They can be lost because the animals have been collected from many herds and therefore are not bonded to each other; 1 percent for sheep/goats and cattle and 0.25 percent for camels has been taken as reasonable.

A final line item, "miscellaneous costs", has been included under this cost category. The costs are extremely hard to arrive at with any certainty. Traders do not want to admit to having to pay graft, even though they feel it is normal that officials require a living wage and that they, the business community, are the only ones in a position to pay them. They do, however, express dissatisfaction at paying when they receive no services. There are also some legitimate administrative expenses associated with organising their herds. On balance, half of a per cent of the animal purchase price was used to reflect these costs.

3. Trekking or Transport to Port Area

The basic assumptions are that the sheep and goats are trucked to the Mogadishu area in preparation for loading them onto ships. The distance is around 300 kms. The cattle are trucked (or trailed in American terminology) the 100 or so kms from Aglibah holding ground to Lehaly quarantine area, the camels trekked 200 kms to Mogadishu port. The purchasing of animals, holding them in the bush and trekking them to Mogadishu is not really differentiated in practice. The trekking process is essentially one of drifting the animals towards Mogadishu. The same labor gangs used for the holding of the animals would undertake the trekking.

Exporters are in agreement that the cost of hauling the sheep and goats is SoShs 1,000 per head. Based on official rates for trucking, this seems a reasonable charge. The official rate is SoShs 14/km/ton. A Fiat N 3 and trailer is rated at 20 ton. The kilometer rate is, therefore, SoShs 280. Also charged is the cost of fuel and oil. In this case 550 liters at SoShs 55 per liter and 10% of that cost for oil. A 500 kilometer trip, therefore, costs SoShs 140,000 & 30,350 & 3,000, for a total of SoShs 173,250. With an average load of 180 head, the cost per head is 962.5. The truckers' charge of SoShs 1,000 per head seems, therefore, reasonable.

There is a need for specialised labor on the truck to keep the sheep and goats from smothering. Wages for this work varies but an average would be 4 men per truck load receiving SoShs 10,000 each. The death loss in transporting sheep and goats is rather high. The rough roads cause the animals to be thrown about and to pile up and smother. If they are packed too loosely they are thrown around violently. If they are packed too tightly they pile up too easily. The consensus is that about 180 head is the right number for a Fiat N3 and trailer. Nonetheless, death loss occurs and four per truck load is not unusual. The miscellaneous costs associated with transporting seem to vary but around SoShs 5,000 per truck load was frequently quoted. A figure of SoShs 25 per head was adopted which is slightly less.

4. Quarantine or Staging costs

The basic procedure for sheep and goats is to bring them to the Mogadishu area where they are staged in advance of exporting. There is no quarantine, but there are some veterinary requirements and it is during this period that they are sprayed for ticks, inspected and given a vaccination for pleural pneumonia. Cattle are required to be quarantined. Since, however, quarantine facilities are not yet built, the GSDR and the exporters have established an ad hoc quarantine system that is meeting the requirements of Yemen and Egypt. The ideal period for staging the sheep and goats is not more than 6 days. The quarantine period required for cattle is 21 days.

Private people in the Mogadishu environs have enclosed pens and pastures with watering facilities that are rented to the exporters. These pastures are called "golfs". Rent varies a lot, depending on size and particularly the amount of grass available for pasture. Early in the rainy season there is a lot of grass available which progressively reduces during the course of the export season. A golf with limited grazing, capable of holding about 100 head, costs an average of SoShs 10,000.

The cattle in the Lehaly quarantine area are not charged a per head fee at this time because the quarantine facilities are not yet built. What the exporters do is pick up the operating expenses of the facility for the period they are using it. This includes: 40 liters of diesel fuel/day (SoShs 2,200), 50 liters of gasoline/day (3500), oil at 10% of the above (550 SoSh), 4 guards at 16,000 for the 21 day period, and SoShs 40,000 for the forty person staff for the 21 day period. Calculating for a 1,000 head group, this amounts to SoShs 183 per head. Labor charges continue at the same rate indicated above for trekking since all of the same personnel in the employ of the exporter are needed to care for the animals. There are no quarantine or staging costs for export of camels.

Sheep and goats need around 2 kg of fodder per day during quarantine and staging but probably receive about 1 kg/day. Assuming that they get 1 kg each, fodder in the rainy season costs about SoShs 65,000 for a load that may contain 2 tons of semi-dried fodder (i.e. SoShs 32.5/kg of fodder). Fodder prices are a big variable and can reach dramatic price levels. Some exporters indicate that to ship from the Bossaso port they must transport fodder from the Shebelle river at a cost of SoShs 700,000 for a load that may contain 3 tons. The cattle do not require fodder since they have grazing in the Lehaly quarantine area. Sheep and goats also need water every other day. The current price for a tanker of water is SoShs 4,000 which can water 1000 head. The cattle at the quarantine area are watered from the wells, for which the exporters provide the fuel for the pumps.

Veterinary export requirements for sheep and goats are not very strict. They include spraying for ticks, inspection for health, the collection of blood samples from around 10% of them to test for brucellosis, and possibly vaccination against contagious caprine pleural pneumonia. The official cost of vaccines is heavily subsidised (see Annex 8). The total is only SoShs 10.5, but in practice exporters may pay an incentive to veterinary teams which amounts to SoShs 50 per head per procedure. Quarantine requirements for cattle are a little more strict. They include dipping for ticks, and vaccination for contagious bovine pleural pneumonia, anthrax, black quarter, rinderpest, and hemorrhagic septicemia. Egypt requires foot and mouth vaccination as well, but Egyptians come and administer the shot (please refer to "Policy for Certification of Private Feedlots to Quarantine and Export Cattle" Livestock Marketing and Health Project, April, 1989).

The death loss for sheep and goats at this stage is minimal; because of the extra time period, half a percent loss among the cattle can be assumed. Exporters, finally, do not report any excessive miscellaneous expenses at this point; a SoShs 10 and 50 provision per head for sheep/goats and cattle respectively has, therefore, been assumed.

5. Transport or Trekking to Docks

In all cases animals are walked to the port. They are moved at night to minimise problems. The animals are kept during the day in the marshalling yard and loaded on ships the next night when it is quiet and cool. During this period the sheep and goats get 1 kg of fodder per head, the cattle 10 kg and camels 15 kg.

In Mogadishu six men per 1000 head are required to trek the sheep and goats to the port and load them onto the ships. The charge for this is SoShs 4,000 per man. For cattle and camels the daily labor charge is as for holding, trekking and staging.

There is a small fee for the use of the marshalling yard and a charge to clean it. This amounts to SoShs 10,000 for a full group of animals of approximately 1,000 sheep/goats or 400 head of cattle. There are, finally, piped water supplies at both Mogadishu and Kismayo port; watering of animals during this period is, therefore, free.

6 Export Costs

Export costs largely comprise official charges, including:

- customs and labor tax;
- stamp duty;
- port authority;
- municipal export tax;
- chamber of commerce dues;
- livestock marketing project cess;
- livestock exporters board cess;

Taxes and fees appear to be uniformly levied and have recently been rationalised and reduced to some extent (for the latest rates, see Annex 9). Stamp duty is levied against the full value of the L/C. It is currently 2 percent but there are rumours that it is to be abolished. This rumour may stem from unconfirmed reports that the GSDR has abolished the requirements for having an L/C and all taxes for exporters using Berbera port. Many exporters seem to have to pay the stamp duty in dollars, although this does not seem to be uniformly applied. It should be noted that per head costs such as taxes are calculated from the percentage of animals still alive at this point.

7. Shipping Costs

Current freight rates are as follows:

<u>Journey</u>	<u>Species</u>	<u>Cost</u> <u>US\$/head</u>
Mogadishu-Jidda	Sheep/goats	8
Berbera- "	"	6
Kismayo - N. Yemen	Cattle	80
Mogadishu- "	"	72
Kismayo - Egypt	"	90
Mogadishu - "	Camels	150

The rates for cattle are generally expected to lower by about US\$ 5 per head when traders are allowed to ship fob on large carriers but the cost of small vessels will probably remain the same. Local shipping experts believe the trend in freight rates is upwards. The current situation with respect to privatisation of ship booking is the same as with most of the laws passed in January: the various bodies are late in gazetting the new rules and regulations. At least one private booking agency is known to be ready to start business. One of the first casualties of privatisation of sea freight booking will be the brokerage commission and shipping agency fees:

Other charges incurred in shipping are:

- insurance; this is generally not required except for cattle shipments to Egypt, in which case the cost is US\$ 12.5 per head;
- water and fodder; water is supplied by the ships, fodder by the exporter (currently at SoShs 32.5/kg.). Provision should be made for at least 1 kg/hd/day for sheep and goats, 8 kg/hd/day for the cattle and 12 kg/hd/day for camels. Often this does not happen and the animals consequently suffer. In one case an exporter related that he had a 9 percent death loss after his shipment arrived in Egypt because the voyage took longer than expected and the ventilation system on part of the ship broke down. The stress caused by the lack of

- labor; exporters must send a crew of handlers with the ship. The pay of these men varies. Sometimes they are paid in shillings with a return air ticket, sometimes they return on ship, sometimes they are paid in dollars. Some of the people are close associates of the exporters and are well paid. For sheep and goats it takes at least one man for each 1000 head and for cattle 2 man for each 200. The pay seems to be around SoShs 30,000 up front plus \$420 for a return ticket, expenses and salary;
- payment collection; the exporter needs to travel to the importing country to finalise payment. The same costs that are incurred in procuring the L/C at the beginning of the transaction are, therefore, also applied at this point.

Based on the above discussion of the composition of costs within each cost category, Tables 3.1 to 3.3 present the data in this format for sheep/goats, cattle and camels respectively.

The cost tables reveal two important points: the high weighting within total costs of the purchase cost of the animal (80 plus percent of overall costs); and, the low import content of costs.

3.3 Hides and Skins

Cost breakdowns for raw and wet-blue goatskins - both 1988 actual costs and projections for 1989 - are provided in Tables 3.4 and 3.5 respectively. The Somali Leather Agency provided this data, which is derived from actual and estimated costs of operating its Km 7 tannery at typical recent throughput levels.

Without a detailed investigation of the composition and basis of each cost line item shown, it is not possible to comment upon the representativeness of SLA's cost profiles. Prima facie, however, unit costs would be expected to be on the high side in view of SLA's generally low level of capacity utilisation.

For instance, a private trader of raw goatskins estimated his total costs, including taxes, at approximately SoShs 100 per skin, as opposed to SLA's of SoShs 410 per skin (see Table 3.4).

Table 3.1 - Livestock Export Cost Breakdown: Sheep & Goats

	<u>SoSh/head</u>	<u>US\$/head</u>
1. Pre-purchase Costs		
(a) LC in USD		42
* (b) 50% of LC in ShSo	9345	
(c) Number of Months	1	
(d) Interest (50% annum)	389	
(e) Bank Commission (1.3% of LC)		.55
(f) Number of Animals	1	
(g) Bank Transaction Costs	93	
(h) Administrative Overhead	230	1.05
Sub-Total	<u>712</u>	<u>1.60</u>
2. Procurement & Holdings Costs		
(a) Place Purchased	<u>Galgadud</u>	
(b) Number Purchased	<u>1</u>	
(c) Cost	15000	
(d) Agent or Broker	200	
(e) Municipal Tax (Min of Int.)	150	
(f) Days held in Bush	21	
(g) Labor	168	
(h) Feed/Pasture	0	
(i) Water	0	
(j) Veterinary	0	
(k) Death loss	1%	
(l) Misc. Costs	75	
Sub-Total	<u>15593</u>	
3. Trekking or Transport To Port Area		
(a) Number of Days	1	
(b) Km to Port	500	
(c) Name of Port	Mogadishu	
(d) Cost of Truck Rental	1000	
(e) Labor	222	
(f) Feed/Pasture	0	
(g) Water	0	
(h) Veterinary	0	
(i) Death Loss	2%	
(j) Misc. Costs	25	
Sub-Total	<u>1247</u>	

* Official exchange rate as at 6/1/89 of USD 1 equals SoShs 445.

	<u>SoSh/head</u>	<u>US\$/head</u>
4. Quarantine or Staging Costs		
(a) Number of Days	6	
(b) Fees	100	
(c) Labor	48	
(d) Feed	195	
(e) Water	12	
(f) Veterinary	60	
(g) Death Loss	0%	
(h) Misc. Costs	10	
Sub-Total	<u>425</u>	
5. Transport or Trekking to Docks		
(a) Truck Rental	0	
(b) Days in Port	2	
(c) Feed	65	
(d) Water	0	
(e) Labor	24	
(g) Fees for Marshalling Yard	12	
(h) Death Loss	0%	
(i) Misc Costs	20	
Sub-Total	<u>121</u>	
6. Export Costs		
(a) Custom & Harbor Tax	47.53	
(b) Stamp Duty		.84
(c) Port Authority	1.46	
(d) Municipal Export Tax	0.97	
(e) Chamber of Commerce Dues	0.29	
(f) Livestock Marketing Project	0.97	
(g) Livestock Exporters Board	9.70	
(h) Veterinary Certificate	0.97	
(i) Misc. Costs	20.0	
(j) Number of Live Animals	0.97	
	<u>82</u>	<u>.84</u>
7. Shipping Costs		
(a) Freight (From Mog. to Jidda, \$8/had)		7.76
(b) Brokerage Commission		.24
(c) Shipping Agency Fee	0.97	
(d) Insurance	0	
(e) Water	0	
(f) Feed (8 days x 32.5/day)	260	
(g) Labor	30	.42
(h) Veterinary	0	
(i) Death Loss	1%	
(j) Administrative Costs	30	.05
(k) Misc. Costs	10	
Sub-Total	<u>331</u>	<u>.71</u> (ex-freight)
TOTAL COSTS	<u>18511</u>	<u>3.15</u>

Table 3.2 - Livestock Export Cost Breakdown: Cattle

	<u>SoSh/head</u>	<u>US\$/head</u>
1. Pre-purchase Costs		
(a) LC in USD		252
* (b) 50% of LC in ShSo	48384	
(c) Number of Months	2	
(d) Interest (50% annum)	4032	
(e) Bank Commission (1.3% of LC)		3.28
(f) Number of Animals	1	
(g) Bank Transaction Costs	484	
(h) Administrative Overhead	1253	2.35
Sub-Total	<u>5769</u>	<u>5.63</u>
2. Procurement & Holding Costs		
(a) Place Purchased	Af Madow	
(b) Number Purchased	1	
(c) Cost	75000	
(d) Agent or Broker	1000	
(e) Municipal Tax (Min of Int)	300	
(f) Days held in Bush	38	
(g) Labor	608	
(h) Feed/Pasture	190	
(i) Water	0	
(j) Veterinary	195	
(k) Death Loss	1%	
(l) Misc. Costs	375	
Sub-Total	<u>77668</u>	
3. Trekking or Transport to Port Area		
(a) Number of Days	0	
(b) Km to Port	100	
(c) Name of Port	Kismayo	
(d) Cost of Truck Rental	0	
(e) Labor	0	
(f) Feed/Pasture	0	
(g) Water	0	
(h) Veterinary	0	
(i) Death Loss	0%	
(j) Misc. Costs	0	
	<u>0</u>	

* Official exchange rate as at 5/1/89 of USD 1 equals SoShs 384

	<u>SoSh/head</u>	<u>US\$/head</u>
4. Quarantine or Staging Costs		
(a) Number of Days	21	
(b) Fees	183	
(c) Labor	336	
(d) Feed	0	
(e) Water	0	
(f) Veterinary	685	
(g) Death Loss	.50%	
(h) Misc. Costs	50	
Sub-Total	<u>1254</u>	
5. Transport or Trekking to Docks		
(a) Truck Rental	0	
(b) Days in Port	2	
(c) Feed	325	
(d) Water	0	
(e) Labor	32	
(f) Fees for Marshalling Yard	25	
(g) Death Loss	0%	
(h) Misc. Costs	100	
Sub-Total	<u>482</u>	
6. Export Costs		
(a) Custom & Harbor Tax	289.59	
(b) Stamp duty		5.04
(c) Port Authority	5.91	
(d) Municipal Export Tax	1.97	
(e) Chamber of Commerce Dues	1.97	
(f) Livestock Marketing Project	4.93	
(g) Livestock Exporters Board	59.10	
(h) Veterinary Certificate	4.93	
(i) Misc. Costs	100	
(j) Number of Live Animals	.99	
Sub-Total	<u>468</u>	<u>5.04</u>
7. Shipping Costs		
(a) Freight (From Kis. to Yemen, \$80/had)		78.80
(b) Brokerage Commission		1.48
(c) Shipping Agency Fee	1.48	
(d) Insurance	0	
(e) Water	0	
(f) Feed (6 days x 32.5 x 8kg)	1560	
(g) Labor	100	2.60
(h) Veterinary	0	
(i) Death Loss	1%	
(j) Administrative Costs	53	0.35
(k) Misc. Costs	50	
Sub-Total	<u>1764</u>	<u>4.43</u> (ex-freight)
TOTAL COSTS	<u>87405</u>	<u>15.09</u>

Table 3.3 - Livestock Export Cost Breakdown: Camels

	<u>SoSh/head</u>	<u>US\$/head</u>
1. Pre-Purchase Costs		
(a) LC in USD		
* (b) 50% of LC in ShSo	86775	390
(c) Number of Months	1	
(d) Interest (50%/annum)	3616	
(e) Bank Commission (1.3% of LC)		5.07
(f) Number of Animals	1	
(g) Bank Transaction Costs	868	
(h) Administrative Overhead	1500	9.20
Sub-Total	<u>5984</u>	<u>14.27</u>
2. Procurement & Holding Costs		
(a) Place Purchase	Bay Dist	
(b) Number Purchased	1	
(c) Cost	130000	
(d) Agent or Broker	1500	
(e) Municipal Tax (Min. of Int.)	600	
(f) Days held in Bush	18	
(g) Labor	576	
(h) Feed/Pasture	0	
(i) Water	0	
(j) Veterinary	0	
(k) Death Loss	.25%	
(l) Misc. Costs	650	
Sub-Total	<u>133326</u>	
3. Trekking or Transport to Port Area		
(a) Number of Days	10	
(b) Km. to Port	200	
(c) Name of Port	Mogadishu	
(d) Cost of Truck Rental	0	
(e) Labor	320	
(f) Feed/Pasture	0	
(g) Water	0	
(h) Veterinary	0	
(i) Death Loss	.25%	
(j) Misc. Costs	150	
Sub-Total	<u>470</u>	

* Official exchange rate as at 6/1/89 of USD 1 equals SoShs 445.

	<u>SoSh/head</u>	<u>US\$/head</u>
4. Quarantine or Staging Costs		
(a) Number of Days	0	
(b) Fees	0	
(c) Labor	0	
(d) Feed	0	
(e) Water	0	
(f) Veterinary	0	
(g) Death Loss	0%	
(h) Misc. Costs	0	
Sub-Total	<u>0</u>	
5. Transport or Trekking to Docks		
(a) Truck Rental	0	
(b) Days in Port	2	
(c) Feed	975	
(d) Water	0	
(e) Labor	64	
(g) Fees for Marshalling Yard	30	
(h) Death Loss	0%	
(i) Misc. Costs	150	
	<u>1219</u>	
6. Export Costs		
(a) Custom & Harbor Tax	487.55	
(b) Stamp Duty		7.80
(c) Port Authority	8.96	
(d) Municipal Export Tax	2.99	
(e) Chamber of Commerce Dues	2.99	
(f) Livestock Marketing Project	4.98	
(g) Livestock Exporters Board	99.50	
(h) Veterinary Certificate	6.97	
(i) Misc. Costs	150.00	
(j) Number of Live Animals	.995	
Sub-Total	<u>764</u>	<u>7.80</u>
7. Shipping Costs		
(a) (Freight (From Mog. to Egypt, 150/had)		149.25
(b) Brokerage Commission		2.49
(c) Shipping Agency Fee	2.48	
(d) Insurance	0	
(e) Water	0	
(f) Feed (12 kg/days x 32.54 x 12)	4656.60	
(g) Labor	300	5.20
(h) Veterinary	0	
(i) Death Loss	1.00%	
(j) Administrative Costs	0	0.84
(k) Misc. Costs	75.00	
Sub Total	<u>5034</u>	<u>8.52</u> (ex-freight)
TOTAL COSTS	<u>146797</u>	<u>30.59</u>

Table 3.4 - Raw Goat skins Cost Breakdown

<u>COST ITEM</u>	<u>1988 ACTUAL</u>	<u>1989 ESTIMATED</u>
Skins: sheep/goat	85.00	1,000.00
Salary and wages	45.66	75.00
Chemicals	5.75	25.00
Packing and Aux. materials	9.76	15.00
Transportation	16.02	20.00
Freight and handling	3.58	10.00
Overheads	78.95	120.00
Interest/finance	29.51	100.00
Taxation	5.76	10.00
Depreciation	19.76	35.00
TOTAL UNIT COST So.Sh	299.75	1,410.00

Source: Somali Leather Agency.

Table 3.5 - Wet-blue Goat skins Cost Breakdown

<u>ITEM</u>	1988 TOTAL COST ACTUAL So.Sh '000s	1988 UNIT COST ACTUAL So.Sh	1989 UNIT COST ESTIMATED So.Sh
Skins	5,170	107.71	1,000.00
Salary and wages	2,503	52.15	100.00
Industrial chemicals	3,474	72.37	105.00
Packing/aux. materials	0.310	6.45	10.00
Transportation	0,369	7.69	10.00
Factory overheads	7,906	164.71	100.00
Taxation	0,243	5.06	10.00
Depreciation	1,501	31.27	140.00
Total So.Sh	21,476	447.41	1,475.00

Source: Somali Leather Agency.

This is further borne out by figures supplied by the Conceria e Calzaturificio "Somalia" or the "Missioni Factory", as it is commonly known. Admittedly, the company's machinery is 35 years old, and, therefore, fully depreciated. Product costings provided, however, indicated a cost in mid-June of this year of SoShs 143 per square foot for wet-blue cattle skin. By comparison, the unit goat skin cost for 1989 shown in Table 3.5 relates to a skin in the range 4.5 to 6.5 square feet. Assuming a mid-point skin area, SLAs processing cost estimate for 1989 amounts to SoShs 268 per square foot, some 88 percent higher than the Missioni tannery.

3.4

Bananas

Somalfruit's costs to the point of exports are presented in Table 3.6. The costs relate to Somalfruit's latest cost accounting reporting period, August to December 1988, and are expressed in US dollars per quintal (100 kgs), using the average of the official exchange rate over the five-month period. The cost items are fairly self-explanatory, with the exception of "asset revaluation reserve". This is a reserve to compensate for the dollar-denominated reduction in the asset value of Somalfruit's original investment, as a result of continuing devaluation in the Somali shilling.

One final point by way of contrast to the cost structure of livestock exports is the relatively high import element in production costs. Somalfruit's management maintains that the 40 percent retained foreign exchange is inadequate to meet its import bill and the company has recently had recourse to the CIP to fund its import requirements.

Table 3.6 - Bananas Cost Breakdown

<u>COST ITEM</u>	<u>US\$/QUINTAL</u>
1. Producer price	15.7
2. Packing station	1.64
3. Plastic covers	0.11
4. Packing (cartons and plastic)	8.11
5. Transportation to port	1.35
6. Quality control	0.68
7. Loading and sundries	0.23
8. Export tax	1.47
9. Overhead expenses	1.83
10. Depreciation	1.35
11. Asset revaluation reserve	2.10
	<hr/>
TOTAL COSTS TO FOB	34.57
	=====

Source: Somalfruit

4. EXPORT MARKETS

4.1 Introduction

The TOR for the study call for a review of the following export markets:

<u>Country</u>	<u>Commodity</u>
Saudi Arabia	Sheep and goats/bananas
North Yemen	Cattle
Egypt	Cattle/camels
Italy	Processed (wet-blue) and unprocessed goatskins/ bananas

As noted in Section 2, Egypt is not an obviously representative market, absorbing only 3 percent of official cattle sales and 16 percent of camel sales in 1987. Similarly, Saudi Arabia is the minor market for Somalia's banana exports, with Italy accounting for over 75 percent of exports in 1987. Clearly, however, Saudi Arabia is the dominant market for sheep and goats, and Yemen accounts for over one third of recent official cattle exports.

The basic rationale of the market reviews is to determine actual prices received by Somali traders. Because of previous problems associated with under-invoicing, the GSDR established a system of "minimum export prices". These prices are determined periodically by the Ministry of Commerce. Prices are based on production costs, reports received via commercial attaches overseas on prices realised for Somali produce, and the level of domestic prices. Current minimum export prices for the commodities under review are shown in Table 4.1. It is these prices which determine the value of L/Cs opened by Somali traders and, thus, official receipts. The suspicion exists that traders actually receive higher prices, or an "export premium", over and above the minimum export price. The existence and level of any export premium is of obvious importance in an analysis of trader profitability, especially since such monies would represent free foreign exchange.

In addition, the market reviews, although brief, allow an identification of the major non-price issues affecting profitability and effective entry into each market.

Table 4.1 - Minimum Export Prices

<u>COMMODITY</u>	<u>BASIS</u>	<u>MINIMUM EXPORT PRICE 1.</u>	
		<u>FOB</u>	<u>C&F</u>
<u>LIVESTOCK</u>			
Berbera - Middle East			
Sheep/goats	US\$/head	36	42
Cattle	" "	216	252
Camels	" "	330	390
Mogadishu/Kismayo - Middle East			
Sheep/goats	" "	34	42
Cattle	" "	204	252
Camels	" "	300	390
Bari/Sanag/Mudug - Middle East			
Sheep/goats	" "	36	42
Cattle	" "	216	252
Camels	" "	310	390
<u>HIDES AND SKINS</u>			
Goat skins 50/40/10			
90/100 lbs per 100 pieces	US\$/dozen	-	26
100/110 lbs per 100 pieces	" "	-	27
Wet-blue goat skins			
5/15/20/30/30	" "	-	39
4-6 sq.ft./skin			
<u>BANANAS</u>	US\$/ton	320	-

Note: 1. Latest prices, estimated March 20 1988.

Source: Ministry of Commerce.

4.2 Saudi Arabia

Saudi imports of sheep and goats are provided below. More general livestock import statistics are presented in Annex 10.

<u>Year</u>	<u>Sheep and Goat Imports</u>	
	<u>Numbers</u> <u>('000s)</u>	<u>Value</u> <u>(SR Millions)</u>
1983	6167	1531
1984	6481	1664
1985	6405	1422
1986	6290	1379
1987	4879	N/A
1988	6161	1301

N/A Not Available.

Source: Ministry of Finance, Foreign Trade Statistics and Jeddah Islamic Port, 1987 Annual Report.

As of end -1986 Australia was the largest supplier followed by Turkey and Somalia. The fourth largest supplier used to be Sudan, but it was overtaken by New Zealand in 1986. The six countries typically account for 90 plus percent of all officially recorded sheep/goat imports into Saudi Arabia. Trade estimates suggest another 1 to 1.5 million come from Kuwait and the Arab Emirates, all of Australia origin trans-shipped through these Gulf ports into the Eastern part of the Kingdom. There is no precise data on domestic output; estimates vary from one to two million head per year. This indicates total annual Saudi demand of 8 - 10 million sheep and goats, of which about 1 million head are slaughtered during the sacrifice performed at the end of the hadj.

The import trade for sheep/goats is highly concentrated with the top two Saudi firms handling approximately half of the imports through the port of Jiddah. Their major supply source is Australia. Primary importers of Somali sheep and goats are smaller traders and butchers who have long established relations with the Somali suppliers. Somali livestock has the benefit of a reputation for being raised on natural products as a result of grazing and not having been fed hormones or synthetic feeds. This, according to some importers, is a primary reason why local butchers and families prefer Somalian livestock. Being more traditional in their business methods, smaller importers are more willing to ignore the difficulties associated with importing from Somalia (see below).

Importers were reluctant to disclose actual prices paid for Somali livestock. This attitude could be attributed to the concern of those being interviewed that the interviewer was interested in entering the market. Also, there is apparently a "black list" of importers and shippers with which the Somalis are not allowed to do business. Those interviewed may have feared being added to the "black list", if it was disclosed that they were involved in paying cash premiums to Somali traders.

Based on a discussion with the Somali Commercial and Trading Consul in Jiddah, Mr Abdullahi Ali Hussein, prices have decreased during recent years to the current level of \$42 per head. He also stated that most animals are sold between 8 and 18 months in age and the price does not vary based on the age of the animal. According to importers, prices do vary, though minimally, based on the quality of the animal.

Those importers who were willing to disclose prices paid to Somalis for livestock stated there is a fixed or established minimum price. It is approximately this price for which the letter of credit is to be opened. If premiums are paid to the exporter they are generally paid in cash. Premiums are usually paid prior to delivery of the animals to the port. According to those importers interviewed, many of the exporters have difficulty removing their money from the country and this facilitates establishing savings outside of Somalia.

Importers have opened letters of credit for \$40 to \$42 per head and have paid an additional \$2 to \$4 per head as a premium to the exporter. One importer displayed a telex from an exporter stating that 15,000 head were in port and were being shipped and the remainder of the order would soon be in port and shipped as soon as possible. The telex continued with a request for an additional \$2 per head due to increased costs and expenses. The importer stated it was all part of doing business in Somalia. Usually requests for additional payment are ignored. However, it is common to pay more than the letter of credit value, although not all importers interviewed paid the US\$ 2 to 4 per head premium.

Somali goats and sheep tend to be smaller than from Australia and New Zealand. Somali sheep tend to average about 25 kg and generate approximately 12 kg of dressed meat. Australian sheep tend to weigh about 40 kg to 50 kg and generate approximately the same ratio of dressed meat to total weight of the animal as is generated by Somali sheep. Saudi importers are paying approximately \$46 per head for Australian sheep which, in terms of price per kilo, is significantly less than what is paid for the Somali sheet (the equivalent value of the Somali sheep would be US\$ 28.75, assuming a 40 kg Australian sheep).

Jiddah is the favored port in Saudi Arabia according to livestock shippers and importers. Vessels navigating the Arabian Gulf in order to offload at the Damman port are required to purchase war risk insurance at substantially higher cost compared to the premiums required if avoiding the Gulf. With Jiddah being the favored port in Saudi Arabia, and passage from Somalia's Berbera port to Jiddah requiring approximately three days, Saudi importers indicated a preference for dealing with Somalia, if it were not for the negative factors encountered in the trade in the past; these are briefly discussed below.

Importers are called on by a relatively large number of representatives of Somali livestock exporters. Generally the representatives promise more than they can deliver at the specified time. Therefore, timing of the inflow to the Saudi market is difficult to manage. To facilitate efficient management of the flow of livestock, importers indicated a reduction in the number of agents would be beneficial. Currently the Somali exporting effort appears to be unco-ordinated. The Somali Commercial and Trade Consul indicated he was attempting to influence Saudi importers to use his office as an agency. Larger importers said they were unaware of any such effort.

Importers stated that there is a need for direct and frequent communication with Somali government officials. Larger importers stated that Somali officials do not solicit their business or attempt to identify or resolve their needs and concerns. In contrast, the Australian Ambassador to Saudi Arabia spends a significant amount of time meeting with the larger importers to document their concerns, needs and ideas. He routinely follows up on these items and promptly responds to them, often identifying in writing the actions which have been taken. Somali officials who could be expected to take an interest in the livestock trade are the Somali Ambassador to Saudi Arabia and the Somali Commercial and Trade Consul. Importers report a feeling that there is no one in charge: no one to respond with any credibility.

This lack of credibility is evidenced by the concern over the validity of health certificates issued by the Somali authorities. One importer stated that if you want a health certificate, you could obtain one even after the animals were shipped. His impression is that anyone could obtain a validated certificate. Cattle from Somalia, and all Africa, are banned from import into the Kingdom due to concern over disease, although there has been talk of renewed imports of Somali cattle under a government - to - government protocol which would allow the importation of 1 million cattle over 10 years. A similar concern regarding sheep and goats does exist; however, importers are allowed to continue importing from Somalia at this time. Shippers and a veterinarian at the Jiddah Islamic Port indicated livestock shipments from Somalia are heavily scrutinised due to this concern. There have been recent reports of some Somali sheep having been found to have brucellosis. Health certificates issued for arriving livestock carry little weight with local authorities.

The number of livestock shippers who call on Somali ports has decreased due to the expense resulting from significant delays in loading the animals. Ships reach the ports on specified dates to receive their livestock cargo only to find that the animals have not yet reached the port. Delays of two to three months are not uncommon. The reasons for such delays were generally unexplained "internal factors", according to those interviewed. This is the primary reason why shippers and importers are avoiding Somalia. Reasons for the delays are not explained nor have the causes been rectified. Some blame the problem on poor communication facilities, while others cite confusion and turmoil within the system. A combination of the two factors appears to be a more reasonable explanation.

Larger importers who maintain their own shipping fleets are more likely to continue calling on the Somali ports. Importers who are required to contract with a shipping agent for transporting acquired livestock are hesitant as a result of the potential for long delays. Importers with their own ships are required to maintain their ships and crew whether the ship is in Somalia or somewhere else. Since the ships are not constantly making runs from port to port, there is a certain amount of flexibility to accommodate the delays. For the importers who contract vessels, charges continue to mount daily, resulting in significant risk to the importer.

By contrast, there exist regular shipping runs between Australia and Saudi Arabia, which tend to reduce shipping costs. To reserve space on a regular scheduled run is less expensive than chartering a vessel on an as-needed basis.

Letters of credit are the preferred method of financing sheep/goat purchases. There have been occurrences of partial release of L/C funds even though the conditions for release were not fully satisfied. Indeed, there were reports of incidents where the conditions never were satisfied, yet the funds were partially or totally released.

There is, finally, one central marketing problem faced by Somali exporters of sheep and goats: that is, the future of sheep and goat exports for the hadj is in jeopardy. The holiest day for this (1989) hadj period is July 13th. Since the hadj is based on a lunar calendar, it comes 10 days earlier each year based on the Gregorian calendar. This means that 5 years from now the most important day will be around June 1. From that time on, Somalia will have fewer and fewer export quality animals for sale, because Somali livestock will have just come through the dry season. It is natural to assume that Australia and New Zealand will then become even more important suppliers to the Saudi market. Fortunately, the entire hadj period lasts for a couple of months, so there will be some room for later exports. Nevertheless, Somalia's production systems must improve if they expect to stay in the Saudi market for the long term.

The leading importing firm of bananas in Saudi Arabia is Abbas and Zainy Cold Stores in Jiddah. Attempts, unfortunately unsuccessful, were made to obtain banana import prices from this company. A company representative stated that he could not divulge the information. In the event, data obtained in the more important Italian market (see sub-section 4.5 below) was adequate for the purposes of this study.

4.3 North Yemen

Recent livestock statistics for North Yemen are reproduced in Annex 11. They show a slight tailing off in cattle imports in 1988, but nevertheless a doubling in import numbers between 1983 and 1988 (60 to more than 120 thousand head). The local cattle population in 1988 is estimated at just over 1 million head, but these are kept mainly for milk. Yemen animals are smaller than European cattle and approximately 40 to 45 per cent of slaughterhouse throughput is imported animals. Meat consumption is generally estimated to follow population growth (3 percent per annum) but some substitution effect is likely following USA/EEC removal of poultry feed subsidies.

An earlier appraisal of the market potential in North Yemen for Somali livestock (Bibliography, Ref. 14) expressed optimism for future demand, based on projected Yemeni export oil revenues. In reality, the impact of oil revenues, which fell below expectation due to softening of prices, has been offset by a sharp decline in the surplus on the invisible account, after private transfers (remittances from expatriate nationals) fell dramatically. The Yemen market has, therefore, lost some of its attractiveness and the economy generally is suffering from the classic symptoms of foreign exchange scarcity, notably: an increasing divergence between the official and black market exchange rate; draconian import control measures; and, an uncontrolled growth in smuggling.

The local livestock trade is dominated by the Military and Economic Corporation (MECO), which handles 60 to 70 percent of legal imports. MECO operates its own retail distribution network and sells meat at generally subsidised prices. There are another 4 to 6 private sector companies which have access to import licences and operate as brokers on behalf of slaughterers, who undertake transportation to the souks for sale to butchers.

According to local importers, the trend in cattle prices over the last three years has been from US\$ 1 to 1.10 to a current price of 1.20 per kg c & f. Somali cattle do not command any premium and there is no particular season to the trade. The question of whether purchases are made on a weight or animal basis appears confused. MECO management maintains that its contracts specify that individual animal weights have to be within a certain range to meet an agreed average weight. Apparently, the Corporation then weigh the animals on arrival to ensure contract compliance. Failure to do so is one reason for MECO's insistence on guarantees (see below).

The basic marketing problems encountered by Somali traders in North Yemen all revolve around the need for L/Cs. One trader stated that he had opened L/Cs with Somalis for cattle imports for US\$ 700,000 and 750,000 in December 1988 and January 1989 respectively, and both had failed. To his knowledge, MECO had opened 10 plus L/Cs in the last three years, only 1 of which had been partially fulfilled. As traders point out, with interest rates on LC/s at a premium to base rate, this can prove an expense business.

MECO management related a similar story. MECO now requires traders to submit a bank guarantee in hard currency for 10 percent of the L/C value. For the last two years no Somali trader apparently has met this condition. Last years, according to MECO, 6 to 7 Somali L/Cs failed after upwards of 6 months, which involved MECO in US\$ 2 to 3 million of financing costs for this period. This year the only Somali entity which has been able to provide a guarantee is GISOMA (see Annex 4). Despite these difficulties, MECO is generally favourable towards Somali livestock exports and is interested in assisting in sorting out the problems. On a recent trip to Mogadishu, the Deputy General Manager of MECO suggested to the Chamber of Commerce that traders should form groups to add greater financial strength to their trading activities.

Traders maintain that in the meantime Somalia's competitors (Sudan, Kenya, Ethiopia) are benefiting. Trading facilities, for instance, are generally considered better in Nairobi, where traders will export without L/Cs. This is particularly attractive to an organisation like MECO which uses a variety of supply sources, actively plays the market, and likes to move quickly to fill projected gaps in import requirements. One trader, finally, stated that if the CSBS would cooperate in providing local traders with credit without the need for an L/C, then contracts could be drawn up on 90-day payment terms and the Yemeni traders (some of whom work as agents on behalf of MECO) would then undertake the Bank guarantee themselves on behalf of the Somali traders.

4.4 Egypt

The most up-to-date statistics on Egyptian livestock imports (see Annex 12) exhibit a sharp fall in cattle imports from 169 thousand in 1984 to 34 thousand in 1987. Unfortunately, comparable figures for camels are not recorded (this is because of the different marketing channels for camels: see below).

The dramatic drop in cattle imports elicits two plausible explanations:

- the national veal project; the government has been encouraging the private sector to raise calves to about 500 kgs prior to slaughter. Previously many of these animals were slaughtered at about 70 kg for veal. The net effect of this project has been to raise beef supplies by an estimated 75,000 metric tons annually;
- the general economic situation; this explanation is often advanced within the business community. One trader claimed that no import licences for livestock (with the exception of camels) had been issued since January because of chronic foreign exchange shortages.

As with North Yemen, the government is active in the meat industry; in Egypt involvement is via the Ministry of Supply (MOS). As a result of the veal project, the MOS is currently able to meet its red meat requirements. When it was importing, it accounted for approximately one third of national demand. The MOS is supplied by the Ministry of Agriculture's Company for Meat and Milk (the MOA administers the veal project and provides farmers with feed and price support). It operates its own outlets (where supplies are limited and rationed) and subsidises prices (LE 5.50 per kg versus LE 10 - 12 kg in private shops).

The private sector is represented by 15 to 20 companies, of which there are 3 to 4 large importers of frozen meat and 2 to 3 large companies involved in the live meat trade. Imports levels are effectively controlled by the MOS which has to approve licence requests. As slaughtering margins have reduced (largely as a result of increased domestic purchase prices), frozen imported meat has become pre-eminent. The poultry industry has been severely hit by the removal of subsidies on corn in June 1988.

In the past, Somalia has exported cattle to Egypt under a trade protocol agreement signed in 1985 for 30,000 head. This figure was subsequently increased to 42,000 and by the end of the protocol in mid-1987 approximately 32,000 head had been shipped. The private sector was effectively closed to Somali exports since regulations specified that imports had to be castrated males and less than two and a half years old; Somali cattle do not meet either of these criteria.

Traders interviewed were not aware of any recent imports of Somali cattle; current prices being paid were, therefore, not available. One trader quoted a figure of US\$ 250 to 280 per head (US\$ 1 per kg approximately) for a shipment a couple of years ago.

In general it was felt that Somali cattle exports faced formidable obstacles in the Egyptian market for the following reasons:

- preferences; the order of preference is frozen meat, live animals from the EEC (particularly Germany and France) and local Egyptian buffalo. Somali cattle come a long way down the list and are generally considered of poor quality and tough meat;
- size; the most serious constraint to domestic meat production has been lack of feed supplies. The Egyptians, therefore, want finished cattle with a high body weight (500 kgs plus);
- health problems; the Chairman of Health Services at the MOA maintained that there were no official restrictions on Somali cattle. However, officials are clearly concerned at health risks posed by importing Somali cattle. As in Saudi Arabia, nobody quite believes health certificates from Somalia.

The prospects for future cattle exports to Egypt are, therefore, not promising. This has an impact on potential camel exports, since as explained in section 2 there is a symbiosis with freight, in that camels can be shipped on the deck of vessels carrying cattle; otherwise, camels require dedicated vessels such as converted roro ferries.

Camels provide the main source of red meat for low income groups in Egypt. Sudan is the principal supplier. Camels are trekked from both Western and Eastern Sudan with supplies peaking during October and falling off during the period March to June/July when supplies from the East cease. Traders take about 40 days for the journey to Aswan, and camels are trucked from there to Cairo. The traders may then spend a further 2 to 3 weeks in Egypt before returning to Sudan. Somali camels are generally larger than Sudanese and respond better to fattening; after 2 months of feeding in Egypt, weight may be doubled making the camel very competitive with its Sudanese counterpart.

Unfortunately, the FAO Trade Yearbook does not provide import/export data for camels. The main market in Egypt is Embaba market in Cairo, which services other smaller markets in the country. Market traders estimate annual turnover in the market at 200 to 250 thousand head, of which perhaps one thousand come from Somalia. Current prices for Somali camels were quoted at US\$ 520 c&f Port Suez, with freight about US\$ 150 per head.

Traders reported a number of problems with Somali camels. One major issue was the absence of insurance after the camels were offloaded at Port Suez. This leaves the Egyptian trader exposed to subsequent mortality. By contrast, Sudanese traders are responsible until the camels reach Embaba market. The other major difference is in payment. Sudanese traders accept payment in Egyptian pounds. Payment is part of a traditional arrangement, whereby the Embaba trader advances money to, houses, and feeds the Sudanese trader and acts as his agent until the camels are paid for, at which point he remits the money to the Sudanese merchant minus his commission, loans advanced and costs incurred. The marketing arrangement with Somali camels is markedly different: first, the Egyptian market trader actually buys and owns the camel; secondly, payment is in hard currency; thirdly, although there are no problems with obtaining an import licence, hard currency is extremely difficult to get through official channels and the trader usually has to resort to the black market. If these problems could be resolved, traders interviewed considered the market potential for Somali camels to be good. One trader stated that he could market 500 Somali camels weekly.

4.5 Italy

The market review of Italy posed two key problems: SLA declined to provide the names of its customers in Italy; and, Somalfruit has only one customer, its parent firm.

The initial approach adopted for determining hides and skins prices was to select at random a number of firms listed in the International Leather Guide (see Annex 13). Telephone interview were conducted with 10 firms, which elicited the following response:

- five firms did not deal with Somalia at all;
- three firms did not deal with Somalia because of perceived difficulties;
- two firms had dealt with Somalia in the last 12 months at prices per raw goatskin in the range US\$ 2.7 to 3.8 c & f.

The above hardly represents a statistical sample. Recourse was, therefore, made to FAO statistics on goatskin prices into Italy from E. Africa (see Annex 14), but these only covered the period 1972 to 1982. The final, and most authoritative, source used was the "Hides and Skins: Market News Service" produced by the International Trade Centre in Geneva under the auspices of UNCTAD/GATT. The market price quotations for Somali dry and wet-blue goatskins are summarised for the last 12 months in Table 4.2. As is evident, prices of dry goatskins have been falling over the last years as consignment weight and quality mix have deteriorated. The quotations for wet-blue are not sufficient to infer anything about trends.

On the basis of the various sources from which data was obtained, together with anecdotal price information received from private traders in Somalia, the price currently being paid for raw and wet-blue goatskins was judged to be in the range US\$ 2.5 to 3 fob and 3.3 to 4 fob per skin respectively.

Banana price data was derived from interviews with the major banana importers, and personnel from the Banana Study Group at FAO. Statistics on the source of Somalia's banana imports are presented in Annex 15. In 1982 Somalia accounted for just over 13 per cent of Italy's imports of 363 thousand tons. The major importers are as follows:

Table 4.2 - Price Quotations for Somali Hides and Skins 1988/89

<u>Date of Quotation</u>	<u>Type of Skin</u>	<u>Weight/Size</u>	<u>Quality</u>	<u>Price</u>	<u>Comments</u>
7/4/88	Dry Berbera goat skins	120/130 lbs per 100 pieces	-	US\$44/ dozen c&f	
7/18/88	-	-	-	-	Sheepskins only quoted
8/1/88	-	-	-	-	No quotation Somalia
9/13/88	—do—	110/115 lbs per 100 pieces	40/40/20	US\$ 43.5 - 44/dozen c&f	
9/13/88	Pickled Berbera goat skins	4.5/6.5 sq.ft./piece	-	US\$57/dozen fob Italy	
10/3/88	Wet-blue hides in sides	10/5 sq.ft./piece	-	US\$ 0.72/ sq.ft.c&f	
10/17/88	Dry Berbera goat skins	110/115 lbs.	40/40/20	US\$45/dozen c&f	
10/31/88	—do—	115/120 lbs.	40/40/20	US\$45/dozen c&f	
11/14/88	—do—	100/110 lbs.	40/40/20	LIT 47,800/ dozen c&f	Equivalent of US\$37.5/dozen
11/28/88	—do—	110/120 lbs.	40/40/20	US\$44/dozen c&f	
12/12/88	-	-	-	-	No quotation Somalia
1/16/89	-	-	-	-	Reported that because of fighting in the area supplies have practically come to a standstill
1/30/89	—do—	120/130 lbs.	40/40/20	US\$40/dozen c&f	
2/13/89	—do—	80-90/100 lbs.	40/50/10	LIT 49000/ dozen c&f	Equivalent of US\$36/dozen
2/27/89	-	-	-	-	Reported that because of the political situation business with Somalia practically impossible at present.
3/13/89	Wet-blue goat skins	4.5/6.5 sq.ft./piece	-	US\$60/dozen c&f	
3/27/89	Dry Berbera goat skins	90/110 lbs.	40/40/20	US\$34/dozen c&f	
—do—	—do—	110/115 lbs.	40/40/20	US\$37/dozen c&f	
4/10/89	-	-	-	-	No quotation Somalia
4/24/89	—do—	90/100 lbs.	50/30/20	US\$37.5/dozen c&f	
5/8/89	-	-	-	-	No quotation Somalia
5/22/89	—do—	90/100 lbs.	50/30/20	US\$37.5/ dozen c&f	
6/5/89	Dry Berbera goat skins	90/100 lbs.	50/30/20	US\$37.5/ dozen c&f	
6/19/89	—do—	90/110 lbs.	50/30/20	US\$37.5/ dozen c&f	

Source: Market News Service, International Trade Centre, UNCTAD/GATT, Geneva.

<u>Importer</u>	<u>Type of Banana</u>	<u>Origin</u>
Compagnia Italiana dell Frutta	Ciquita	Central America
Comafrica	Dole	Costa Rica
Pacific Fruit	Bonita	Ecuador
Simba	Del Monte	Guatemala
Camara	Banacol	Somalia
Cofrutta	Turbana	Colombia/ Ecuador

The first three companies account just under 80 percent of the Italian market. Price data obtained for July from the top four companies indicated a range for Central American bananas of LIT 650 to 850 per kg fob. African origin bananas usually trade at a discount of 20 per cent and the general view was that a comparable range would be LIT 500 to 600 per kg fob, equivalent at the then prevailing exchange rate of US\$ 365 to 438 per ton fob.

FAO price statistics were also obtained. They provide a time series for Italian import, wholesale, and retail prices and are reproduced in Annex 16. The figures show much higher prices for Somali banana import than indicated above (US\$ 1,250 per ton in 1987, for example). It appears that perhaps the data, which is quoted for (free on rail) Italian ports, included the Italian government consumption tax on bananas of LIT 525 per kg. Staff at FAO maintained, however, that this was not the case. Without a detailed investigation of source data, it is not possible to reconcile the difference between trade and FAO figures; for the purposes of this report, the former have been adopted.

In terms of non-price issues, the major problem with hides and skins is the uncertainty engendered by the liberalisation measures. The perception from those interviewees who had previously traded with Somalia was that the situation was very confused.

As far as bananas are concerned, the major issue for Somalia is the impact of the EEC objective of a single internal market by 1992. The present machinery for importing bananas, which includes divergent national legislation and prevents the free circulation of bananas within the EEC is incompatible with the 1992 objective; unfortunately, no one knows what the final arrangements will be.

4.6

Summary

Actual prices realised are summarised in Table 4.3. It is noteworthy that for the most important export commodity (sheep and goats), the premium is less than 10 percent above the official minimum export price.

As stressed throughout this report, prices relate to a specific point in time. The future movement in these prices will clearly change relative profitability levels and the relative attractiveness of exporting particular commodities. Of the commodities dealt with, the World Bank undertakes long term price projections for beef and bananas only (see Annexes 17 and 18 respectively). In both cases the long-term view (year 2000) is for static or declining real prices. Unfortunately, lamb is not included in the commodity index, but past price trends and continued competition in the Saudi market suggests, at best, stable real prices. Prices this year for goatskins have been good in Italy as a result of increased demand for suede and goatskins for shoe linings; price series data (see Annex 14) indicate, however, falling real prices since 1973. This has important implications for the future competitiveness, as well as profitability, of Somalia's export trade, an issue discussed in sub-section 5.6 below.

Table 4.3 - Commodity Export Prices

<u>Commodity</u>	<u>Price</u>	<u>Basis</u>	<u>Premium over minimum export price (%)</u>
1. Sheep/goats	US\$ 45/head	c & f Jiddah	7
2. Cattle	US\$ 336/head	c & f Hodeidah/ Mokha	33
3. Camels	US\$ 520 head	c & f Port Suez	33
4. Raw goatskin 1./	US\$ 2.62 - 3.12/skin	c & f Livorno, Italy	16 - 39
5. Wet-blue goatskin 1./	US\$ 3.42 - 4.12/skin	c & f Livorno, Italy	9 - 27
6. Bananas	US\$ 365 - 438/ton	fob Mogadishu/ Kismayo	6 - 27

Notes: 1 Prices expressed in c & f terms based on current price of a container to Italy of US\$ 1,400 which can hold 40 bales of goatskins at 300 skins per bale. Unit freight cost per skins is, therefore, 12 US cents.

2 Minimum export price based on out-turn of 85 percent of bananas of export quality.

Source: Consultants' calculations.

5. PROFITABILITY ANALYSIS

5.1 Introduction

Based on the two preceding sections - the derivation of costs in section 3 and the determination of actual prices realised for export commodities in section 4 - this final section of the report presents the findings of commodity profitability at prevailing exchange rates. An interpretation of results is given, together with some sensitivity analysis which, for sheep and goat exports, examines the impact on profitability of departures to basic underlying assumptions adopted in deriving what might be called the "base case" profitability calculation. The wider issue of the relationship between export profitability and export performance is then discussed; recommendations, finally, are made, which would allow the periodic updating of the analysis.

5.2 Livestock

Tables 5.1 to 5.3 present the profitability per head in both SoShs and US dollars for sheep/goats, cattle and camel livestock exports respectively.

For convenience, the results are summarised below:

Profitability of Livestock (per head)

	<u>SoShs</u>	<u>US \$</u>	<u>Total SoShs</u> 1/
Sheep/goats	1119	(0.27)	911
Cattle	32212	35.45	59509
Camels	30917	38.36	60454

Note: 1/ US Dollars converted at parallel rate as of July 1st 1989 of SoShs 770 equal US Dollar 1.00

What interpretation can be given to the above figures? Certainly, export of cattle and camels would appear profitable at prevailing exchange rates. A distribution of cattle traders by turnover size would typically indicate the small trader exporting 1 thousand head or less annually, the medium-sized trader 3 to 5 thousand head, and at the extreme the mega-trader handling perhaps 20 thousand head (there is one exporter of this magnitude). Across the entire range of trader size, the unit profitability of cattle suggests substantial annual earnings. Similar information is not available for camel traders but it is likely that the above argument would also apply.

Table 5.1 - Net Income Calculation: Sheep & Goats

	<u>SoSh/head</u>	<u>US\$/head</u>
1. Number of Head Purchased	1	
2. Death Loss	4%	
3. Number of Animals Sold	0.96	
4. Minimum Export Price (US\$)		42.00
5. Min. Exp. Price less Freight		34.00
6. Premium (US\$)		3.00
7. Controlled FX (US\$)		32.64
8. Uncontrolled FX (US\$)		2.88
9. 40% of Controlled FX (ShSo)	10,053	
10. 60% of Controlled FX (ShSo)	9,577	
11. Total Income (ShSo)	19,630	2.88
12. Total Costs	<u>18,511</u>	<u>3.15</u>
13. Net Income	<u>1,119</u>	<u>(0.27)</u>

Notes:

1. 40% of controlled foreign exchange converted into SoShs at official parallel exchange rate of USD equals SoShs 770 as at 7/1/89.
2. 60% of controlled foreign exchange converted into SoShs at official exchange rate of USD equals SoShs 489 as at 7/1/89.

Source: Consultants' calculation.

Table 5.2 - Net Income Calculation: Cattle

	<u>SoSh/head</u>	<u>US\$/head</u>
1. Number of Head Purchased	1	
2. Death Loss	2.50%	
3. Number of Animals Sold	.975	
4. Minimum Export Price (US\$)		252.00
5. Min. Exp. Price less Freight		204.00
6. Premium (US\$)		84.00
7. Controlled FX (US\$)		198.90
8. Uncontrolled FX (US\$)		81.90
9. 40% of Controlled FX (ShSo)	61261	
10. 60% of Controlled FX (ShSo)	58357	
11. Total Income (ShSo)	119618	81.90
12. Total Costs	<u>87406</u>	<u>46.45</u>
13. Net Income	<u>32212</u>	<u>35.45</u>

Notes:

1. 40% of controlled foreign exchange converted into SoShs at official parallel exchange rate of USD equals SoShs 770 as at 7/1/89.
2. 60% of controlled foreign exchange converted into SoShs at official exchange rate of USD equals SoShs 489 as at 7/1/89.
3. Minimum export price less freight is taken as the gazetted fob minimum export price. The excess of actual freight costs above the difference between posted fob and cif minimum export prices is added to total USD costs.

Source: Consultants' calculation.

Table 5.3 - Net Income Calculation: Camels

	<u>SoSh/head</u>	<u>US\$/head</u>
1. Number of Head Purchased	1	
2. Death Loss	1.50%	
3. Number of Animals Sold	.985	
4. Minimum Export Price (US\$)		390
5. Min. Exp. Price Less Freight		300
6. Premium (US\$)		130
7. Controlled FX (US\$)		295.50
8. Uncontrolled FX (US\$)		128.05
9. 40% of Controlled FX (ShSo)	91014	
10. 60% of Controlled FX (ShSo)	86700	
11. Total Income (ShSo)	177714	128.05
12. Total Costs	146797	89.69
13. Net Income	<u>30917</u>	<u>38.36</u>

Notes:

1. 40% of controlled foreign exchange converted into SoShs at official parallel exchange rate of USD equals SoShs 770 as at 7/1/89.
2. 60% of controlled foreign exchange converted into SoShs at official exchange rate of USD equals SoShs 489 as at 7/1/89.
3. Minimum export price less freight is taken as the gazetted fob minimum export price. The excess of actual freight costs above the difference between posted fob and cif minimum export prices is added to total USD costs.

Source: Consultants' calculation.

The case with sheep/goats is more equivocal. Here again, the mega-trader with 80 to 100 thousand head turnover (two traders are known to operate in this range) and the medium-sized trader with perhaps 15 to 20 thousand head per annum would show more than adequate profits. The small trader, however, with an annual trade of 2 thousand head, or less, might receive an annual income of SoShs 1.8 million, or circa SoShs 150 thousand per month. Unfortunately, reliable income distribution data does not exist to determine the adequacy of the above income level. However, household expenditure surveys conducted by the Central Statistics Department of MNP show expenditure for a family of 6 persons at SoShs 75 thousand per month as of May 1989. In June/July the comparable figure would be SoShs 80 to 85 thousand per month. More than half of the small traders' income from sheep and goat exports could, therefore, be accounted for by purchase of basic household items. Given the overall level of accuracy of the calculation, and the use of average values, there is, therefore, evidence that some small-scale sheep/goat traders may be operating at marginal levels of profitability. For this reason, the calculation of sheep/goat profitability is subjected to sensitivity analysis in sub-section 5.5 below. The other obvious question to emerge from the results is why, in view of the apparent profitability, larger quantities of cattle and camels are not exported? As discussed earlier in this report, the explanation may lie with constraints other than profitability: shipping problems with camels and health/hygiene problems with cattle (as well as a thriving unofficial market in cattle exports to Kenya).

Given that sheep/goat exports exhibit low returns, there would appear to be a case for examining exchange rate adjustments as a means for improving profitability levels. In terms of exchange rate manipulation, this could be effected either by devaluing the official exchange rate or by changing the current retention regime. At the moment, 60 per cent of export receipts are charged at the official rate, with the remaining 40 per cent being credited at the parallel rate. After some signs earlier this year of convergence, the official rate has steadied recently at just over 60 per cent of the parallel rate (see Annex 19). The composite rate as of July 1st 1989 for each US dollar of export revenue is, therefore, SoShs 601 ($0.6 \times 489 + 0.4 \times 770$). In the case of sheep and goats the assumed export premium (US dollars 3 per head) just about covers dollar expenditures. The net dollar receipt (minimum export price c & f minus freight) is, therefore, US \$ 34 per head (see Table 5.1). To effect, therefore, an increase in profitability, of say, SoShs 1000 per head, the composite rate has to increase by just under SoShs 30 to the US dollar (1,000 divided by 34); that is, to SoShs 630, or a 5 per cent increase in the composite rate. This would imply an official rate of SoShs 536 to one US dollar, or an effective devaluation of approximately 10 per cent.

Exactly the same outcome would result from changing the relative retention split from 60:40 to 50:50. It is, therefore, possible to construct a table showing the separate effects of exchange rate devaluation and retention regime amendment on the incremental profit of sheep/goat exports. This is shown below:

Exchange rate/retention regime manipulation: effect on incremental profitability of sheep/goat exports

<u>Exchange rate (% devaluation of official rate)</u>	<u>Retention regime (official: unofficial)1.</u>	<u>Incremental profitability (SoShs/head)</u>
5	55:45	499
10	50:50	998
15	45:55	1496
20	40:60	1995

Note: 1. Relative splits are approximations./ The other obvious measure to improve profitability would be to make further movement on taxes 1./, particularly stamp duty which is levied against the full value of the L/C, and according to some traders interviewed, has to be paid in hard currency. This would also have the advantage of streamlining the official procedures that have to be gone through before export can occur. Indeed, one of the major difficulties facing the livestock exporters is the plethora of agencies between him and the market. The Ministry of Commerce has identified 10 major steps before export can be effected (see Annex 20). In practice many of the agencies identified by the MOC require more than one visit. One exporter claimed that it takes 3 days to accomplish each step of the certification process. Although possibly an exaggeration, this would imply 30 working days, assuming MOC's conservative delineation of the procedures involved. This is longer than has been assumed in the analysis for the entire transaction of sheep/goat export. The liberalising and streamlining of the export process is proceeding at an uneven pace; some agencies are improving and in some nothing has changed. Particularly in view of the limited amount of delegation traditionally imparted by Somali traders, excessive time devoted to meeting official export regulations has a fundamental impact on profitability in two ways: it immediately lengthens the transaction period and hence the cost of working capital (the effect of this on profitability is dealt with in sub-section 5.5 below); and, in the long term it diverts traders' time and attention from the improvement of their product and hence their future competitiveness in what will clearly be an increasingly aggressive market (i.e. Saudi Arabia).

1./ In general, export duties constitute a negligible proportion of government revenue (0.6 of a per cent of total central government revenues in 1987: see Bibliography, Ref.26)

5.3 Hides and Skins

Given the uncertainty over current supplies of raw and processed goat skins from Somalia to Italy, and hence prices being realised, a range was adopted in the preceding section of US \$ 2.5 to 3.00 fob per raw goat skin and US \$ 3.3 to 4.00 fob per wet-blue goat skin. On this basis, and using SLA's production cost data, the profitability calculations are presented below:

Hides and Skins profitability

(SoShs per skin)

	<u>Raw</u>	<u>Wet/blue</u>
Gross revenue 1.	1503-1803	1983-2404
Costs	1410	1475
	<hr/>	<hr/>
Net profit	93 - 393 =====	508 - 929 =====

Note: 1. Value per skin in US\$ multiplied by composite exchange rate of SoShs 601 equals US Dollar 1.

Soure: Consultants' calculation.

Although at the lower value for raw goat skins, the level of profitability is probably inadequate (margin of 6 per cent of sales), the figures generally indicate healthy potential profits in the hides and skins industry under the current exchange rate regime.

5.4 Bananas

Somalfruit's calculation of the profitability of its operation for the period August to December 1988 is presented below:

Profitability Banana Exports

(US \$ / ton)

Revenue (fob)	319.80
Costs (see Table 3.6)	345.70
	<hr/>
Loss	(25.90) =====

As is evident, Somalfruit recorded a loss for the period. This loss, however, relates to the banana trading company. It has to be offset by a profit made by the inputs company equivalent to US \$ 21.9 per tonne of bananas exported during the period specified. Also Somalfruit made a profit on watermelon production, the costs of which are allocated to the banana account; together with a small profit on crop spraying this offsets the above loss by a further US \$ 0.6 per tonne. The residual loss (US \$ 3.4 per tonne) represents an under-recovery of the costs of tractor hire. Somalfruit is happy to view this as a temporary subsidy to producers' land preparation and is revising the hire rate for 1989 to recoup this amount.

Clearly Somalfruit's profitability on fob banana sales is operationally not a very useful calculation; indeed, the company declares its aim is to break even on fob sales. Given its arrangement with its parent company, profitability for Somalfruit lies between the fob posted prices negotiated with GSDR and the c & f value of its bananas in terminal markets. Information from the Italian banana industry suggests that that value might be in the range US\$ 365 to 438 per ton. This range relates to July, which is a month designated as low demand by Somalfruit. On the basis of 85 per cent of bananas of export quality (approximate out-turn for 1988), Somalfruit's posted fob price for July (see Annex 6) is equivalent to US\$346 per ton, ignoring the value of local sales. The potential margin would appear sufficient incentive to maintain Somalfruit's interest in a growing Somali banana industry.

5.5 Sensitivity Tests

Given the weighting of sheep and goat exports in external trade totals and the apparent marginal level of profitability exhibited, it would seem prudent to subject the calculation to some sensitivity analysis in order to assess the impact on profitability of changes to basic critical underlying assumptions adopted for the initial analysis.

Three adverse departures from base case assumptions are made, namely:

- the trader receives the minimum export price only; the base case assumed a premium above minimum export price of US \$ 3 per head paid as free foreign exchange to the trader. Interviews held with traders and importers in Saudi Arabia indicated premium payment for sheep/goats in the range US \$ 2 to 4 per head. Some interviewees, however, maintained that only the L/C value was paid;
- the transaction period is lengthened from one to two months. This follows the reasoning above concerning the considerable time taken by traders in progressing paper through the various export channels. The trader simultaneously has to organise the purchase of livestock, payment to producers and laborers, the rental of trucks and holding areas, the organisation of veterinary services, the purchase of fodder, and the ordering of a ship. A major trader in the midst of organising a shipment is a busy man, working 15 plus hours a day.

The nature of Somali society makes the deputation of much of the bureaucratic work impossible. The one part of the process that works automatically is the purchasing and care of the animals since there is a long tradition of providing the necessary services. An elapsed time for the transaction of two months would, therefore, be a realistic alternative. At the same time the full opportunity cost of working capital is imputed rather than the 50 per cent advance against the L/C used for the base case analysis. Again, this is a reasonable variant. Even if traders do not require funding to meet working capital requirements (although the impression is that most do), there is still an opportunity cost (foregone interest) in a trader self-financing the transaction. The overall level of accuracy of the analysis does not warrant attempts at refinement in rigorously modelling the various timings of expenditures and receipts. Instead, the simplifying assumption is made that all costs incur interest for two months at an annual rate of 50 per cent;

- the purchase price of the animal increases by 10 per cent; again, this is well within the price variability reported in interviews with traders.

At the same time, two favourable departures from base case assumptions are tested:

- the port of Berbera returns to full operation; there is no doubt that for sheep/goat exports Berbera is the preferred port. The proximity to Saudi Arabia, the good highway system, the better quality fodder, the availability of livestock, and the simpler bureaucratic system all indicate that as soon as possible sheep/goat exports will channel through Berbera again. The main cost savings in using Berbera rather than Mogadishu relates to sea freight, overall death loss and the cost of labor to accompany the animals to Jiddah. Local transport costs are about the same (Garowe to Berbera is roughly the same distance as Dusa Mareeb to Mogadishu) and fodder costs are approximately 25 per cent higher than at Mogadishu. The net effect, however, is a fairly substantial saving per head in using Berbera;

increased efficiencies are achieved in banking and shipping in line with recent enabling legislation; as discussed in Section 2, the GSDR has recently taken a number of initiatives which hold out the hope of future gains in efficiency that will be beneficial to exporters. The revised calculation, therefore, assumes that current bank commission and transaction costs will be reduced by 25 per cent, that brokerage commission will be eliminated, and shipping freight rates will decrease by 10 per cent.

The above produces a profitability matrix which is presented in Table 5.4. As can be seen, the base case calculation is sensitive to all departures from basic underlying assumptions, especially the absence of a premium above minimum export price. The restoration of sheep/goat exports through Berbera has a major impact on improving profitability. The extent to which dislocation at Berbera is a temporary phenomenon is, however, not known with any certainty. On the evidence available there would certainly appear to be a case for examining exchange rate/retention regime adjustment as a means of improving the current profitability of sheep/goat exports.

5.6 Wider Issues

The major question concerning export profitability and exchange rate adjustment is : Will exchange rate manipulation, or indeed any other mechanism to increase profitability, necessarily result in increased export volumes and hence an improvement in Somalia's external trading position?1./

Certainly, there is a weight of evidence to suggest that livestock does not conform to normal supply response expectations. To quote one of numerous regional studies that attempt to document nomadic herder behaviour (see Bibliography, Ref.10): "Pastoral herd management is not based on optimal off-take rates for economic gain or genetic improvements, but rather, herds are managed to sustain households through prolonged drought." Similarly, an attempt to correlate historical livestock exports by weight to real prices proved inconclusive (Bibliography, Ref. 2) and the author concluded: "To postulate that higher prices will bring forth a positive supply response in the nomadic context thus requires considerable faith in markets."

1./ All of this should be prefaced by the word "official". It is implicitly assumed that the GSDR requires management and control over foreign exchange flows.

Table 5.4 - Sheep/Goats Profitability Matrix

	<u>Profit/(Loss): SoShs/Head</u>		
	<u>Base Case</u>	<u>Berbera Open</u>	<u>Efficiency Gains</u>
1. Base Case	911	2,591	1,849
2. No Export Premium	(1,399)	281	(461)
3. Lengthened Transaction Period/Full Capital Cost	(599)	1,081	339
4. Producer Price Increase of 10 percent	(589)	1,091	349

Source: Consultants' calculations.

Furthermore, the analysis, as presented here, of overall transaction profitability is not particularly useful in answering questions concerning supply response. What is required is a breakdown of how the gross margin is distributed between the various players in each sub-sector: that is, if the profitability of sheep/goat exports increases does the producer receive a higher price?

A formal analysis of the level of value-added at each stage of the marketing chain was not possible under the scope of this study. It is generally considered, however, that the livestock market is competitive, and that the export trade at least is transacted at prices that reflect movements in the free-market exchange rate. Thus, data supplied by the Chamber of Commerce (Ref.28 in Bibliography) showed an almost flat trend line in domestic market prices for sheep, goats, cattle and camels over a period (January 1st 1988 to end of April 1989) when the consumer price index rose 177 per cent. By contrast, export quality cattle prices increased from 1987 from SoShs 22,000 to 75,000 per head (an increase of 240 per cent) and sheep and goats from SoShs 5000 to 15000 per head (200 per cent increase). The CPI increase for the same period was 230 per cent.

Similarly, with the removal of fixed producer prices and the liberalisation of the trade in hides and skins, producer prices have quickly moved to reflect parallel exchange rates: from SoShs 200 per skin pre-liberalisation (when the parallel rate stood at 165 to the dollar) to SoShs 1000 per skin immediately post-liberalisation (when the parallel rate was SoShs 560 to the dollar). The sub-sector is currently in a state of flux and its final shape and organisation uncertain. For example, the collection system for buying skins in the bush that the tanneries used 20 years ago is completely gone and must be recreated. In principle, however, decontrol of the trade should ensure competitively-determined distribution of margins.

The situation with bananas is rather different. Effectively, distribution of increased margins to producers is at the discretion of Somalfruit's management. Despite the findings of a recent report (Bibliography, Ref.13) that returns to banana producers appeared low, fieldwork interviews with private sector producers suggested that banana farmers were generally happy with the current level of producer price set by Somalfruit. Access to inputs is considered a major benefit of the Somalfruit arrangement and, similarly, access to sophisticated (laser-guided) land levelling machinery has resulted in the rapid expansion of many farms. On two of the three farms visited, production in the first four months of 1989 exceeded that for all of 1988.

Detailed capital and recurrent cost data were collected for three farms (see Annex 21). The accounting systems used by the farm owners unfortunately did not readily allow recurrent costs and revenues to be separated from capital expenditures. However, an analysis of gross profit (revenue minus variable costs: labor and inputs) and therefore the level of contribution to depreciation, management overhead, taxes (10 per cent of local and export sales), and profit, for 1988 revealed gross sales margins of 43, 35 and 10 per cent for the three farms investigated. Clearly the level of sales margin for the last farm is inadequate since it would only meet the taxation requirement. The other two farms, however, show reasonable margins. Not too much can be inferred from such limited coverage, but the figures tend to corroborate the view that profits can be made within the industry at current producer price levels. The argument over whether Somalfruit would or would not pass down to producers a share of the currency gains of downward adjustment in the shilling has, finally, been partially made redundant with the introduction of premium payments in US dollars.

The final issue related to supply response is the competitiveness, as opposed to the profitability, of Somali export commodities. Enhanced profitability through exchange rate adjustment only improves the latter side of the willing buyer/willing seller trade equation.

The review of markets in section 4 revealed a number of constraints to the marketability of Somali produce. In the absence of measures to remove these constraints, exchange rate manipulation may merely serve to provide an incentive framework for exporters to supply markets which, in the meantime, have disappeared. Somali businessmen are acutely aware of the dangers of failure to improve their methods of conducting business. To quote one livestock trader: "There is no doubt whatsoever that the major setback is marketing inefficiency. The proof of that statement is to be found in the fact that Australia, which also experiences droughts, is several thousand miles away from Saudi Arabia and can supply live animals to that country more reliably and at a cheaper price." It is here, arguably, that a nexus exists between profitability and competitiveness. Irrespective, for instance, of the outcome of the debate over livestock offtake rates, Somalia could increase the value of its exports of cattle through a better-fed and thus heavier animal. A stable and profitable business environment is a pre-condition, however, for the investments required to improve the quality of export animals. The need for such investment is increasingly becoming apparent. In terms of equivalent weight, Australia is supplying Saudi Arabia with sheep at US \$ 28.75 per head, say US \$ 23 fob Somalia.

At the current shadow exchange rate 1./ for the shilling, this is equivalent to SoShs 11,368 per head. Without attempting a formal domestic resource cost calculation, this figure is considerably below the cost total shown in Table 3.1 of SoShs 18,511 per head. Even allowing for the removal of taxes, value-added etc, the suspicion must be that Somalia may have already become uncompetitive in supplying the Saudi market with sheep and goats. To recover the situation will require investments to improve efficiency. In this sense, an adequate level of profitability becomes a necessary, if not sufficient, condition of improved export performance.

5.7 Analysis Updating

As previously explained, the analysis presented in this report is a "snapshot" picture of costs, revenues and official and parallel exchange rates at a specific point in time. Clearly, all these variables will change over time, particularly in the current climate of economic liberalisation (de jure, if not de facto). At the same time, policy dialogue will continue between GSDR and the donor community; this will have to be informed by up-to-date analysis. Finally, there is some merit in the GSDR being able to monitor the general business climate in the private sector, in particular the export sector. All this points to the need to periodically update the analysis and to set in place established procedures which will effectively "institutionalise" the updating process.

To accomplish this requires addressing the following:

- sources of data required and who will collect the data;
- the updating methodology;
- who will collate and analyse the data;
- who will co-ordinate the analysis and formulate policy implications;
- who will have overall responsibility;
- what additional resources (people/equipment) might be required.

1./ SoShs 494.26 equals US Dollar 1; supplied by World Bank as average for 1989.

Each of these points is dealt with below.

1. Data

The data required can conveniently be classified into three areas: producer prices, marketing/processing costs, and final prices realised.

For livestock, the obvious candidate to undertake data collection is the LMHP. Livestock market price data have been collected under the project since 1987. Initially 22 districts were covered. This has now been reduced to 10 markets. Price information is collected 3 days per week and tabulated manually on a monthly basis. Progress in processing the raw data has been slow. The project has experienced a high turnover of staff in the data processing area. As a result, as of May 1989, computer printout were available from the 1987 data for two markets but none of the 1988 data had been processed. This delay prompted the GTZ team at the MLFR to establish its own market price collection system. A program had been developed as of May to process the data and initial output was envisaged in one to two months. The MLFR requires the price data for basic planning purposes such as input to feasibility studies etc.

As stressed in Section 3, market prices are not a useful guide to prices paid by traders for export quality animals. If an existing arrangement for data collection is to be used then it would have to be modified: that is, the enumerators would have to be instructed to interview separately brokers engaged in the export business. The scope and content of the updating exercise does not warrant establishing a parallel organisation. What is required, therefore, is to persuade one of the existing groups collecting livestock producer prices to augment slightly the level of coverage. Given that GTZ apparently has a workable system in place and in view of the uncertainty over the future funding of the LMHP, it is recommended that GTZ be requested to collect the export livestock producer price data. There are additional reasons for recommending GTZ, which are elaborated below.

The source of producer price data for hides and skins would be both SLA and selected private traders and for bananas, similarly, Somalfruit and selected banana farmers.

Marketing costs for livestock are more problematic. The data used in this report is based on information supplied by the exporter: the customer rather than the provider of the service. Ideally, each service group involved in the livestock marketing chain (transporters, for example) should be the source of data in the future.

Again, SLA is the obvious source for hides and skins processing cost data. UNIDO is funding an Industrial Consultancy Unit which inter alia has created a spreadsheet analysis for SLA to assess tannery operating costs. This could be accessed to monitor the profitability of wet-blue production, together with a few judiciously chosen private sector companies to provide corroboration. Processing and marketing costs for bananas can only emanate from one source: Somalfruit.

The collection of information on actual prices received, as distinct from minimum export prices, is potentially an open-ended and costly exercise. In the case of the most important export (sheep/goats), the premium paid is less than 10 percent of the minimum export price. Given the overall level of accuracy of the calculation of export profitability, it is tempting to suggest that the calculation for sheep/goats should be conducted at the minimum export price, with a negative or marginal profit outcome constituting cause for concern. The argument could be extended to cattle and camels, although the findings of this study indicate that minimum export price levels for cattle and camels require updating. The commercial attaches in Jiddah, Sanaa and Cairo are in an ideal position to provide periodic updates of prices actually being received by Somali traders. More effort should be made to ensure that this system works more effectively. This information would be used to ensure that prices were not diverging excessively (more than 10 to 15 percent) from minimum export prices. As argued above, for all practical purposes the minimum export prices for livestock could then be used for policy formulation.

For hides and skins, subscription should be taken out to the International Trade Centre bi-weekly market digest (see Table 4.2 for source). This provides general information on market condition as well as current prices being offered for the various grades of hides and skins. Price data is provided for all the major exporting countries, including Sudan and Ethiopia, which would allow some comparative analysis to be undertaken.

As argued in sub-section 5.6 above, the basic issue with banana exports is farm level profitability. With five years still to run on its recent agreement with the GSDR, the c&f price in Italy or Saudi Arabia is somewhat academic. There is a suggestion, however, that posted fob prices may be open for renegotiation, within the framework of the five-year agreement, on an annual basis. If this is indeed the case, it is beyond the scope of the current study to provide a full brief to GSDR negotiators. An obvious source of price data would, however, be the Banana Study Group at FAO.

2. Methodology

The level of analysis can be accommodated with simple spreadsheets running on standard financial software (such as Lotus 1,2,3) on personal computers. For livestock, the recommended output format would be as shown in Tables 3.1 to 3.3 in Section 3. Data files would need to be set up with the technical co-efficients for deriving outputted cost rows. The logic for fodder costs, for instance, would be unit fodder requirement by species of animal multiplied by unit fodder price. Once the technical co-efficient row (fodder consumption) was inputted to the spreadsheet logic, the only up-date required would be the fodder unit price row.

Similarly, the hides and skins analysis would follow a standard format of unit cost build-up to point of export (producer price plus processing/marketing costs plus taxes etc) in relation to unit revenue. The model logic would have to accommodate variations in the retention regime for foreign exchange earnings and changes in the official and parallel exchange rates.

For bananas, output would resemble farm budgets: a standard cost profile (separating variable and fixed costs) would be compared to revenue. This could be done on a unit or per farm basis. Again, the general format would be as shown in Annex 21.

It is recommended that the livestock analysis be undertaken on a quarterly basis to capture any fluctuations in animal and fodder prices. The cost of a specific service (transport, labour, fodder, veterinary, shipping) could be examined each quarter so that total coverage could be achieved within about 12 months.

For hides and skins, and bananas, the suggested frequency of analysis is 12 months, retrospectively: that is, for the previous year. There is a tendency for traders in hides and skins to buy and collect skins over a fairly lengthy period (L/Cs for 5,000 dozen skins are not uncommon). Seasonality is, therefore, not an issue. Farm-gate banana prices are seasonal (in line with Somalfruit's perception of demand levels in Western Europe), but the critical measure is the farmer's annual income level.

3. Data Collation/Analysis

According to the GTZ project co-ordinator at MNP, GTZ will shortly be opening an office for the co-ordination of private sector activities. This office would be a logical point for assigning responsibility for collating and analysing the data. The level of resource within this office which could be made available is not yet known. If agreement can be reached with MNP and GTZ, it is, therefore, recommended that, at a minimum, the Ministry of Commerce provide a counterpart to assist with the work. GTZ involvement at this stage would also facilitate the active participation of the GTZ - funded advisor at the Chamber of Commerce, who could provide information concerning changes in government regulations and the status of L/Cs for livestock exports.

4. Analysis Co-ordination/Policy Formulation

It is recommended that the Ministry of Commerce undertake the above role. The MOC is already heavily involved in the export sector via its mandate to determine minimum export prices. The Minister has also recently been actively involved in formulating recommendations to improve general conditions for exporters.

5. Overall Responsibility

Articulation of the exchange rate policy implications of the analysis is the responsibility of the Ministry of Finance. A vehicle is thus required that would bring together the Ministry of Finance with the parties mentioned above. This already exists through a committee established in December 1988 to address the general problems of private business in Somalia. In January of this year the committee produced its findings ("Report of the Technical Committee on Tackling the problems of the General Business and the Private Industry") with a further report ("Resolving the Difficulties Facing the Livestock Export Trade") emerging from a workshop organised in April of this year, attended by representatives from the Ministries of Commerce and Finance. The original technical committee comprised representatives from the Ministries of Commerce, Finance, and Livestock and Range, the Central Bank, the CSBS, the Somali Shipping Agency, the Chamber of Commerce, the Livestock Marketing Committee of the Chamber of Commerce, and private sector businessmen. Although slightly large, the mix of representation is ideal for overseeing the analysis updating. It is, therefore, recommended that this committee be charged with overall responsibility for the timely updating of the analysis.

6. Resources Required

It is difficult to be specific about additional resources required to ensure the successful continuation of the analysis, since the possible contribution of GTZ through its intended private sector office is not known. At a minimum, however, provision should be made for funding one local counterpart, two personal computers with attendant software, and the capital and recurrent costs of running a saloon vehicle. Commitments should initially cover projected costs for a five-year period.

ANNEXES

TERMS OF REFERENCE: SOMALIA EXPORT COMPETITIVENESS STUDY

(a) Introduction

During recent discussions between officials from GSDR, IMF and IBRD questions were raised about the profitability of the major exports from Somalia at different exchange rates. There were different views about three important variables which affect the profitability of export at a given exchange rate. These were:

- (i) The supply price of commodities to producers;
- (ii) Marketing cost between producer and point of export;
- (iii) The relevant price of sale abroad.

It was agreed that it would be desirable to obtain more accurate information on these variables periodically and that this information would then serve as a contribution to the discussion of the profitability of major exports at prevailing exchange rates. This exercise will be done in two parts; first, data collection and analyses as outlined below, and second, periodic updates for which the institutional arrangements will be agreed upon later. GSDR officials suggested that the Department of Statistics in the Ministry of National Planning and Jubba Valley Development would be an appropriate office to coordinate work on the above assessments of prices and marketing costs with a number of ministries including Finance, Revenue, the Central Bank, Agriculture, Livestock, Commerce and Industry. It will be necessary to employ two individuals to collect the first round of data, to establish methodologies for analyses and to recommend arrangements for continued data collection and analyses.

(b) Objective

The objective of the contract is to determine the profitability of major exports at different exchange rates. Specifically, the contractor will undertake the following tasks:

(i) Supply Prices for Export Commodities

Obtain supply prices from producers at important supply/trading locations for major export commodities mentioned in (v) below. The contractor shall provide full information on any special conditions which may affect the final price of the commodities traded in different seasons. The contractor shall also obtain from secondary sources historical price series for the same market in order to place the collected information in perspective, to determine seasonal trends and enable correlations with volumes traded.

(ii) Marketing Costs

Obtain detailed information by items for all marketing costs in major channels for the export commodities from the point of domestic sale to domestic ports of export as well as shipping and related costs to major ports of sale abroad. This should be done for all points of supply for which information is recorded in (i) above and again, to the extent possible, this information should be related to any historical data on marketing costs.

(iii) Export Prices

Obtain export prices for commodities chosen at the major ports of sale abroad. These prices should be for the same quality products for which the information was collected in (i) and (ii) above.

(iv) Analysis

For all the above information the contractor should note clearly the sources and the time at which it was collected. The contractor will establish a framework and methodology for rapid data tabulation, presentation and analyses, including sensitivity tests using appropriate indexing techniques. The analyses should determine the impact of exchange rate changes on marketing costs and domestic producer prices. This will enable more detailed analyses, perhaps under a separate activity to demonstrate how the potentially positive effects of exchange rate adjustments are transmitted through the market to provide greater incentives for production and exports.

(v) Commodities

The commodities for which the information under (i), (ii) and (iii) is required are as follows:

- export quality sheep and goats sold to Saudi Arabia;
- export quality cattle sold to Yemen;
- export quality camels and cattle sold to Egypt;
- export quality bananas sold to Italy and Saudi Arabia;
- export quality processed (wet blue) and unprocessed goat skins sold to Italy.

(vi) Institutional Arrangements for Periodic Updates

The contractor will recommend the most suitable institutional arrangements for periodic updates of the data under (i), (ii) and (iii) above and for continued presentation and analysis of the data.

(c) Reporting

The contractor will work with the Department of Statistics in the Ministry of National Planning and Juba Valley Development. Note: this may change to the Ministry of Commerce. The contractor will also work closely with professional staff in other ministries, IMF the World Bank and USAID. The final report will be submitted in 20 copies. The report will contain the information collected as per paragraph 4(i), (ii), (iii), above. It will include the framework for analyses and show initial results at different exchange rates. The report will contain recommendations for institutional arrangements to enable collection and analyses of relevant data on a continuing basis. Ten copies of the draft report will be submitted for review and discussion in Somalia before the contractor's departure.

(d) Timing

The contractor shall complete the report by June 15, 1989. The contract period will be approximately 2 months, including time spent in Somalia, Italy, Egypt, Saudi Arabia and Yemen.

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SOMALIA

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President/owner Tel. 6722427 (office) 6104438 (car) 6724012
(home)

Ali Al-Abdulaziz Al-Oleya Tel. 63600870 (office) 6362521 (home)

Abdulrahman Ibrahim Al Hussaini Est. Saleh Hussaini,
President/owner Tel.6364789

Al Monsorah Harbesh Al Daajani Est, Ayman Mejahed Tel. 6802580

Saudi Transportation & Livestock Trading Co. Ahmed Al Alaradi,
Operations Manager (Riyadh Office) Tel.01-4773474

Eaahound trading & Shipping Agencies, Mr. Baaboud,
President/owner Tel.6421468

Zohour Est. Mr Ahmed, Manager Tel.6370041

Jeddah Islamic Port Hussein Abdi Ghani, Director of Operations
and Osman Mustafa Adbirahman, Dr. of Veterinary Medicine Tel
6471200

Dr Osman x1755
Mr Ghani x 2998

Saudi Chamber of Commerce, Jeddah. Esam A. Abdul-Fattah,
Information Center Manager Tel.6471100 x 138

Ministry of Agriculture. Mustafa Nuri Tel.6210002

Hamod Ali Al-Khalaf (Dammam office) Tel. 03-8432006

Attaraq Est. Rauof Buschnaq Tel. 6475654

YEMEN ARAB REPUBLIC

Abdalla S. Alkirbee	General Manager	Alkirbee Trading Service	272389
Abdullah Lute Althmasi	Deputy General Manager	Military Economic Corporation	262505
Kamal A. Sidik	Analyst, Agricultural Trade Office	U.S. Embassy	272417
Mohamed Khaleao Samuel A. Holland	" " " Technical Consultant	" " " EMB Management Consulting	
O.S. Ahmed	Resident Representative	FAO	
Dana Thomas	Advisor to CORE Project	Agricultural Statistics Office, MOA	
Mohamed Al-Nowairah 250934		" " "	
John Swanson		USAID	231213

EGYPT

Dr Mounir S. Neamatalla	President	Environmental Quantity International	3401924
Dr Essam Z Gheith Ibrahim Siddik Aly	Chairman Professor Agric. cultural Economics.	National Seed Co. Menofia University	705998 (048)32161 7
Dr Omar Youssri	Professor, Faculty Agriculture	Ain Shams University	3464105
Professor M.A. Sharofelfin Eng. Magdi Abd Al Gawad	Technical Counsellor First Under-Secretary	Ministry of Agri. & Land Reclamation Ministry of Supply & Home Trade	202470 544598
Abdelrahman Yazid	Commercial Manager	International Establishment for Food Securities	3475105
Mohamed Sarar	First Secretary, Commerce	Somali Embassy	704038
Dr Ahmed Abdul Aziz	Professor, Livestock Department	Cairo University	
Mr Wahibi Abu El Kasim Ibrahim Sharif Sharif	Trader Trader Senior Agricultural Officer, Foreign Agricultural Service	Enbaba Camel Market Enbaba Camel Market U.S Embassy	357371

ITALY

Dr Stanzianziano	Administration Director	Associazione Mazionale Import/ Export Ortofrutticoli	06-317761
Sig. Paoletta	Study Group on Bananas	FAO	06-57971
Sig. Badolati	Study Group on Bananas	FAO	06-57971
Sig. Sordi	Commercial Manager	Campaign Italiana Frutta	06-547951
Sig. Personeni	Administrator	"	"
Sig. Pietrella	Sales Manager	Pacific Fruit	06-540924
Sig. Retaliati	Administrator	Comafrica	010-20854
Dott. Chiavari	Commercial Manager	Genova	"
Sig. Niccolo	Administrator	Simba (Del Monte)	019-38646
Sig. Giordano	Commercial Manager	Air/Sea Freight SRL	06-526575

Plus Telephone Interviews with the following 10 companies selected from the International Leather Guide.

1. Bocciardo Agencies SRL, Genova
2. Essepi SRL, Vicenze
3. Esselle SRL, Milano
4. Politan
5. Z.A.R.T.
6. Matelli, Milano
Guido and C Sas
7. Arcapelli, Pisa
8. Betapelli, Milano
9. Fimed, Napoli
10. Freesco, Pelli Sas, Milano

THE GISOMA LIVESTOCK OPERATION

Gisoma is a joint venture between the Ministry of Foreign Affairs (49%) and an Italian company called GIZA (51%). They were granted around \$40 million by the Italian Government to build their project and are expected to run it at a profit. Among other things they are producing fodder and silage with a sprinkler irrigation system and are feeding cattle in a feedlot. Gisoma expects to export cattle to Yemen soon. It has apparently negotiated a contract for cattle at \$1.30/kg with MECO.

Gisoma's arrangement with the GSDR is as follows: they pay the government rent for the facilities, since it is technically the owner. This is around \$2,500,000 per year. They are also required to pay for all the maintenance, which is around \$1,000,000 per year. Other annual expenses are: direct costs \$470,365, fixed costs \$848,357, and depreciation \$2,339,992. This is a total of \$7,893,704. They pay the rent by giving a share of the export sales to the GSDR. This is calculated to be 41.65% of the earnings derived from the minimum export price. GISOMA, keeps the 40% like other exporters and changes the final 18.35% at the official exchange rate. Any premium earned above the minimum export price can be deposited in external account and used in any legal way desired. The dividends they pay to GIZA and the Ministry of Foreign Affairs are supposed to be reinvested in the project. This is by an agreement in force for the next 20 years.

Dr. Zagenelli, co-ordinator for GIZA Somalia, projects that they will eventually export 20,000 head of cattle and 240,000 head of sheep and goats and hope to earn \$10.7 million. They have not yet started their sheep and goat feeding enterprise. The cattle however, look very good. The Boran bulls are gaining at a rate of 860 grams/day, The Surca at 780 grams/day, and the Dawara and Gazera do 400 to 500 grams. The cost of feed per day is currently SoShs 502/day. Dr. Zagenelli concedes that the cost of gain exceeds the \$1.30/kg price but the profit is in buying bulls when they are cheap and improving their quality. He says they bought the current bunch for 70,000/had. The trader he bought some of them from says he paid 65,000 (this was a number of months ago). They are currently making maize and sorghum silage and supplementing it with a little sesame meal and molasses. Their agronomist, Dr. Bellani, says that he is in the process of planting everything to Elephant Grass (*Panicum Sp.*), Bourgou Grass (*Echinochola*) and for hay he is planting Rhodes Grass (*Chloris sp.*).

Another important factor is that Gisoma apparently has an agreement with the Livestock Marketing and Health Project to quarantine the cattle in their own feedlot. The report "Policy for Certification of Private Feedlots to Quarantine and Export Cattle," April 1989, sets out the proposed guidelines. The precedents that GISOMA has set could provide pointers to the final liberalisation of the livestock export system.

RECENT MEASURES BY GSDR TO IMPROVE EXPORT INCENTIVES

1. Maritime Transport. Until the Government announcement in February 1989 to decontrol all maritime shipping, the Government had regulated maritime transport since 1974. It exercised these powers through the ministry of Marine Transportation, Ports and Fisheries. The Ministry controlled three separate agencies namely, the Somali Shipping Agency and Line, the Somali Shipping Corporation and the Somali Port Authority. The two shipping agencies had powers over all coastal shipping including charters, issuing bills of lading, providing ships' provisions, and preparing arrival and departure manifests. They also issued visas to ships. The centralized system was cumbersome, and caused considerable delay and uncertainty. Delays resulted in additional costs for livestock feeding in holding yards, and the uncertainties had detrimental effects on markets for Somali sheep and goats. These difficulties were compounded as sheep and goat exporters were charged set fees of US\$6 per head for freight from Berbera to Jeddah compared to rates about two-thirds this figure quoted by private companies. The decontrol of maritime shipping will remove the exclusive powers of the agencies mentioned above, result in substantial improvements in shipping transport efficiency, and lower costs for agriculture (particularly livestock exports) and other sectors of the economy.

2. Banking. Until recently, the banking sector consisted of only two Government banks, the Commercial and Savings Bank of Somalia (CSBS) and the Somali Development Bank (SDB). Only one of these banks, the CSBS, has branch offices and accepts deposits. It lends short term (10-12 months). The SDB, which has a centralised management structure, is mainly involved in medium term lending (2-6 years) for development purposes. There is virtually no long term lending. There are many shortcomings in CSBS and the SDB originating mainly from their limited capacity to adequately evaluate loan proposals, monitor use of funds, recover repayments and implement credit ceilings. IDA has provided assistance to SDB in the past to strengthen the institution, but the results fell short of expectations. Subsequently technical assistance has been provided to SDB and CSBS by the Federal German Republic.

In February 1989, the existing banking law was officially amended to allow the establishment of private banks; the Government, with the assistance of the Fund, is in the process of revising the banking regulations. Private banks, when established, are expected first to provide credit services for trading activities, particularly exports, and subsequently perform a wider range of banking.

3. Insurance. In February 1989 the Government officially announced that it had decided to relinquish its monopoly over the insurance services in Somalia. This is a major change which will lead to more competition and efficiency in an area where confidence was seriously eroded. Many trading activities were insured only because of Government requirements, but without any expectation of recouping losses should they occur. Under the new arrangements, private insurance companies will be permitted to establish and operate in Somalia. It is, therefore, also no longer compulsory to use the Somali Insurance Agency for all goods traded to and from Somalia.

4. Specifically related to livestock: Veterinary Drugs and Equipment. It is estimated that about US\$ 4 million worth of veterinary drugs is used by the livestock industry in Somalia at present. In February 1989, the Government officially announced the complete decontrol of all trade in veterinary drugs. Formerly, imports of most of these drugs were through Government channels. The controls created blackmarkets for drugs which were sold at highly inflated prices. Substandard veterinary drugs were also unofficially imported from Kenya and Djibouti. It is anticipated that decontrol of the market, coupled with the availability of private veterinarians to advise on and sell drugs, will result in improved availability of veterinary drugs at open market prices and improved animal health. This, in turn, will help increase production and facilitate exports by addressing the concerns of importers from Somalia who have in previous years complained about the health of Somali livestock. The Government needs to establish the necessary regulations to ensure that qualified importers can be registered in a non-discriminatory fashion and ensure that safety standards are maintained.

Source: See Bibliography, ref.4.

PREMIUM PRICE SCHEDULE FOR EXPORT BANANAS

<u>Percentage Export Quality</u>	<u>Period of demand</u>		
	<u>High</u> 1.	<u>Medium</u> 2. (US\$/ton)	<u>Low</u> 3.
80	310.00	294.00	280.00
81	313.10	296.80	282.80
82	316.20	299.60	285.60
83	319.30	302.40	288.40
84	356.50	325.60	291.20
85	352.70	330.60	294.00
86	365.70	335.40	296.80
87	373.50	339.60	299.60
88	381.30	344.40	302.40
89	384.40	347.20	313.60
90	387.50	850.00	322.00
91	390.69	352.80	324.80
92	393.70	355.60	327.60
93	396.80	358.40	344.40
94	399.90	361.20	347.20
95	403.00	364.00	350.00
96	406.10	366.80	352.80
97	409.20	369.60	355.60
98	412.30	372.40	358.40
99	415.40	375.20	361.20
100	418.50	378.00	364.00

Notes:

1. February, March, April, May, October
2. January, June, September, November, December
3. July, August.

Source: Somalfruit

LIVESTOCK EXPORTERS : MEMBER COMPANIES
OF THE SOMALI CHAMBER OF COMMERCE

COMPANY NAME	CHAIRMAN	ADDRESS	TEL
ABAAR-MOG LIVESTOCK EXPORT CO.	Mohamed Hassan Ahmed	BOX 7726 MOGADISHU	34672
ADLADA LIVESTOCK EXPORT CO.	Ali Isse Mohamed	BOX 1628 MOGADISHU	21926
AFRO-LIVESTOCK EXPORT CO.	Hussein Hassan Ali	BOX 386 MOGADISHU	23601
AI-SAAD LIVESTOCK EXPORT CO.	Isma'il Ahmed Hassan	BOX 1001 MOGADISHU	2690
AL-ALAMI LIVESTOCK EXPORT CO.	Ahmed Ali Hassan	BOX 6999 MOGADISHU	
AL-AMIN LIVESTOCK EXPORT CO.	Farah Abdulle Ejal	BOX A340 MOGADISHU	23577
AL-EHEL LIVESTOCK EXPORT CO.	Abdirahman Sheikh Hussein Adan	BOX 6405 MOGADISHU	22454
AL-FALAH LIVESTOCK EXPORT CO.	Ahmed Haji Mohamed Ahmed	BOX 2094 MOGADISHU	23782
AL-HIJAS LIVESTOCK EXPORT CO.	Warsame Abdulle Yusuf	BOX	
AL-HUSSEINI LIVESTOCK EXPORT CO.	Ahmed Ibrahim Gunje	BOX 99 HARGEISA	2283
AL-ITIHAD LIVESTOCK EXPORT CO.	Gelle Farah Bilal	BOX 9003 ERIGABO	
AL-KHALIJ LIVESTOCK EXPORT CO.	Abdullahi Hashi Burale	BOX 489 HARGEISA	2299
AL-NAJAH LIVESTOCK EXPORT CO.	Sheikh Mohamed Ibrahim	BOX MOGADISHU	23967
AL-NASRI LIVESTOCK EXPORT CO.	Haji Hussein Nur Ali	BOX 393 BURAO	62
AL-NILE LIVESTOCK EXPORT CO.	Mohamed Haji Hussein Warsame	BOX 719 MOGADISHU	21120
AL-ODUS LIVESTOCK EXPORT CO.	Ali Hassan Farah	BOX A490 MOGADISHU	81600
AL-SAAD LIVESTOCK EXPORT CO.	Isma'il Ahmed Hassan	BOX 100 HARGEISA	2690
AL-SADIQ LIVESTOCK EXPORT CO.	Mohamed Abdullahi Duale	BOX 3836 MOGADISHU	23558
AL-SUFII LIVESTOCK EXPORT CO.	Haji Hassan Ejal Osman	BOX 156 BERBERA	
AL-TAYASAR LIVESTOCK EXPORT CO.	Aw Isse Mahin Warsame	BOX 399 HARGEISA	2641
AL-WADAN LIVESTOCK EXPORT CO.	Yusuf Jama Mohamed	BOX 802 MOGADISHU	81384
AL-WAHAB LIVESTOCK EXPORT CO.	Abdirahman Odowa Isse	BOX 6989 MOGADISHU	21702
ALWAGOW LIVESTOCK EXPORT CO.	Abdi Shire Dirie	BOX 386 MOGADISHU	23601
ALOL LIVESTOCK EXPORT CO.	Abdi Jama Mohamed	BOX 167 HARGEISA	2722

LIVESTOCK EXPORTERS
MEMBER COMPANIES
SOMALI CHAMBER OF COMMERCE

COMPANY NAME	CHAIRMAN	ADDRESS	TEL
AMAL LIVESTOCK EXPORT CO.	Mohamoud Mohamed Mire	BOX 332 BURAO	
ANATCO LIVESTOCK EXPORT CO.	Abdi Nur Adan	BOX 723 MOGADISHU	20416
ARTAN LIVESTOCK EXPORT CO.	Mire Artan Ismail	BOX 1468 MOGADISHU	81013
AWDAL LIVESTOCK EXPORT CO.	Nur Mohamed Madar	BOX 409 HARGEISA	2214
BANADIR LIVESTOCK EXPORT CO.	Bashir Sheikh Hussein	BOX 62 MOGADISHU	20971
BANAUL LIVESTOCK EXPORT CO.	Hashi Jama Musse	BOX 529 BURAO	80152
BARKHADLE LIVESTOCK EXPORT CO.	Jama Abdullahi Yusuf	BOX 116 HARGEISA	2383
BARWAQO LIVESTOCK EXPORT CO.	Jafar Mohamed Beder	BOX 1828 MOGADISHU	21926
BEEF LIVESTOCK EXPORT CO.	Abdullahi Dahir Haqi Osman	BOX 7574 MOGADISHU	20519
BERBERA LIVESTOCK EXPORT CO.	Aw Hassan Haqi Omar	BOX 1152 MOGADISHU	23804
BERBERI LIVESTOCK EXPORT CO.	Ahmed Abdi Jama	BOX 578 BERBERA	2194
BIKAL LIVESTOCK EXPORT CO.	Mohamoud Ahmed Hirabe	BOX 2089 MOGADISHU	21620
BODHLE LIVESTOCK EXPORT CO.	Ahmed Bodhle Yusuf	BOX 219 BURAO	61
BULHAN LIVESTOCK EXPORT CO.	Ismail Aw Jama Bultan	BOX 99 HARGEISA	2972
DALEL LIVESTOCK EXPORT CO.	Hussein Dalel Ali	BOX 1071 HARGEISA	2880
DAYAH LIVESTOCK EXPORT CO-OPERATIVE	Ismail Dualeh	BOX 1880 MOGADISHU	81196
DIBIRA-WEIN LIVESTOCK EXPORT CO.	Mohamed Jama Samatar	BOX HARGEISA	2814
DIRIE LIVESTOCK EXPORT CO.	Adan Abdi Derie	BOX 375 HARGEISA	2640
EAST-AFRICAN DISTRIBUTORS & LIVESTOCK CO.	Osman Jama Yusuf	BOX 914 MOGADISHU	22436
ELAYO LIVESTOCK EXPORT CO.	Ahmed Gure Adan	BOX 1292 MOGADISHU	
FAR-ANO LIVESTOCK EXPORT CO.	Abdullahi Yusuf Farah	BOX 56 HARGEISA	2853
FARAH LIVESTOCK EXPORT CO.	Farah Ugas Mumin	BOX 1731 MOGADISHU	23286
FATAH AL-KHEIR LIVESTOCK EXPORT CO.	Gurban Dada Ali	BOX 1109 MOGADISHU	21759

LIVESTOCK EXPORTERS
MEMBER COMPANIES
SOMALI CHAMBER OF COMMERCE

COMPANY NAME	CHAIRMAN	ADDRESS	TEL
GACAN LIBAH LIVESTOCK EXPORT CO.	Abdullahi Haji Hashi	BOX 414 HARGEISA	2456
GALWEIN LIVESTOCK EXPORT CO.	Adan Mohamed Hirabe	BOX 298 MOGADISHU	80389
GEEDEYE LIVESTOCK EXPORT CO.	Abdifatah Mohamed Yusuf	BOX 6664 MOGADISHU	80969
GOBANLE LIVESTOCK EXPORT CO.	Mohamed Shilow Hussein	BOX 1393 MOGADISHU	20991
GOLEY LIVESTOCK EXPORT CO.	Abdi Hassan Geddi	BOX 2093 MOGADISHU	81372
GOLOL LIVESTOCK EXPORT CO.	Abdikarim Haji Osman Mohamoud	BOX 6589 MOGADISHU	35229
GREEN VALLEY LIVESTOCK EXPORT CO.	Farah Ali Shire	Box 310 BURAO	117
GUARDAFU LIVESTOCK EXPORT CO.	Said Osman Ahmed	BOX 1273 MOGADISHU	21608
GUL LIVESTOCK EXPORT CO.	Haji Ali Burale Hassan	BOX	
GULED LIVESTOCK EXPORT CO.	Mohamed Abdullahi Guled	BOX 234 HARGEISA	2936
HABON LIVESTOCK EXPORT CO.	Abdulkadir Mohamoud Abdulle	P.O.BOX	
HAMCO LIVESTOCK EXPORT CO.	Havo Mohamed Ossoble	BOX 3893 MOGADISHU	31817
HANDULEH LIVESTOCK EXPORT CO.	Gabeir Ali Handulle	BOX 281 MOGADISHU	80789
HILAL LIVESTOCK EXPORT CO.	Elmi Dalmar Hersi	BOX 719 MOGADISHU	21126
HODON LIVESTOCK EXPORT CO.	Omar Hassan Adan	BOX 2867 MOGADISHU	22454
HOLOSAM LIVESTOCK EXPORT CO.	Adan Said Ali	BOX 473 MOGADISHU	23838
HORN OF AFRICA LIVESTOCK EXPORT CO.	Ahmed Ali Hassan	BOX 173 HARGEISA	2411
HUBAL LIVESTOCK EXPORT CO.	Ali Abdi Farah	BOX 2300 MOGADISHU	23980
IDMAN LIVESTOCK EXPORT CO.	Ali Farah Yusuf	P.O.BOX	
INTERNATIONAL SOMALI/ARAB LIVESTOCK EXPORT.	Abdiaziz Mohamed Fadil	BOX 2976 MOGADISHU	80208
ISKUDAR LIVESTOCK EXPORT CO.	Mohamed Av Jama Abdi	BOX 983 MOGADISHU	81941
KAHIYE LIVESTOCK EXPORT CO.	Ali Mohamed Kahiye	BOX 6373 MOGADISHU	81372
KEID LIVESTOCK EXPORT CO.	Keid Ismail Dirshe	BOX 136 HARGEISA	26

LIVESTOCK EXPORTERS
MEMBER COMPANIES
SOMALI CHAMBER OF COMMERCE

COMPANY NAME	CHAIRMAN	ADDRESS	TEL
KHADAR LIVESTOCK EXPORT CO.	Mohamed Yusuf Hassan	BOX 2300 MOGADISHU	21300
KHEIRAD LIVESTOCK EXPORT CO.	Ahmed Mohamed Abdalla	BOX 219 BURAO	61
LIBAH LIVESTOCK EXPORT CO.	Ali Abdullahi Ali	BOX 24 GARBAREY	
LIBAN LIVESTOCK EXPORT CO.	Abdi Hasbi Nur	P.O.BOX	
LIBIN LIVESTOCK EXPORT CO.	Nasra Abdissamad Hagi Hussein	BOX 1052 MOGADISHU	22391
MAKHIR LIVESTOCK EXPORT CO.	Ali Hassan Nur	BOX ERIGABO	
MUBARAK LIVESTOCK EXPORT CO.	Abdullahi Ismail Musse	BOX 2772 MOGADISHU	22672
NAQATU-SALAH LIVESTOCK EXPORT CO.	Osman Salad Mohamed	BOX MOGADISHU	
NIMATULLAH LIVESTOCK EXPORT CO.	Ali Mohamed Hassan	BOX BURAO	
NORTH LIVESTOCK EXPORT CO.	Hassan Abdullahi Ali	BOX 97 HARGEISA	2299
NORTH-EAST LIVESTOCK EXPORT CO.	Mohamoud Hagi Farah	BOX 2969 MOGADISHU	21759
ODOWA LIVESTOCK EXPORT CO.	Hussein Odowa Isse	BOX 6989 MOGADISHU	21702
QAMUDA LIVESTOCK EXPORT CO.	Mukhtar Hagi Ali	BOX MOGADISHU	22660
RASUHAL LIVESTOCK EXPORT CO.	Abdi Warsame Farah	BOX A340 MOGADISHU	23577
RED SEA LIVESTOCK EXPORT CO.	Musse Mohamed Ali	P.O.BOX	
SAGAL LIVESTOCK EXPORT CO.	Abdissalan Mohamoud Jibril	BOX 2030 MOGADISHU	22493
SAHIL LIVESTOCK EXPORT CO.	Abdikhalig Ali Dhegaqol	BOX 2841 MOGADISHU	21846
SAHLAM LIVESTOCK EXPORT CO.	Mohamed Osman Farah	BOX 1196 MOGADISHU	81328
SAHO LIVESTOCK EXPORT CO.	Abdi Omar Haid	BOX 1961 MOGADISHU	80969
SAHAG LIVESTOCK EXPORT CO.	Salah Mohamed Mohamoud	BOX 7287 MOGADISHU	
SAS-SAH LIVESTOCK EXPORT CO.	Sheikh Ahmed kabiye	BOX 715 HARGEISA	2368
SEA & LAND LIVESTOCK EXPORT CO.	Abdi Sardheye Ali	BOX 11 MOGADISHU	
SOMALI STAR LIVESTOCK EXPORT CO.	Hassan Hersi Ali	BOX 2122 MOGADISHU	23023
TABARAK LIVESTOCK EXPORT CO.	Abdirisak Omar Moalin	BOX 2285 MOGADISHU	21390

LIVESTOCK EXPORTERS
MEMBER COMPANIES
SOMALI CHAMBER OF COMMERCE

COMPANY NAME	CHAIRMAN	ADDRESS	TEL
TALO-SAM LIVESTOCK EXPORT CO.	Jama Osman Nur	BOX	
TAWAKAL LIVESTOCK EXPORT CO.	Abdullahi Artan Farah	BOX 9070 ERIGABO	
TEYSIIR LIVESTOCK EXPORT CO.	Ali Haji Mohamed Adde	BOX 58 MOGADISHU	22423
TOGSOL LIVESTOCK EXPORT CO.	Jafar Mohamed Ahmed	BOX 1212 BURAO	83
TOWFIK LIVESTOCK EXPORT CO	Said Dahir Haji Omar	BOX 1114 MOGADISHU	716
UGADH LIVESTOCK EXPORT CO-OPORATIVE	Abdi Sheikh Ali	BOX 99 HARGEISA	2277
URUR LIVESTOCK EXPORT CO.	Mohamed Ahmed Abdi	BOX 7302 MOGADISHU	23862
WADAJIR LIVESTOCK & FISHING CO.	Abdullahi Ali Ieed	BOX 1112 MOGADISHU	20380
WADO-KHEIR LIVESTOCK EXPORT CO.	Jama Abdullahi Yusuf	BOX 116 HARGEISA	2386
WAMO ENTERPRISES LIVESTOCK EXPORT CO.	Sharif Abdulkadir Omar	BOX 1317 MOGADISHU	20121
WAMO STAR LIVESTOCK EXPORT CO.	Ahmed Nur Sheikh Hassan	BOX 3495 MOGADISHU	
YASALAAM LIVESTOCK EXPORT CO.	Hussein Garete Hussein	P.O.BOX	
YASIN LIVESTOCK EXPORT CO.	Musse Mohamed Ali	BOX 518 HARGEISA	2950
YONISIA LIVESTOCK EXPORT CO.	Mohamud Yonis Warsame	BOX 433 HARGEISA	2437
YUBAH LIVESTOCK EXPORT CO.	Ismail Abdi Adan	BOX 460 MOGADISHU	20660
ZOMA LIVESTOCK EXPORT CO.	Abdullahi Abdi Amalo	BOX 3466 MOGADISHU	22254

VETERINARY USER FEES

METHOD 2: USER FEE CALCULATION -- SHEEP AND GOATS

DIRECT COSTS

ITEM	AMOUNT REQUIRED PER ANIMAL	TYPE OF UNIT	UNIT PRICE PER ONE UNIT IN SO SH	COST PER HEAD	TOTAL NUMBER OF DAYS OR TIMES USED	TOTAL COST PER HEAD FOR QUAR. PERIOD	EXPLANATION
I. Vaccines							
1. Sheep pox	2 cc		0.25	0.5	1	0.5	Price for vaccines is estimated for handling and replacement charges only because the project has not received a bill for vaccines from the S.V.I.
2. CCFP	2 cc		0.25	0.5	1	0.5	
3. Brucellosis	0.5 cc		5.00	2.5	1	2.5	
						3.5	
II. Drugs							
1. Acaricide	0.008 liter		760	6.08	1	6.08	
(Anti-biotics and antihelmintics are not given regularly during vaccination and health inspection and so are not added into these cost but should be charged separately. The above cost is given as an example of what it would cost per head to include an acaricide in the processing charge.)							
	AMOUNT REQUIRED PER ANIMAL	TYPE OF UNIT	UNIT PRICE PER ONE UNIT IN SO SH	COST PER HEAD	TOTAL NUMBER OF DAYS OR TIMES USED	TOTAL COST PER HEAD FOR INSPECTION PERIOD	EXPLANATION
III. Water							
(Daily req. in liters per animal)	5 liter		0.0132	0.066	2	0.1	This is the pumping charge only.
* IV. Labor (cost/animal)	0.3 min/hd		6	2	3	6	Processing charges. 10 people a day at 300 per person.
V. Feed (grazing cost per head)	1 kilo		0.5	0.5	7	3.5	Estimated value of unharvested grazing per animal.
** VI. Fuel and Lubricants	0.01 liter		6.7	0.067	7	0.469	Estimate of fuel used solely for administering animals excluding pumping costs.
Total of Direct Costs						14	

* Item IV. Amount required per animal defined as the number of minutes per head.

** Item VI. Amount required per animal is defined as a fraction of a liter of fuel required in the 1983 budget estimate.

METHOD 2: USER FEE CALCULATION — CATTLE

DIRECT COSTS

ITEM	AMOUNT REQUIRED PER ANIMAL	TYPE OF UNIT	UNIT PRICE PER ONE UNIT IN SO SH	COST PER HEAD	TOTAL NUMBER OF DAYS OR TIMES USED	TOTAL COST PER HEAD FOR QUAR. PERIOD	EXPLANATION
I. Vaccines							
1. Rinderpest	2 cc		0.25	0.5	1	0.5	Price for vaccines is estimated for handling and replacement charges only because the project has not received a bill for vaccines from the S.V.I.
2. Anthrax	1 cc		0.25	0.25	1	0.25	
3. CBPP	0.5 cc		0.25	0.125	1	0.125	
4. FMD	5 cc		0.25	1.25	1	1.25	
5. Blackquarter	2 cc		0.25	0.5	1	0.5	
6. H. S.	2 cc		0.25	0.5	1	0.5	
						3.1	

II. Drugs (administered in quarantine)

1. Acaricide	0.02 liter		750	15.2	4	60.8
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(Anti-biotics and antihelmentics are not given regularly under quarantine and so are not added into these cost but should be charged separately. The above cost is given as an example of what it would cost per head to include an acaricide in the processing charge.)

ITEM	AMOUNT REQUIRED PER ANIMAL	TYPE OF UNIT	UNIT PRICE PER ONE UNIT IN SO SH	COST PER HEAD	TOTAL NUMBER OF DAYS OR TIMES USED	TOTAL COST PER HEAD FOR QUAR. PERIOD	EXPLANATION
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III. Water

(Daily req. in liters per animal)

	40 liter		0.0132	0.528	22	11.6	This is the pumping charge only.
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* IV. Labor (cost/animal)

	0.3 min/hd		6	2	3	6	Processing charges. 10 people a day at 300 So Sh per person.
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V. Feed (grazing cost per head)

	8 kilo		0.5	4	22	88	Estimated value of unharvested grazing per animal.
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** VI. Fuel and Lubricants

	0.01 liter		67	0.67	22	14.74	Estimate of fuel used solely for administering animals excluding pumping costs.
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Total of Direct Costs

184

* Item IV. Amount required per animal is defined as a fraction of one work day per head

** Item VI. Amount required per animal is defined as a fraction of a liter of fuel from the 1989 budget required to service one head.

CHARGES AND LEVIES ON LIVESTOCK EXPORTS (MOGADISHU - KISMAYU)

	<u>Sheep/Goats</u>	<u>Cattle</u> <u>(SoShs)</u>	<u>Camels</u>
1. <u>Ministry of Finance</u>			
Customs and Harbour Taxes	49	294	490
Stamp duty (2.5% on L/C)	319.2	1,915	2,964
2. <u>Somali Shipping Agency</u>			
Brokerage commission	95	570	950
Agency fee	1	1.5	2.5
3. <u>Ministry of Interior</u>			
Neefkii (Canshuurta Seyladda)	150	300	600
4. <u>Port Authority</u>			
Cargo Handling	1.5	6	9
5. <u>Municipality</u>			
Export tax	1	2	3
6. <u>Chamber of Commerce</u>	0.3	2	3
7. <u>Commercial Bank Commission</u>			
1.3% on L/C value	207	1,245	1,927
8. <u>Livestock Marketing Project</u>	1	5	5
9. <u>Livestock Exporters Board</u>	10	60	100

Source: Ministry of Commerce

**IMPORT TONNAGE DISCHARGED AT THE PRINCIPAL COMMERCIAL PORTS OF THE
KINGDOM OF SAUDI ARABIA DURING 1987**

TYPE OF CARGO	JEDDAH	DAMMAM	JUBAIL	YANBU	GIZAN	TOTAL
1. FOODSTUFFS						
RICE	290,242	237,924	-	1,088	13,663	542,917
MAIZE & DURRA	304,081	241,719	-	11,379	-	557,179
SORGHUM	44,574	-	-	-	10,985	55,509
BARLEY & OTHERS	3,287,208	1,185,405	551,898	1,906,501	565,752	7,496,764
OILS	184,266	11,108	-	-	-	195,374
SUGAR	330,580	96,278	-	-	20,335	447,193
TEA & COFFEE	37,833	8,699	-	-	-	46,532
REFFER & CHILLED	757,930	163,616	-	-	-	921,546
LIVESTOCK	179,057	55,140	-	96	622	234,915
OTHER FOODSTUFFS	976,906	401,466	-	-	-	1,378,372
SUB-TOTAL.	6,392,627	2,401,355	551,898	1,919,064	611,357	11,876,301
2. CONSTRUCTION MATERIALS						
BAGGED CEMENT	2,299	11,021	92	-	1,198	14,610
BULK CEMENT	1,895,560	581,115	446,783	358,055	-	3,281,513
STEEL	470,416	381,994	25,686	4,193	24,924	907,213
TIMBER	388,317	242,154	8,648	-	3,075	642,194
OTHER BUILDING MATERIALS	1,471,176	964,228	39,508	-	39,004	2,513,916
SUB-TOTAL.	4,227,768	2,180,512	520,717	362,248	68,201	7,359,446
3. VEHICLES	269,904	162,926	1,918	11	9,753	444,512
4. EQUIPMENT	124,317	77,641	16,088	-	-	218,046
5. GENERAL CARGO	2,364,766	838,804	252,397	220,989	482	3,677,438
6. TOTAL TONNAGE DISCHARGED	13,379,382	5,661,238	1,343,018	2,502,312	689,793	23,575,743
7. LIVESTOCK (IN NUMBER)						
SHEEP & GOATS	3,894,249	962,889	-	3,229	18,294	4,878,661
CATTLE, CALVES & CAMELS	57,746	3,078	-	-	-	60,824
HORSES	23	-	-	-	-	23
VEHICLES (IN NUMBER)	110,285	34,118	881	4	6,651	151,939

METRIC WEIGHT TONNES

SAUDI ARABIA: LIVESTOCK STATISTICS

Annex 10

IMPORT TONNAGE COMPARISON
1982 - 1987
ALL SEAPA COMMERCIAL PORTS

COMMODITY	1982	1983	1984	1985	1986	1987
FOODSTUFFS	8,698,324	7,481,747	11,751,265	9,936,287	11,236,947	11,876,301
BUILDING MATERIALS	11,456,013	10,953,353	9,344,965	7,548,840	4,998,277	4,063,323
CEMENT	11,457,402	15,354,163	12,905,878	6,216,684	4,687,900	3,296,123
VEHICLES	1,352,342	1,075,681	752,556	632,554	391,573	444,512
EQUIPMENT	520,715	635,294	468,784	326,840	228,994	218,046
GENERAL CARGO	5,256,860	5,392,040	4,835,584	3,878,867	3,591,607	3,677,438
TOTAL	38,741,656	40,892,278	40,059,032	28,540,072	25,135,298	23,575,743
LIVESTOCK (HEAD)						
SHEEP & GOATS	4,187,240	4,506,166	3,859,660	5,169,859	4,657,241	4,878,661
CATTLE, CALVES & CAMELS	178,485	122,433	64,999	64,371	52,429	60,824
HORSES	22	31	10	11	20	23
VEHICLES (UNITS)	521,926	446,225	312,358	265,596	120,370	151,939

NETRIC WEIGHT TONNES

NORTH YEMEN: LIVESTOCK STATISTICSAnimals and Animal ProductionImports in Year
1983 - 1988

Value (1000)

YEAR / UNIT	1983	1985	1987	1988
<u>Cattle</u>				
quantity head	60304		126082	123406
value	55307	124278	228481	211942
<u>Sheep</u>				
quantity head	233465		106979	275777
value	40675	67459	30314	83539
<u>Goat</u>				
quantity head	126388		104919	145666
value	19719	32711	29002	42166
<u>Chicken</u>				
quantity head			296924	15647420
quantity *NT	1802		7485	
value	47735	75669	176709	77201
<u>Beef</u>				
quantity NT	1402		1234	2002
value	15730	32641	16024	26602
<u>Sheep & Goat meat</u>				
quantity NT	372		256	40
value	3796	19982	3068	816

Animals and Animal Production (Cont.)

Imports in Year
1983 - 1988

Value (1000)

YEAR /	UNIT	1983	1985	1987	1988

Chicken meat					
quantity	NT	18374		114	4683
value		54505	21029	719	50522

Offals					
quantity	NT	81		319	392
value		372	116	2788	4359

Canned Meat					
quantity	NT	61		722	97
value		446	1748	9098	2782

84, 86 not available					

LIVESTOCK NUMBERS (HEAD) IN YEAR 1984 - 1988

YEAR	1984	1985	1986	1987	1988
Sheep	2454326	2503392	2553179	2603691	2674002
Goats	1596402	1628317	1660701	1693556	1709000
Cattle	960610	984635	1003603	1023667	1052999
Camel	58998	59600	60202	61399	62600
Local Hens	3231000	329600	4100000	4182000	4266000
Com. Hens	7272000	9740000	13250000	13515000	19166000

ANIMAL PRODUCTION IN YEAR 1984 - 1988

YEARS	UNITS	1984	1985	1986	1987	1988
Red meat	MT	22000	23100	23563	23689	25235
White meat	MT	29834	48698	51000	53000	76664
Milk	1000 MT	100	105	107	108	114
Skins	MT	4350	4437	4526	4594	4709
Eggs	Million	178	215	232	236	255
Wool	MT	2011	2071	2112	2187	2197

RURAL MARKET PRICES FOR ANIMAL
PRODUCTIONS (YR/KG)
YEAR 1984 - 1988

YEAR	1984	1985	1986	1987	1988
Mutton & Lamb	66.18	72.03	86.17	98.21	99.08
Veal	59.86	65.02	81.17	87.80	98.58
Goats Meat	56.94	62.35	87.98	93.75	81.17
Beef	38.71	39.91	50.21	54.06	57.56
Camel Meat	23.94	29.42	39.34	45.93	43.66
Local Hen *	42.18	44.80	50.45	73.91	64.83
Com. Hen	19.27	19.86	22.82	27.32	28.60
Egg +	18.86	25.89	24.08	39.58	38.82

* Yr Per Hen

+ Yr Per 30 Eggs

Source: Agricultural Statistical Yearbook 1988

**VOLUME OF EGYPT'S IMPORTS
OF SELECTED AGRICULTURAL PRODUCTS
CY 1981 - 1987
(UNITS OF MEASURE AS INDICATED)**

COUNTRY/REGION: EGYPT
TRADE TYPE: IMPORTS

SOURCE: FAO/FAS TRADE SYSTEM

PRODUCT OR GROUPING	FAO CODE	UNIT	1981	1982	1983	1984	1985	1986	1987	% CHANGE 1986-87
LIVE ANIMALS.....	1884	:HEAD :	128,276	191,788	345,836	405,028	380,974	287,189	194,743	-32
CATTLE.....	0866	:HEAD :	89,257	120,725	123,104	169,107	72,973	49,484	34,075	-31
CHICKENS.....	1057	:1000 :	2,399	23,778	62,982	83,672	33,000F	18,000F	20,000F	11
MEAT & MEAT PRODUCTS.....	1885	:MT :	228,572	156,120	207,806	267,669	247,656	263,264	225,700	-14
BEEF, FRESH/FROZEN.....	1924	:MT :	108,850	97,047	131,583	156,755	138,272	175,523	142,897	-19
PORK, FRESH/FROZEN.....	2027	:MT :	0	15	1	1	0	0	0	-
POULTRY, FRESH/FROZEN.....	1926	:MT :	82,796	37,580	33,953	60,016	60,738	41,952	43,000	2
ANIMAL FATS.....	1904	:MT :	234,734	220,821	245,104	256,097	216,054	144,602	165,000	14
HIDES & SKINS.....	1898	:MT :	5,726	3,559	3,503	5,083	4,696	5,592	5,255	-6
DAIRY PRODUCTS & EGGS.....	1686	:MT :	118,432	79,782	116,186	149,938	128,316	103,511	140,093	35
MILK, FRESH/DRY/CONDENS.....	1934	:MT :	48,315	28,404	34,702	50,819	34,961	18,988	32,326	70
GRAINS & PREPARATIONS.....	1888	:MT :	6,660,530	6,353,441	7,456,695	7,915,822	8,212,956	7,840,581	8,792,583	12
WHEAT.....	0015	:MT :	3,949,286	3,904,355	4,230,000*	4,520,000*	4,524,000*	4,329,000	5,162,000	19
WHEAT FLOUR.....	0016	:MT :	1,388,796	1,151,001	1,700,000*	1,810,000*	1,780,000*	1,443,000	1,378,000	-5
CORN.....	0056	:MT :	1,289,415	1,296,640	1,523,000*	1,582,000*	1,907,000*	2,028,000	2,200,000	8
RICE.....	1946	:MT :	0	20	0	100	25	0	0	-
FEEDINGSTUFFS.....	1892	:MT :	94,035	175,353	224,116	331,186	381,211	386,378	381,020	-1
OILSEED MEAL.....	1960	:MT :	73,987	111,717	120,468	241,133	279,345	280,757	270,000	-4
SOYBEAN MEAL.....	0238	:MT :	68,487	111,717	120,468	241,133	279,345	280,757	270,000*	-4
OILSEEDS.....	1899	:MT :	29,645	23,568	32,534	37,261	29,027	71,977	104,888	46
SOYBEANS.....	0236	:MT :	13,692	22,671	21,562	5,979	5,000	45,000	66,000*	47
VEGETABLE OIL.....	1905	:MT :	351,546	318,179	356,126	372,447	476,297	474,391	408,038	-14
SOYBEAN OIL.....	0237	:MT :	108,442	30,780	57,180	76,928	28,000*	3,505	8,209	134
FRUITS, NUTS & VEGETABLES.....	1889	:MT :	275,007	243,767	177,146	165,757	135,192	155,605	180,633	16
ORANGES, FRESH.....	0490	:MT :	0	3	0	0	0	0	0	-
APPLES, FRESH.....	0515	:MT :	23,378	21,255	4,635	2,303	1,144	0	0	-
ALMONDS.....	0221	:MT :	813	522	1,110	1,078	1,100*	45	1,150F	2,456
PULSES.....	1954	:MT :	135,206	111,823	57,057	57,174	43,700	67,239	76,000	13
VEGETABLES & PRODUCTS.....	1990	:MT :	222,464	189,558	126,465	135,589	118,112	144,734	169,729	17
ALCOHOLIC BEVERAGES.....	2000	:MT :	71	0	2	1	0	236	255	8
WINE & VERMOUTH.....	1966	:MT :	0	0	2	1	0	0	0	-
BEER.....	1967	:MT :	0	0	0	0	0	236	255	8
SUGAR & HONEY.....	1890	:MT :	648,893	713,894	744,640	832,049	668,735	686,535	560,810	-18
COFFEE, TEA, COCOA, SPICES.....	1891	:MT :	39,747	49,908	58,785	53,189	52,920	70,120	74,596	5
COTTON.....	0767	:MT :	0	0	0	0	29,000*	21,000*	14,000*	-33
TOBACCO & PRODUCTS.....	1896	:MT :	33,251	44,693	50,877	51,885	45,468	46,533	43,294	-7
TOBACCO LEAF.....	0826	:MT :	32,471	42,636	49,028	48,940	43,552	46,272	42,259	-9
CIGARETTES.....	0828	:MT :	766	2,047	1,832	2,936	1,905	234	1,000F	327
TOTAL AGRICULTURAL PRODUCTS:	1882	:MT :	8,933,242	8,629,065	10,074,424	10,898,922	11,102,383	10,665,548	11,404,389	7
BULK COMMODITIES.....	1600	:MT :	5,514,913*	5,455,902*	5,958,337*	6,302,290*	6,654,291*	6,687,245*	7,750,998*	16
INTERMEDIATE HIGH-VALUE.....	1603	:MT :	2,727,218*	2,583,814*	3,308,334*	3,652,906*	3,600,969*	3,230,663*	2,967,410*	-8
CONSUMER-ORIENTED HI-VAL:	1604	:MT :	691,111*	589,349*	807,753*	941,726*	847,623*	747,640*	685,981*	-8

EGYPT: LIVESTOCK STATISTICS

Annex 12

VALUE OF EXPORTS IMPORTS
OF SELECTED AGRICULTURAL PRODUCTS
CY 1981 - 1987
(UNITS OF MEASURE AS INDICATED)

COUNTRY/REGION: EGYPT
TRADE TYPE: IMPORTS

SOURCE: FAO/FAS TRADE SYSTEM

PRODUCT OR GROUPING	FAO CODE	UNIT	1981	1982	1983	1984	1985	1986	1987	CHANGE 1986-87	
LIVE ANIMALS.....	1884	:1000\$:	54,673	128,845	173,580	198,860	181,162	96,874	112,463	!	16
CATTLE.....	0866	:1000\$:	39,801	87,256	90,066	86,250	49,390	31,887	42,087	!	37
CHICKENS.....	1057	:1000\$:	2,099	15,696	30,056	40,979	13,851	6,236	6,500F	!	4
MEAT & MEAT PRODUCTS.....	1885	:1000\$:	345,726	253,163	259,440	360,505	310,382	383,699	370,667	!	-3
BEEF, FRESH/FROZEN.....	1924	:1000\$:	166,950	167,619	165,183	207,808	170,841	233,093	240,000	!	3
PORK, FRESH/FROZEN.....	2027	:1000\$:	0	55	3	4	0	0	0	!	-
POULTRY, FRESH/FROZEN.....	1926	:1000\$:	117,481	52,107	28,018	67,800	75,614	72,830	72,000	!	-1
ANIMAL FATS.....	1904	:1000\$:	122,359	115,115	113,120	140,745	104,065	78,428	93,000	!	19
HIDES & SKINS.....	1898	:1000\$:	7,973	4,509	4,713	7,550	8,539	10,226	9,660	!	-6
DAIRY PRODUCTS & EGGS.....	1886	:1000\$:	215,480	167,519	226,668	288,836	256,584	226,699	265,830	!	17
MILK, FRESH/DRY/CONDENSED.....	1934	:1000\$:	74,841	63,364	61,136	86,838	68,988	58,865	65,430	!	11
GRAINS & PREPARATIONS.....	1888	:1000\$:	1,717,155	1,570,129	1,474,236	1,699,720	1,687,306	1,414,430	1,408,229	!	-0
WHEAT.....	0015	:1000\$:	969,000*	940,950*	931,000*	892,000*	947,000*	844,200*	906,000F	!	7
WHEAT FLOUR.....	0016	:1000\$:	429,000*	325,000*	315,000*	477,000*	446,000*	322,000*	303,000*	!	-6
CORN.....	0056	:1000\$:	314,091	300,234	221,000*	324,000*	290,000*	239,000*	189,000*	!	-21
RICE.....	1946	:1000\$:	0	24	0	42	44	0	0	!	-
FEEDINGSTUFFS.....	1892	:1000\$:	43,890	63,389	87,240	127,136	121,180	148,629	151,018	!	2
OILSEED MEAL.....	1960	:1000\$:	29,936	34,548	43,139	77,011	76,758	90,748	91,000	!	0
SOYBEAN MEAL.....	0238	:1000\$:	27,398	34,548	43,139	77,011	76,758	90,748	91,000	!	0
OILSEEDS.....	1899	:1000\$:	20,323	9,250	19,200	33,573	18,105	35,536	48,471	!	36
SOYBEANS.....	0236	:1000\$:	5,336	8,645	7,845	2,175	1,602	10,853	16,700*	!	54
VEGETABLE OIL.....	1905	:1000\$:	256,770	196,425	198,930	298,364	360,725	293,272	251,957	!	-14
SOYBEAN OIL.....	0237	:1000\$:	77,987	18,518	32,202	54,831	17,800F	3,980	8,500*	!	114
FRUITS, NUTS & VEGETABLES.....	1889	:1000\$:	125,694	130,131	129,092	101,610	94,355	112,307	118,674	!	6
ORANGES, FRESH.....	0490	:1000\$:	0	1	0	0	0	0	0	!	-
APPLES, FRESH.....	0515	:1000\$:	16,776	14,561	3,407	1,544	772	0	0	!	-
ALMONDS.....	0221	:1000\$:	1,844	987	2,043	2,061	2,100*	342	2,200F	!	543
PULSES.....	1954	:1000\$:	32,353	49,376	31,592	22,794	21,000	37,000	27,000	!	-27
VEGETABLES & PRODUCTS.....	1900	:1000\$:	77,071	86,816	81,396	70,990	72,374	101,702	102,230	!	1
ALCOHOLIC BEVERAGES.....	2000	:1000\$:	0	10	43	6	0	413	529	!	28
WINE & VERMOUTH.....	1966	:1000\$:	0	0	43	6	0	0	0	!	-
BEER.....	1967	:1000\$:	0	0	0	0	0	413	529	!	28
SUGAR & HONEY.....	1890	:1000\$:	432,469	222,999	194,271	212,159	139,249	215,404	147,070	!	-32
COFFEE, TEA, COCOA, SPICES.....	1891	:1000\$:	81,664	115,149	129,331	134,094	167,045	197,549	219,554	!	11
COTTON.....	0767	:1000\$:	0	0	0	0	43,622	35,000*	25,000*	!	-29
TOBACCO & PRODUCTS.....	1896	:1000\$:	104,747	150,184	195,072	221,369	208,879	190,719	197,377	!	3
TOBACCO LEAF.....	0826	:1000\$:	92,919	114,146	162,569	165,798	168,417	186,716	180,000F	!	-4
CIGARETTES.....	0828	:1000\$:	11,684	35,835	32,180	55,257	40,242	3,631	17,000F	!	368
FOREST PRODUCTS (NON-AG).....	1877	:1000\$:	572,630	531,247	568,845	648,829	782,361	822,924	815,193	!	-1
TOTAL AGRICULTURAL PRODUCTS.....	1882	:1000\$:	3,635,538	3,216,715	3,303,658	3,925,539	3,846,692	3,585,524	3,576,276	!	-0
BULK COMMODITIES.....	1600	:1000\$:	1,514,090*	1,534,635*	1,484,416*	1,563,686*	1,652,221*	1,563,126*	1,595,471*	!	2
INTERMEDIATE HIGH-VALUE.....	1603	:1000\$:	1,362,828*	1,074,241*	1,120,017*	1,490,752*	1,419,992*	1,221,966*	1,124,248*	!	-8
CONSUMER-ORIENTED HI-VAL.....	1604	:1000\$:	758,620*	607,839*	699,225*	871,101*	774,479*	800,432*	856,557*	!	7

INTERNATIONAL LEATHER GUIDE

091 41626 Telex 50965
 Man Dir. Kilian Lannen
 Exporters of Irish hides and skins
 Employees 28
 MBHS/1 2 8 9 [K]

Lannen, Paul & Son
 Ballinacree, Dungarvon, Co
 Waterford
 058 42308
 Domestic hides, sheepskins
 MHF/8 [W]

Lyons, M. J. & Sons Ltd
 Richmond Mills, Clondra, Longford,
 Co Longford
 043 46711, 41435 & 46802 Telex
 33609

McAleer & Sons Ltd
 The Quay, Westport, Co Mayo
 Westport 24
 Man Dir. Gerald S. McAleer
 Tanners of lambskin rugs and
 shearings
 Employees 11
 M/B [X]

McCarthy, John J. & Co Ltd
 Cathedral Place Limerick, Co
 Limerick
 H [H]

McCarthy, Richard, Ireland Ltd
 28 O'Curry St. Limerick, Co Limerick
 061 315540/316706 Telex 70751
 Man Dir. R. M. McCarthy
 Exporters of Irish machine pulled wet
 salted cattle hides and sheepskins
 MBHF/2 8 9

Murphy, John J. & Co Ltd
 55 Shanahan St. Cork, Co Cork
 021 304001
 Man Dir. Barry D. Murphy
 Native wool hides and skins
 Employees 8
 MHS-2 8 [X/M X/X/M/]

Oliver, James & Sons Ltd
 Killeen, Magenny, Athy, Co Kildare
 0503 45272
 Telex 265871 MONREF G Ref EIM
 349
 Man Dir. James J. Oliver
 Domestic wool hide and skin
 merchandising and fellmongering
 Employees 12
 MHF/2 8 9

Phoenix Hide & Skin Co Ltd
 2 Nutley Rd. Dublin 4
 691158 Telex 91077
 Man Dir. Aidan Dunn
 Machine flayed, factory hides,
 slaughtered calf, sheepskins, wetblue
 crust
 Employees 25
 MH/2 3 4 5 6 8 9 10

Ronan, John & Sons Ltd
 Durlleys Mills, Coleville Rd. Clonmel,
 Co Tipperary
 052 22599 Telex 80710 Fax 052
 22892
 Man Dir. Thomas J. Ronan
 Wetsalted cattle hides and
 sheepskins from Ireland
 Employees 210
 HF/1 2 3 4 9

Ronan Leathers Ltd
 Durlleys Mills, Coleville Rd. Clonmel,
 Co Tipperary
 052 22599 Telex 80710 Fax 052
 22892
 Man Dir. Thomas J. Ronan
 Salted sheepskins and pickled pelts
 from Ireland
 HFF

Ronan Sheepleathers Ltd
 Durlleys Mills, Coleville Rd. Clonmel,
 Co Tipperary
 052 22599 Telex 80710 Fax 052
 22892
 Man Dir. Thomas J. Ronan
 P

Sheehy, P. (Killorglin) Ltd
 Bunnahow, Dummahreen, Killorglin,
 Co Kerry
 056 61125
 Man Dir. Patrick B. Sheehy
 Purchasing hides & sheepskins from
 vicuallers etc. & exporting fleeces
 wool
 Employees 5
 MB/2 8 [H]

Thornes & Co Ltd
 Wards Hill, Mill St. Dublin, Co
 Dublin
 754128
 H [Y]

Waterford Hide and Skin Market
 Lower Knockhouse, Gracedieu,
 Waterford, Co Waterford
 74131, 74788
 Man Dir. Nicholas Quinlan
 Employees 6
 MH-2 8 [R]

Israel

Glikson, Abraham
 PO Box 398 Tel Aviv 61000
 972 3 259741 Telex 341118 Ext
 Appl. 5411
 Employees 3
 MHB/1 2 3 4 5 6 8 9 10

Hollander & Co Ltd
 PO Box 1011 94 Allenby Rd. Tel
 Aviv 61009
 03 623511 Telex 341223
 Hides, skins and leather from North
 and South America, Africa, Australia
 Europe and other sources
 MB

Trader, importer and agent of leathers
 from
 Employees 1
 MB/1 3 4 5 6 7 8 9 10

Bertozzi (Conceria) & C srl
 Via del Melaccio 5 56029 S. Croce
 sull'Arno PI
 0571 30865
 Best hides for shoes and bags
 Employees 10
 P

Betapelli Snc
 Via Soderini 35/A, 20145 Milan
 02 425756 Telex 332850 BETAP
 I

Man Dir. K. Wesemann
 Hides and skins in raw, pickled
 wetblue and crust condition
 Employees 4
 B/1 2 3 4 5 6

Betto Gianna Toscana srl
 PO Box 123 21 Via Toscana 56029
 Santa Croce sull'Arno, Pisa
 0571 34936 Telex 500360 50020

Biadene, Ladislao
 Via CR Ceccardi 4/14 16121
 Genova
 010 580368
 Man Dir. Ladislao Biadene
 Hides and skins
 Employees 3
 MB/1 2 3 4 5 6 [L B]

Big Pelli Snc di Bighellini Celeste
 & Figli
 Mantova 46100
 0376 360672 Telex 307223
 BIGPEL I Fax 0376 220405
 Import hides and skins from China
 India, Bangladesh, Pakistan,
 Indonesia and Brazil
 Employees 7
 M

Blucromopelli SpA
 Via 5 Strada 9, Zona Industriale
 36071 Arzignano VI
 0444 671087 & 673506 Telex
 480897 LACOPE I
 President Antonio Ciniello
 Hides and skins raw, wetblue, semi
 finished selected to customers
 requirements
 Employees 10
 M/1 2 4 5 7 10 [BCP]

BOCCIARDO AGENCIES SRL
 Piazza Leonardo da Vinci 5, 8
 16146 Genova
 (10) 398801 (A R) Telex
 271605 & 275548 PIBOC I Fax
 (10) 369405
 Man Dir. Ugo Sanna, Franco
 Sanna, Roberto Lagostena,
 Giulio Aquila (Hides)

Italy

ABC Leather Snc
 Piazza Filiberto 2/3, 56029 S. Croce
 sull'Arno PI
 0571 32778/9 Telex 501226
 ABCLTR I
 Hides and skins service agency
 B

Aldo Mazzanotte
 Via del Mascherino 63 69 00193
 Rome
 06 6565884

Ammendola, Antonio
 via Cuore umor di Milano 12/A 20141
 Milan
 02 8439916

Andritol di A. Baronti
 49A Via Provinciale Francesca Nord
 56029 Santa Croce sull'Arno, PI
 0571 32727-8 Telex 590104
 ANDREA I

Arcapelli
 Largo Della Frangola Rossa 13 56029
 Santa Croce sull'Arno, Pisa
 0571 33641 4 Telex 590046 I
 Man Dir. Ralph A. Arnold
 Hides and skins from all origins in
 raw, pickled, wet blue, vegetable
 crust and finished condition
 Employees 4
 B/1 3 4 5 6

Artigiana Pelli srl
 Via Fontana 1, San Severo
 0882 21996

Assouad, Roberto R
 Corso Firenze 10 2 16126 Genova
 010 208 466 Telex 271436 ASSOU I
 Man Dir. Roberto J. Assouad
 Hides and skins from West Africa,
 Tanned pigskins from Japan and
 China
 Employees 3
 MB/1 3 4 5 6 [R A]

Balbi Costante
 Via Carducci 5 20 20121 Genova
 010 565133 & 595818
 Man Dir. Costante Balbi

Fimed sas
 VIA S. LUCIA 133-NAPLES (ITALY)
 Tel: (081) 40.34.81
 40.55.87
 Telex: 722299 FIMEDI
 Facsimile No: 081-40.55.87
 BUYING & SELLING AGENTS
 BROKERS
 FOR
 RAW SKINS TO FINISHED LEATHER
 Market & Product Research

Hides and skins from Italy, Iran,
UK, New Zealand, Australia,
Germany, USA and all the world
Employees 25
MB 1 2 3 4 5 6 7 8 9 10 (BCO)

Bonora, Luigi di G Bonora
Via Zanardi, 2 nono 40131 Bologna
051 521400

CIM Pelli & Derivati srl
Via N Sauro 56024 Ponte a Egola
PI
0571 49193 497828 & 499594
Telex 500379 MAPEL I
M

Casazza, Renato
62010 Morrovalle Stazione, MC
0733 58858

Caipemsa Rappresentanze
Via M Macchi 41 20124 Milano
02 200252

CENTROPELLI 2 SRL
Via degli Scalini 6, 40136
Bologna
051 333105 Telex: 520613 I
Fax: 051 581037
Tanners, merchants, exporters of
fashion leather for shoes,
handbags, garments and
upholstery throughout the
world
TM/1 2 3 4 5 6 (CENTROPELLI,
PATENT)

Cinghialimpex srl
Via Tantarini 15, 20136 Milan
02 8397517

Co. Mar Pelli
Via Etipiense Nord, 63014
Montegranaro
0734 88502

Cogolo (Conceria) SpA
Via R Cogolo 37, 33050 Zugliano,
UD
0432 2751 Telex 450150
COBOR I
Fax 0432 275319

Comest Italiana SpA
Via Emilia Parmense 39 29017
Fiorenzuola d Arda PC
0523 943220 Telex 530108
COMEST I

Commissionaria Europelli SpA
Via delle Ande 10, 20151 Milan
02 3088283 Telex 316621
COMPE

Coruzzi, Vittorio
Via Plinio 11 20129 Milan
02 225707

Covini, Mariq
C sn Garibaldi 46 20121 Milan
02 874029

Dragon Italiana srl
Viale Faenze 26/2 20142 Milan
02 81 34 825 Telex 314359
DRAGON I
Man Dir Rag Giulio Spozio
Dealers of pigskins raw and tanned
imported from Japan & Yugoslavia
Employees 8
1

Oucapelli
Via Leonardo de Vinci, 56024 Ponte
a Egola PI
0571 33141

ESSEPI srl
Cassa Garibaldi 1, 36071 Arzignano
VI
0444 67 13 55 Telex 481546
ESSEPI I Fax 671405
Hides and skins, wet salted, wet blue
and crust
Employees 7
B

Esselle srl
Viale Cini Zugna 1 20144 Milan
02 4817072 4817139 Telex
332101 Essell I
Man Dir S Legziel
Goat and sheepskins from all origins
M/1 3 4

Eugenio Zanchi
Via Rezia 4 int. 20135 Milan
02 592442

Europelli srl
Via Montevecchio 3 10128 Turin
011 546727 & 518021 Telex
221677 Giusta I
Man Dir Domenico Giusta
M/1 2 3 4 5 6

Faeda Conceria Valle Chiampo
SpA
Largo O Mazzocco 8 36072
Chiampo VI
0444 624844 Telex 341133
CELFAE I
Calf and cow hides nappa effect, oil
tanning, stuffing drum or smooth for
footwear and leather goods
Employees 154

Fellah & C Sn :
Via Crocelisso 27, 20122 Milan
02 8376151 Telex 312573
FELLAH I
Goatskins and sheepskins from Africa
and Asia in raw and wet/blue chrome
Employees 15
MH

FIMED sas di Luca Fiorentino &
Co
Via S Lucia 133, 80132 Naples
081 403461 & 405587 Telex
722299 FIMED Fax 081 405587
Man Dir Di Luca Fiorentino
Hides skins from various origins from
raw to processed
Employees 1
B/1 3 4 5 7 8

Fontana Grafica srl
Via Cernobbio 2 20158 Milan
02 370581 Telex 330409 FOGRAF
I

Fresco, Pelli Sas
Via Dezza 25, 20144 Milan
02 469344 Telex 332198 I
Man Dir Vittorio Haddad
Importers of goatskins and
sheepskins from Africa, China,
Bangladesh, Yemen and Nepal
Employees 7
M/1 3 4 5

Gabai, Nissim
Corso Umberto 311, 80138 Naples
081 209257 Telex 720346 GABA I
Man Dir Nissim Gabai
Lamb, sheep and goatskins from all
origins
MB/1 2 3 4 8

Gerolimetto SA di Gerolimetto
Flli & C SpA
Via Nazionale 177, 36050 Belvedere
di Tezze, VI
0424 560104 Telex 480210 Gerpel
I
Man Dir Claudio Gerolimetto
Collect of hides and skins from North
Italy
Employees 54
M/2

Getraco srl
Via Settembrini 27, 20124 Milan
02 6694110

Giacometti, Sergio & C Sas
P zza Napoli 38, 20146 Milan
02 478895

Giannoni Pelli srl
PO Box 62, San Donato-San Miniato,
PI

Cowhides,
consultancy
and
technological
supplies.



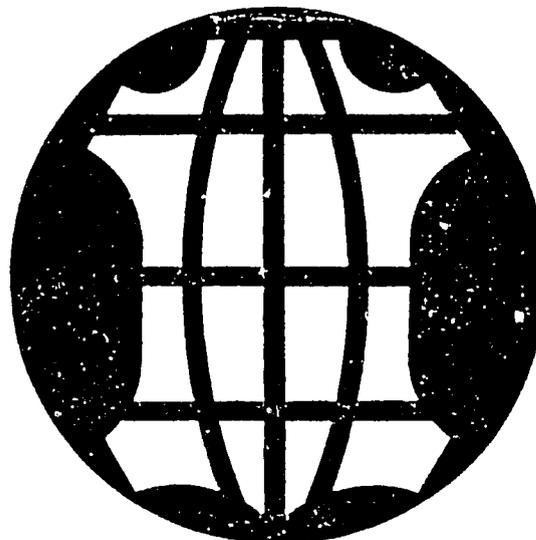
Cogolo

33050 Zugliano
Udine, Italy
telephone 0432.2751
telex 450150 COBOR I
telefax 0432 275319

33058 San Giorgio di Nogaro
Udine
telephone 0431.65381

10099 San Mauro Torinese
Torino
telephone 011.2053361
telex 221048 COR I
telefax 011.2734584

65100 Pescara
via Ombrone 2/4
telephone 085.51306 - 51435
telex 600030 COR I
telefax 085.57376





Sheep and Lamb nappa for clothing from ITALY ?
contact:

POLITAN di D'ALESSIO EUGENIO
(Agents and Merchants)

Telephone: 0825/582914

Telex: 722350 POLTAN I

Fax: 0825/583968 (Att. POLITAN)



0571 33141 Telex 500330 GIPEL
Raw, wetblue, semi-finished hides,
skins and splits from all over the
world
Employees 6
MBH/1 2 3 4 5 6 7 8 9 10

Giusta, Domenico
Via Montevicchio 3, 10128 Turin
011 546727 & 518021 Telex
221677 Giusta I
Man Dir Domenico Giusta
Employees 1
M/1 2 3 4 5 6

Globepel di Bagni e Benvenuti
snc
Via Curtatone e Montanara 56,
56024 Ponte a Egola, PI
0571 497945/6 Telex 590593
GLOBEP I
Agents for all kinds of European and
overseas hides and skins, raw, wet
blue, crust, finished
Employees 1
B/1 2 3 4 5 6 7

Gradopel srl
Via S Gimignano 2, 20146 Milan
02 4151248/49 Telex 332208
Grado I
Man Dir Domenico Grattarola
Brokers in hides and skins
Employees 3
B/1 2 3 4 5 7

Hasenbohrer, A
Via D Bello 9, 8100 Novara
0321 28089 Telex 200426
NOVAEX

Hollander srl
Via Brunico 21, 21100 Varese, VA
0332 331040 Telex 311217
HOLLMI I Fax 0332 331050
Sales Mgr Luigi Carzola
Hides and skins from every origin
M/1 2 3 4 5 6 7 8 9 10
Branch
Piazza Campo Marzio 10, 36071
Arzignano, VI
0444 674188 Telex 480697
HOLLIT I Fax 0444 674635

IBA di Italo Nemni
Via San Vittore 38A, 20123 Milan
02 4690228 & 4697533 Telex
316340 IBANEX I
Man Dir Italo Nemni
Import goatskins sheepskins raw,
pickled and wet-blue crust from all
origins Export: finished leather-
lining/upper
Employees 3
M/1 3 4 5

INTRAPELLI SRL
Via Franco Tosi 2, 20143 Milan
02 4223380, 4225559 f. 4229859
Telex: 334028 I
European/Extra European raw,
wet-blue, semi-finished hides &
skins
Employees 4
B/1 2 3 4 5 6

Italcei SpA
Via M Macchi 35, 20124 Milan
02 6709006

Kauffmann di Kauffmann R &
Co Sas
Via N Battaglia 32, 20127 Milan
02 2853135

Lari Fratelli SpA
Casella Postale 325 Via Giovanni
Rinaldi 105, 42100 Reggio Emilia
0522 73847 Telex 530015 I
Man Dir Gino Masini
Collection and salting of raw beef
hides and skins with trade
Employees 100
MP/2 3

Leather 22
Via Comerio 3, 20145 Milan
312835

Levante Di Levi Isak Sas
Via Borromei 1/A, 20123 Milan
02 877349 & 878050 Telex
312558 Levant I
Man Dir H M Levi
All kinds of finished skins from UK,
France, Italy, Spain, USA, Japan

New Zealand pickled grains
M

Luzzatto, Paolo
Via S Eulemia 19, 20145 Milan
02 6709006

Manginelli srl Im-Ex
Via Alfonsine 30, PO Box 69, 56029
S Croce sull'Arno, Pisa
0571 33261 Telex 500203 Mapell
I Fax 0571 34674
Man Dir Paolo Campolmi
Leather import export agents from all
world to all world raw, tanned
semitanned, wet-blue, exotic skins
Employees 2
B/1 3 4 5 6 7 8 10

Mapel & C srl
Via N Sauro 51, 56024 Ponte a
Egola, PI
0571 49193 497828 & 499595
Telex 500379 MAPEL I
Man Dir Luciano Matteucci
M

Marchiondelli, Attilio di Cesare
Marchiondelli
Via G Watt 12, 20143 Milan
02 470921

Marpelli Arzignano snc di V.
Martelli, P. Catastini, G.
Spagnolo
PO Box 6, Via Campo Marzio 12,
36071 Arzignano Vicenza
0444 672366 Telex 480310
MARPAR I
Agents in Italy for all kinds and
origins of hides and skins, raw
pickled, wet blue, crusts and splits

Marti Sas di Binaghi
Via S Michele del Carso 10, 20144
Milan
02 432528

Martinengo Pelli Grasse
Valgera 110A, 14100 Asti
0141 53866/67
M/2

Martirani Bros srl
Via Chiara 138, 80121 Naples
081 400944 Telex 710315 MARTI
I
Hides and skins and tanning
machines
Employees 1
MB/1 2 3 4 5 10

Matelli, Guido & C Sas
Piazza Borromeo 10, 20123 Milan
02 80 58 123 & 80 59 784 Telex
332298 MATELL I
Man Dir Francesco Matelli
Raw hides and skins wetblue and
crust leather
Employees 3
B

Mazzotte (Conceria) Sas
Via Monterosa 76, 20149 Milan
02 432072 Telex 310677
ASLOMB I

Meucci & Tamburini srl
Via Tozzetti 28/A, 50144 Florence
055 355331

Mipeli di S. Terrazzini
Via Montecatini 14, 20144 Milan
02 428776

Monfrini, Giuseppe
Viale Coni Zugna 19, 20145 Milan
02 432703

Moos, Ernesto R.
Via Corridoni II, 20122 Milan
02 798078 Telex 846011 ERM CH
Man Dir Ernesto R Moos
Hides, skins, raw, pickled, wet blue,
semi tanned, worldwide
Employees 6
MB/1 2 3 4 5 6 7 9 10 [ERMOS]

Newpel
P.zza F.lli Cervi 2/3, 56029 S Croce
sull'Arno, PI
0571 32778/9 Telex 590046 I
Man Dir Renzo Carrari
Hides and skins wet-salted crust
and finished leathers of all origins
Employees 1
M/1 4 5 [NEWPEL]

Nord Pelli Sas
Via Brembo 27, 20139 Milan
02 5692850 Telex 334138
NORPEL I

OR IN PEL Sas
Via San Vittore 14, 20123 Milan
02 871979 Telex 312018 Orinpel I
Man Dir Elia Bianga
Comm Dir David M Bianga
All types of hides and skins from all
origins
Employees 12
MB/1 3 4 5 6 7 8 9 10

Organizzazione Giancarlo
Luzzatto Srl
Via Monte Rosa 36, 20149 Milan
02 49 88 079 Telex 332147
Luzato I Fax 02 481681
Chm Giancarlo Luzzatto
Skins from UK, France, Italy, Spain,
USA, Japan and NZ
Employees 7
MB

Pardi, G P B di A
Via Brignole de Ferrari 6/10, 16125
Genova
010 207 790 & 299 698 Telex
270130 I
Man Dir Alberto Pardi
Sheepskins and hides from Australia,
South Africa and Argentina
B

Paudice F.lli di S. Re.
Via D Marsavi 1-7, 80142 Naples
081 201440

Pellami, Enrico Atti & Figli Sas
Via Reva Reno 54, 40122 Bologna
051 558700

Pellami Nord Sud SpA
Via Donizetti 13, 27029 Vigevano
0381 84233

Pellimport srl
Via Cantore 8H/46, 16149 Genova-
Sampierdarena
010 454001, 454218 & 454025
Telex 270626 Pelli I
Man Dir Dr Edgardo Loewy

INTERNATIONAL

**Leather
Guide**

1989

The most comprehensive guide
to the industry

WIPELLI S.S.S. di WILLI HILL & C.

Via Righetto 4

I - 36072 CHIAMPO (VI)

Tel. 0444/68.59.36 & 62.52.41

Telex: 434101 INTLEA I. Fax: 0444-62-57-43

★

★ SPLITS FOR ALL USES IN
★ WET BLUE - CRUST and
★ FINISHED STATE.

★

Employees 7
B/1 3 4 5 6**Pietro Corsi & C srl**
Via Patrucco 19/11, 00151 Roma
06 5896638**PLURIPPELL (Agency) sas of**
Patrizio Cioni & Co
PO Box 12, Via della Pace 3, 56024
Pontre a Egola, PI
0571 49362 Telex 590376
PLUPELL I
Hides and skins agency
B**Politan di d'Alessio Eugenio**
Via Della Libertà 22, 83029 Sotofra
AV
0825 582914 Telex 722350
POLITAN I
Man Dir. E d'Alessio
Merchant and agent for pickled
wetblue crust skins (sheep & goat)
from every country clothing leather
sheep lamb nappa
Employees 3
MBP/1 2 3 4 5 6 7 8 9 10
[POLITAN]**Portolano Pelli Snc di Fortunato**
Portolano & C
Via Buonarroti 6, 20016 Pero
02 3531838**Pravettoni, Roberto**
Via Brioschi 56, 20141 Milan
02 8433033**Reberpelli snc**
Via del Busco 12, 56029 S Croce
sull'Arno, PI
0571 30851 & 30092 Telex
500064 Reber I Fax 0571 35112
Man Dir. Franco Berti
Hides and skins in raw wet blue
crusts and finished leather
Employees 9
B.3 4 5 8**Ruffo Francesco & Figli SpA**
Via F. Gioia Z A I, 37100 Verona
045 504844 Telex 480330 RUFO
V R I**Savapeli snc di Valerio Martelli &**
Co
Via Niccolò Copernico 20/A, 56029
S Croce sull'Arno, PI
0571 34321 Telex 590452
SAVAPEL I Fax 0039 571 31972
Jr Man Dir. Valter Ceccatelli Sandra
Ranfagnì
Hides and skins from India, Pakistan
and Bangladesh semitanned
semifinished and finished full
chrome semichrome and vegetable**Employees 2**
B/1 2 4 5 6 7 8**Scontrino Agostino Ivan**
Via S. Maria Vullu 2, 20123 Milan
02 804027**Siderpelli Sas di Biscardi Giorgio**
C.
BP 123, Via Toscana 21, 56029
Santa Croce sull'Arno, PI
0571 32390**Space Sas**
Corso Svizzera 185, 10149 Turin
011 74 13 024 Telex 212551
SPACE I**SUPERPELLI di Pouyau Dit**
Norou & C Sas
Piazza del Popolo 7, 56029 S Croce
sull'Arno, PI
0571 33280 Telex 500105
SURPEL I Fax 0571 34015
Man Dir. Martine Pouyau Dit Norou
Hides and skins from Bangladesh
India, Pakistan, Shearings from
Spain
Employees 1
B/4 5 8**Tagliabue, Mino**
Via Fontana 16, 20122 Milan
02 5457642**Tamborini, Umberto**
Via Abruzzo 10, 51016 Montecatini
Terme, Pistoia
0572 72826 & 0332 284148 Telex
326634 TAMBO I
M/1 3 4 5 8
Branch
Via San Vito Silvestro 55, 21100
Varese**Viterbo & Co**
Via Bogine 15, 10123 Turin
011 550018**Wipelli sas di Willi Hill & C**
Via Righetto 4, 36072 Chiampo, VI
0444 685936, 685500/625241
Telex 434101 INTLEA I Fax 0444
62 57 43
Owner Willi Hill
Splits for all uses in wet blue crust
and finished
M/2 4 5 6 10**Z A R T srl**
Piazzale Degli Appennini 7, 63018
Porto Sant'Elpidio, Ascoli Piceno
0734 993277 & 993118 Telex
561412 ZART I
Import export leathers
Employees 10
M/1 3 4 5 6 7 8 9 10**Zambruni, Renato**
Via Val di Fiemme 11, 20128 Milan
02 2575400**Horishita & Co Ltd**
7-31 Bannan 1-chome, Nishinari-ku,
Osaka
661 8801-8**IBP Inc**
Toranomon, 34 Mori Bldg, 9th Fl,
25-5 Toranomon 1-chome, Minato-
Ku, Tokyo 105
03 502 4691 Fax 813 595 2726**Inoue & Co Ltd**
No 5-1 2-Chome, Kaminarimon,
Taito-Ku, Tokyo 111
842 2531 Telex J26710 Croskin
Man Dir. Tadashi Katoaka
Specialized in reptile skins
Employees 15
M/1 2 7**JK Corporation**
CPO Box 637, Osaka 530 91
06 446 6889 Telex 523 6769
ASICO J Fax 06 445 5668
Man Dir. Joe Otsuka
Finished leather for garment, gloves,
bags and shoes
Employees 2
MB**KAMEI SHOKAI CO LTD**
16 Shinano-machi, Totsuka-ku,
Yokohama
045 822 2037 Telex: J47756
Fax: 045 822 0922
Man Dir. Hiromitsu Kamei
Imports: hides and skins.
Exports: Wet salted pigskins,
wet blue pigskins and wet blue
cowhide splits
Employees: 4
M/1 2 4 5 8**Martin & Stewart (Japan) Ltd**
Tenshin Bldg, 12-14 1-Chome,
Kyomachibori, Nishi-Ku, Osaka
06 448 0761 Telex 5247125
B/1**Mitsuwa Co Ltd**
22-2, 6-chome, Asakusa, Taito-ku,
Tokyo
Telex 26973 MITSUWA J**Miyauchi & Co Ltd**
29-7, Senzuko 2-chome, Taito-ku,
Tokyo 111
03 876 1361 Telex J24823
REGULUS Fax 03 876 1363
Pres Masao Miyauchi
Export shark skins import skins and
leathers (pickled, wetblue, crust,
finished (dyed) leathers from all
overseas suppliers**Jamaica****Tanners Ltd**
PO Box 200, 259 Spanish Town Rd,
Kingston 11
809 923 5242/8 Telex 2481
TANNERS JA
Man Dir. Barclay Ewart
Hides and skins from: Canada, Costa
Rica and Haiti
Employees 120
M/2 4 6**Japan****BSX Corp**
Tokwa Building 7, 1-chome,
Koraibashi Higashi Ku, Osaka
6 229 0551 Telex 5222089 Fax
6 229 0540**Brooks Trading Co Ltd**
Central PO Box 686, Tokyo
813 661 7104 7363 & 5122 Telex
J24802 BROOKSCO Fax 813 661
8710**Colyer Watson (Far East) Co Ltd**
C/ Sakura Building, 11 8 Minima-
Horie, 1 chome, Nishi-Ku, Osaka 550
06 5341601 Telex 5256237 Fax
06 5340603**Daiwa Trading Co Ltd**
No 21-10 2-chome Yanagibashi,
Taito Ku, Tokyo 111
03 861 7001 Telex J24424
DAIWA Fax 03 861 7010
Man Dir. Hiroshi Kibi
Import hides and skins in raw,
pickled, semi-tanned, wet-blue and
finished leather. Export Japanese
cow and pig leathers
Employees 16
M/1 2 3 4 5 6 8 9**Fuso Trading Co Ltd**
Central PO Box 11, Tokyo 100-91
541 5581 Telex Backbone J28650
M**JK CORPORATION**Mail to CPO Box 637
Osaka, Japan 530-91Telex 523-6769 ASICO J
Phone: 06-446-6889
Facsimile: 06-445-5668**Quality & Delivery Control House**

For Garments, Gloves & Bags.

Cow Drum Dyed, Anilino & Softy

Cow Split Suede

Pig Skins

Most reliable supplier from Japan

ITALY, price of: Exotic skins, East African Goats, 40.40.20 , 110-115 lbs. per skin ; US Cents/skin

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	AVERAGE
..... US Cents/Skin													
1972	133.4	137.9	144.0	149.0	154.6	161.0	166.1	173.6	184.7	190.2	206.2	225.8	168.9
1973	232.9	240.9	232.2	219.5	215.3	217.0	229.4	238.5	248.1	245.6	232.3	226.6	231.4
1974				216.5	217.7	211.8	202.7	185.2	176.4	169.9	168.9	170.8	191.1
1975	167.7	165.4	175.1	189.5	195.4	203.9	204.2	202.1	210.3	210.1	209.9	208.6	195.2
1976	206.6	213.3	219.9	213.3	242.1	244.4	247.8	247.8	245.8	242.7	239.7	262.2	235.5
1977	258.8	257.8	256.7	256.4	253.9	248.0	246.5	247.6	246.2	241.3	248.9	258.4	251.7
1978	261.2	273.4	283.7	291.5	293.0	296.8	301.2	310.5	337.4	345.1	331.3		302.3
1979		339.2	350.7	349.6	360.4	372.6	402.2	409.3	413.0	466.4	466.4	474.7	400.4
1980	478.6	475.5	447.5	438.9	421.3	413.3	414.8	407.1	405.3	395.0	379.2	368.9	420.5
1981	361.9	352.6	354.2	339.0	319.6	308.3	300.5	293.4	307.3	302.1	298.4	294.0	319.3
1982	289.3	280.4	280.6	283.8	292.8	272.1	264.3	262.5	259.0	232.9	207.5	218.2	262.0

GOATSKIN PRICE SERIES

SOURCE : BIBLIOGRAPHY, REF.2C

Annex 14

ORIGIN OF ITALIAN BANANA IMPORTS, 1977 TO 1987

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
	Thousand tons										
UPB Countries											
Colombia	13.0	12.7	24.1	50.4	42.7	58.0	57.0	63.9	59.3	29.9	35.0
Costa Rica	52.2	72.6	80.4	78.9	72.1	49.5	59.0	55.1	23.0	62.9	53.4
Guatemala	24.9	21.4	26.8	25.4	24.4	35.5	18.0	21.6	30.7	24.6	37.1
Honduras	18.0	10.7	37.4	8.5	14.0	16.0	30.0	44.8	86.1	90.1	87.2
Panama	47.1	53.8	23.5	26.7	46.3	43.1	60.0	39.7	14.0	5.6	10.7
Other Latin America											
Ecuador	79.7	82.1	55.2	49.6	45.2	42.9	29.0	28.4	45.7	45.6	38.3
Suriname	2.6	8.4	5.8	7.8	13.7	10.6	10.6	-	-	-	-
Caribbean											
Martinique	11.8	39.2	22.0	3.1	3.7	0.2	1.0	2.6	1.0	1.9	-
Asia											
Philippines	-	3.3	-	7.5	2.7	-	8.7	-	-	2.8	0.2
Africa											
Cameroon	2.4	2.7	-	-	-	-	-	-	-	-	-
Cote d'Ivoire	2.0	5.6	1.6	3.2	9.7	6.6	1.0	6.9	3.9	1.1	-
Madagascar	1.0	-	-	-	-	-	-	-	-	-	-
Somalia	44.1	34.2	41.0	28.2	20.0	42.3	27.7	17.9	26.1	34.6	48.4
All others	5.9	-	10.0	11.4	12.1	25.3	2.8	28.9	17.4	40.1	52.5
TOTAL	304.7	346.7	327.8	300.7	306.6	330.0	304.8	309.8	307.2	339.2	362.8

Source: Banana statistics, FAO, October 1988.

IMPORT PRICES

	SOMALIA											ITALY 5/										
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	
 Lire/kg																					
January	400	400	590	730	850	900	1100	1000	1550	1350	1550	450	490	620	800	950	1180	1360	1600	1850	1750	1700
February	420	450	600	760	920	950	1200	1400	1700	1600	1550	470	520	670	820	1020	1180	1420	1750	1900	1850	1700
March	440	500	640	820	980	1050	1300	1300	1900	1600	1700	480	580	700	900	1050	1250	1500	1750	2030	1850	1850
April	480	560	690	920	1000	1050	1450	1300	1900	1600	1730	520	610	740	990	1150	1300	1660	1800	2050	1850	1850
May	490	570	690	950	1000	1050	1550	1500	1900	1600	1600	540	630	720	1020	1230	1270	1700	1800	2050	1850	1750
June	400	630	590	850	850	1050	1500	1500	1850	1600	1550	450	700	640	950	1150	1270	1760	1750	2000	1850	1700
July	400	630	510	770	720	1050	1250	1500	1400	1290	1550	430	700	590	900	1050	1270	1650	1700	1750	1610	1700
August	-	600	530	700	650	1250	1300	1300	1500	1320	1550	480	700	650	860	950	1350	1600	1650	1600	1590	1700
September	450	500	620	700	750	1100	1400	1400	1570	1400	1650	500	670	710	820	1050	1500	1650	1650	1670	1680	1750
October	550	430	710	700	820	1050	1430	1500	1650	1500	1650	520	580	820	880	1100	1500	1650	1700	1750	1750	1800
November	420	450	730	850	880	1100	1450	1650	1720	1580	1600	480	580	820	940	1150	1400	1700	1830	1850	1800	1800
December	430	420	670	860	850	1100	1500	1600	1600	1530	1600	500	560	810	950	1180	1400	1700	1900	1750	1760	1800
YEAR	444	512	623	801	586	1058	1369	1413	1687	1498	1607	485	610	702	903	1086	1323	1613	1740	1854	1766	1758

BANANA PRICE SERIES

Source: United States: official data. Japan: Monthly Bulletin of Banana Statistics. Japan Banana Importers' Association.
Germany-France: Marchés Europeens des Fruits et Légumes, Revue d'Information Economique. Italy: official data.

Source: Etats-Unis: données officielles. Japon: Bulletin mensuel de statistiques bananières. Japan Banana Importers' Association.
Allemagne-France: Marchés européens des fruits et légumes, revue d'information économique. Italie: données officielles.

Fuentes: Estados Unidos: datos oficiales. Japón: Boletín mensual de estadísticas sobre el banano. Japan Banana Importers' Association.
Alemania-Francia: Marchés européens des fruites et légumes, revue d'information économique. Italia: datos oficiales.

1/ Martinique, f.o.r. French ports. 2/ Central America, f.o.r., importer to wholesaler, Hamburg. 3/ Philippines: c.i.f. value, excluding cost of cartons. 4/ Green, first class, tropical pack, 40 lb box; from Central and South America, f.o.r. importer to wholesaler, New York. 5/ f.o.r. Italian ports.

1/ Martinique, franco wagon, ports français. 2/ Amérique centrale, franco wagon de l'importateur au grossiste, Hamburg. 3/ Philippines, leur c.a.f., non compris le coût des cartons. 4/ Verte, première catégorie, emballage tropical, caisse de 40 lb; en provenance d'Amérique centrale et d'Amérique du Sud, franco wagon, de l'importateur au grossiste, New York. 5/ Franco wagon, ports italiens.

1/ Martinica, f.o.r. en los puertos franceses. 2/ América Central, f.o.r. del importador al mayorista, Hamburg. 3/ Filipinas: valor c.i.f. sin incluir el costo de las cajas de cartón. 4/ Verde, primera clase, embalaje tropical, caja de 40 libras; de América Central y América del Sur, f.o.r. del importador al mayorista, Nueva York. 5/ puertos italianos.

Estimate/Estimations/Estimación.

... Not available/Non disponible/No disponible.

ANNEX 16

WHOLESALE'S SELLING PRICE

	ITALY																					
	SOMALIA											OTHER ORIGINS										
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
	Lire/kg																					
January	475	485	550	825	988	1025	1100	1450	1888	1625	2100	618	639	748	1059	1352	1619	1457	1835	2377	2183	2238
February	488	520	605	825	950	1025	1350	1450	1975	1663	2100	638	653	892	1060	1352	1581	1541	1962	2374	2120	2285
March	490	582	692	913	950	1175	1425	1650	2188	1750	2175	597	792	1006	1200	1394	1668	1685	2037	2462	2057	2289
April	525	650	770	1020	1000	1210	1538	1650	2175	1700	2200	728	878	981	1459	11487	1709	1831	2071	2457	2112	2207
May	525	675	865	1090	1100	1205	1788	1600	2175	1725	2125	704	890	988	1410	1644	1699	1984	2018	2482	2217	2215
June	480	728	665	1058	1200	1260	1850	1600	2125	1800	2125	653	943	891	1300	1568	1785	2080	1990	2460	2281	2210
July	443	580	691	830	909	1300	1625	1600	1775	1900	2050	587	951	778	1136	1368	1789	1897	1965	2270	2176	2082
Aug.	493	660	625	750	825	1300	1550	1500	1600	1900	2050	757	904	804	1056	1170	1753	1798	1881	2182	2062	1948
September	502	660	710	750	845	1225	1550	1600	1750	1800	2025	693	831	915	1085	1314	1744	1845	1859	2102	2077	2101
October	490	586	875	850	965	1150	1550	1775	1750	1875	2075	724	754	1000	1078	1424	1662	1845	2097	2212	2441	2156
November	516	544	875	900	1060	1100	1513	2013	1850	1900	2125	647	755	1042	1269	1536	1601	1848	2421	2290	2401	2387
December	500	540	875	888	1060	1100	1450	2025	1675	1900	2125	647	744	1023	1372	1600	1531	1859	2442	2281	2285	2318
YEAR	494	609	750	892	988	1173	1524	1659	1911	1795	2106	666	811	922	1207	1434	1678	1806	2048	2329	2201	2203

Source: France: Bulletin mensuel de statistique, INSEE. Italy: Bollettino mensile di statistica, ISTAT. United Kingdom: official data. United States: USDA, C. & M.S., Fruit and Vegetable Division, Market News, daily reports. Germany, F.R.: Marktbericht, Obst-Gemuse-Sudfruchte, Bundesausgabe A, ZMP - Bonn. Japan: Monthly Bulletin of Banana Statistics. Japan Banana Importers' Association.

Source: France: Bulletin mensuel de statistique, INSEE. Italie: Bollettino mensile di statistica, ISTAT. Royaume-Uni: Données officielles. Etats-Unis: USDA, C. & M.S., Fruit and Vegetable Division, Market News, daily reports. Allemagne, Rép. féd. d': Marktbericht, Obst-Gemuse-Sudfruchte, Bundesausgabe A, ZMP - Bonn. Japon: Bulletin mensuel des statistiques bananières. Japan Banana Importers' Association.

Source: Francis: Bulletin mensuel de statistique, INSEE. Italia: Bollettino mensile di statistica, ISTAT. Reino Unido: datos oficiales. Estados Unidos: USDA, C. & M.S., Fruit and Vegetable Division, Market News, daily reports. Alemania, Rep. Fed. de: Marktbericht, Obst-Gemuse-Sudfruchte, Bundesausgabe A, ZMP - Bonn. Japón: Boletín Mensual de Estadísticas bananeras. Japan Banana Importers' Association.

1/ Onkel Tuca, Del Monte.

2/ New York.

3/ Ripe banana average prices dealt at wholesale markets located in major cities and middle cities.
 Prix moyens des bananes mûres sur les marchés de gros situés dans des villes de grande et moyenne importance.
 Precios medios del banano maduro en los mercados al por mayor de las principales ciudades y otras ciudades menos importantes.

RETAIL PRICES

	1977	1978	1979	1980	1981	ITALY 1982	1983	1984	1985	1986	1987
Lire/kg.....										
January	841	850	1050	1200	1500	2100	2350	2100	2300	2800	2500
February	842	890	1100	1200	1600	2100	2400	2450	3000	3000	2800
March	841	940	1200	1400	1800	2200	2500	2700	3200	3300	2900
April	861	990	1200	1500	1900	2300	2800	3200	3500	3500	3000
May	899	1030	1200	1700	2200	2500	3000	3000	3500	3500	3200
June	894	1200	1080	1500	1800	2200	3000	2900	3000	3100	2900
July	887	1200	1000	1450	1600	2200	2500	2300	2800	2900	2800
August	886	1120	1000	1400	1450	2400	2500	2200	2500	2600	2500
September	1021	1050	1200	1350	1600	2500	2500	2500	2600	2600	2700
October	969	990	1200	1500	1600	2400	2500	2500	2900	2800	2800
November	983	990	1200	1650	1800	2400	2200	2700	3000	2800	2900
December	965	950	1300	1800	1900	2300	2000	2800	2900	2800	3000
YEAR	907	1017	1144	1471	1729	2300	2521	2613	2975	2975	2833

SOURCE : BIBLIOGRAPHY, REF.22

BEEF PRICE PROJECTIONS

	a/ 1950-87 (ACTUAL) AND 1988-2000 (PROJECTED)			
	Current \$	--(c/kg)--		--(\$/Ton)--
		1985 Constant \$ MUV <u>b/</u>	US GNP <u>c/</u>	Current \$*
<u>Actual</u>				
1950	69.4	291.5	322.3	
1951	75.0	274.8	334.2	
1952	67.0	234.3	294.1	
1953	66.5	239.2	287.4	
1954	66.2	243.5	281.6	
1955	63.2	228.2	260.3	
1956	57.2	199.3	228.0	
1957	61.5	209.9	236.6	
1958	65.3	219.1	246.1	
1959	72.2	245.8	265.3	
1960	73.7	245.7	266.4	
1961	68.2	233.5	244.2	447.8
1962	71.4	229.4	250.1	410.0
1963	66.7	218.5	230.3	441.4
1964	84.1	270.8	285.7	565.7
1965	88.2	281.9	292.1	686.1
1966	102.2	313.5	327.0	663.1
1967	104.1	317.8	324.0	630.6
1968	108.5	334.4	321.7	641.9
1969	122.3	357.6	344.0	650.0
1970	130.4	358.7	347.1	735.6
1971	134.6	351.3	339.3	963.1
1972	148.0	354.5	356.1	1,114.9
1973	201.1	415.8	454.1	1,517.5
1974	158.2	268.5	327.9	1,338.8
1975	132.7	302.5	250.3	1,228.3
1976	158.1	338.0	280.4	1,147.1
1977	150.6	206.4	250.4	1,263.9
1978	213.8	254.6	331.2	1,406.5
1979	288.4	303.3	410.6	2,040.4
1980	276.0	264.6	360.2	2,262.4
1981	247.5	236.0	294.6	2,136.8
1982	239.0	231.1	267.3	1,889.6
1983	244.0	242.3	262.8	1,747.9
1984	227.0	229.4	235.4	1,780.6
1985	215.0	215.0	215.0	1,682.2
1986	209.2	176.8	205.1	1,560.0
1987	238.6	183.6	227.3	1,832.7 <u>d/</u>
<u>Projected</u>				
1988	249.0	177.0	228.1	1,918.9
1989	257.0	171.9	225.2	1,985.2
1990	254.0	167.4	211.8	1,960.3
1995	342.0	189.0	219.5	2,689.8
2000	453.0	199.9	232.0	3,609.9

*Developing countries' export unit value.

a/ US imported, frozen, boneless, 90% visible lean, f.o.b. port of entry.

b/ Deflated by Manufacturing Unit Value (MUV) Index.

c/ Deflated by OECD US\$ GNP Deflator.

d/ Estimate.

Sources: IMF and FAO Trade Yearbooks (actual); World Bank, International Economics Department (projected).

BANANA PRICE PROJECTIONS

a/ 1950-87 (ACTUAL) AND 1988-2000 (PROJECTED)

	---(\$/Ton)---			Current \$*
	Current \$	1985 Constant \$ MUV b/	US GNP c/	
<u>Actual</u>				
1950	161	682	752	
1951	161	592	717	
1952	163	572	717	
1953	163	588	704	
1954	168	620	715	
1955	165	598	681	
1956	168	587	670	
1957	176	603	677	
1958	163	549	614	
1959	146	498	537	
1960	143	478	517	
1961	139	457	497	79
1962	132	427	463	75
1963	168	551	579	72
1964	170	546	577	80
1965	159	507	526	88
1966	154	476	494	87
1967	159	485	494	88
1968	152	468	451	84
1969	159	464	446	87
1970	165	456	440	81
1971	141	368	356	81
1972	151	386	387	83
1973	165	341	372	87
1974	184	313	382	90
1975	247	377	465	116
1976	257	388	456	122
1977	275	376	457	129
1978	287	342	445	138
1979	326	342	464	152
1980	379	363	494	174
1981	401	383	478	185
1982	374	362	419	191
1983	429	426	462	199
1984	370	373	383	198
1985	378	378	378	209
1986	382	323	374	215
1987	377	288	359	186
<u>Projected</u>				
1988	427	303	391	208
1989	420	281	368	205
1990	425	280	354	207
1995	561	310	360	271
2000	657	290	336	316

* Developing countries' export unit value.

a/ Central and South America, f.o.b. US ports.

b/ Deflated by Manufacturing Unit Value Index.

c/ Deflated by US GNP Deflator.

Sources: US Bureau of Labor Statistics and FAO (actual); World Bank, International Economics Department (projected).

117

1989 OFFICIAL AND PARALLEL SoSh EXCHANGE RATES

<u>Date</u>	<u>Official*</u>	<u>Parallel*</u>	<u>Official rate as % of parallel market rate</u>
1.7.89	270	455.0	59
1.14.89	270	456.7	59
1.21.89	274	457.3	60
1.28.89	273	460.0	59
2.4.89	277	460.3	60
2.11.89	279	459.9	61
2.18.89	294	457.6	64
2.25.89	309	457.6	68
3.4.89	310	459.9	67
3.11.89	324	461.3	70
3.18.89	335	465.7	72
3.25.89	340	479.9	71
4.1.89	351	500.0	70
4.8.89	355	516.0	69
4.15.89	370	525.9	70
4.22.89	377	525.0	72
4.29.89	384	527.9	73
5.6.89	393	534.6	74
5.13.89	410	537.0	76
5.20.89	427	576.1	74
5.27.89	445	610.0	73
6.3.89	464	631.8	73
6.10.89	465	699.2	67
6.17.89	481	740.0	65
6.24.89	487	775.0	63
7.1.89	489	770.0	64

* Respective rates to USD 1.

163

PROCEDURES FOR EXPORTING UNDER L/C

1. Somali Commercial Bank
(confirm the receipt of L/C and form A)
2. Ministry of Commerce
(sign form A)
3. Somali Commercial Bank
(Form F)
4. Chamber of Commerce
(certificate of origin)
5. Local Government
(export tax)
6. Livestock Marketing and Health Project
(Health certificate if livestock is to be exported)
7. SICOS
(if insurance is required)
8. Somali Port Agency
(port charges)
9. Customs
(# of offices)
10. Somali Shipping Agency
(freight charges)

Source: Ministry of Commerce.

BANANA FARM COST AND REVENUE DATA

Name of Farm: B

A: Machine Costs For Banana Production.	<u>SoSh/hr</u>
1/ Cleaning	<u>2390</u>
2/ Tractor and Disc	<u>1100</u>
3/ Bulldozer Levelling	<u>3015</u>
4/ Grading	<u>3700</u>
5/ Tractor & Plough	<u>2390</u>
6/ Preparing furrows	<u>1100</u>
7/ Ditching	<u>1575</u>
8/ Reforming Canals	<u>3740</u>
9/ 150 M. Drains	<u>3740</u>
10/ Planting and replanting	<u> </u>
11/ Mechanical Weeding	<u>870</u>

B: Number of Hours of Machine Use	<u>Hrs/Hectare</u>	
1/ Cleaning	<u>5</u>	<u>11950</u>
2/ Tractor and Disc	<u>10</u>	<u>11000</u>
3/ Bulldozer Levelling	<u>6</u>	<u>18090</u>
4/ Grading	<u>5</u>	<u>22200</u>
5/ Tractor & Plough	<u>10</u>	<u>23900</u>
6/ Preparing furrows	<u>10</u>	<u>11000</u>
7/ Ditching per 100 m.	<u>1</u>	<u>1575</u>
8/ Reforming Canals per 100 m.	<u>2</u>	<u>7480</u>
9/ 150 M. Drains per 100 m.	<u>10</u>	<u>37400</u>
10/ Planting and replanting	<u> </u>	<u> </u>
11/ Mechanical Weeding	<u>10</u>	<u>8700</u>

C: Labor Use on Estate	
1/ Ave. No. of Full Time Workers	<u>50</u>
2/ Total Full Time Salaries/Month	<u>325000</u>
3/ Ave. Salary/Month/Worker	<u>6500</u>
4/ Ave No. of Part Time Workers	<u>87</u>
5/ Part Time Salaries/Month	<u>52200</u>
6/ Ave. Salary/Month/Worker	<u>6000</u>
7/ Ave. Part Time Salary/Day	<u>200</u>
 Ave. Total Annual Salaries	 <u>6890400</u>

Banana Production Page Two.

Name: B

D: Costs of Inputs

1/ Fuel	<u>2551500</u>	
2/ Fertilizer	<u>1157444</u>	
3/ Pesticide	<u> </u>	included line 2
4/ Herbicide	<u> </u>	included line 2
5/ Irrigation Costs	<u> </u>	
a/ pump maintenance	<u> </u>	
b/ ditch maintenance	<u> </u>	
c/ well maintenance	<u>95000</u>	
6/ Transportation	<u> </u>	
 Total Inputs Costs	 <u>3824044</u>	

E: Ave. Production Costs For Estates

1/ Ave. Number of New Hectares	<u>50</u>	
2/ Cost per New Hectare	<u>228210</u>	less fuel and labor....
3/ Cost of New Hectares	<u>11410500</u>	
4/ Ave. Number of Ha. in Production	<u>32</u>	
5/ Cost per Ha. in Production	<u>334826</u>	
6/ Cost of Ha. in Production	<u>10714444</u>	inputs + labor!
7/ Total Land Costs	<u>22124944</u>	
8/ Management (2.5 % of 7)	<u>553124</u>	
9/ Additional Costs (5% of 7)	<u>1106247</u>	
10/ Depreciation (25% of 7)	<u>5531236</u>	
11/ Taxes	<u>1891900</u>	10% of sales
 Total Production Costs	 <u>31207451</u>	

F: Average Value of Production and Net Income to Estates

1/ Total Production (tons)	<u>1135</u>
2/ Exports	<u>757</u>
3/ Local Consumption	<u>378</u>
4/ Value of Exports	<u>14383000</u>
5/ Value of Local Consumption	<u>4535000</u>
6/ Total Value of Sales	<u>18918000</u>

Form for calculating cost of Banana Production. Date: 1993

Name of Farm: C

A: Machine Costs For Banana Production.

	ScSh/hr
1/ Cleaning	2390
2/ Tractor and Disc	1100
3/ Bulldozer Levelling	3015
4/ Grading	3700
5/ Tractor & Plough	2390
6/ Preparing furrows	1100
7/ Ditching	1675
8/ Reforming Canals	3740
9/ 150 M. Drains	3740
10/ Planting and replanting	
11/ Mechanical Weeding	870

B: Number of Hours of Machine Use

	Hrs/Hectare	
1/ Cleaning	12	28650
2/ Tractor and Disc	6	6600
3/ Bulldozer Levelling	12	36150
4/ Grading	10	37000
5/ Tractor & Plough	10	23900
6/ Preparing furrows	5	5500
7/ Ditching	10	16750
8/ Reforming Canals	10	37400
9/ 150 M. Drains	10	37400
10/ Planting and replanting		0
11/ Mechanical Weeding	10	8700

C: Labor Use on Estate

1/ Ave. No. of Full Time Workers	40
2/ Total Full Time Salaries/Month	320000
3/ Ave. Salary/Month/Worker	8000
4/ Ave No. of Part Time Workers	
5/ Part Time Salaries/Month	300000
6/ Ave. Salary/Month/Worker	
7/ Ave. Part Time Salary/Day	
Ave. Total Annual Salaries	7440000

Banana Production Page Two.

Name: C

D: Costs of Inputs

1/ Fuel	<u>8540000</u>
2/ Fertilizer	<u>6000000</u>
3/ Pesticide	<u> </u>
4/ Herbicide	<u> </u>
5/ Irrigation Costs	<u>500000</u>
a/ pump maintenance	<u> </u>
b/ ditch maintenance	<u> </u>
c/ well maintenance	<u> </u>
6/ Transportation	<u>1440000</u>
Total Inputs Costs	<u>16580000</u>

E: Ave. Production Costs For Estates

1/ Ave. Number of New Hectares	<u>30</u>	
2/ Cost per New Hectare	<u>238110</u>	
3/ Cost of New Hectares	<u>7143300</u>	
4/ Ave. Number of Ha. in Production	<u>80</u>	
5/ Cost per Ha. in Production	<u>389541</u>	
6/ Cost of Ha. in Production	<u>24020000</u>	inputs + labor
7/ Total Land Costs	<u>31163300</u>	
8/ Management (2.5 % of 7)	<u>779083</u>	
9/ Additional Costs (5% of 7)	<u>1558165</u>	
10/ Depreciation (25% of 7)	<u>7790825</u>	
11/ Taxes	<u>4645000</u>	
Total Production Costs	<u>45936373</u>	

F: Average Value of Production and Net Income to Estates

1/ Total Production (tons)	<u>2050</u>	
2/ Exports	<u>1750</u>	
3/ Local Consumption	<u>300</u>	
4/ Value of Exports	<u>33250000</u>	19000/ton
5/ Value of Local Consumption	<u>3500000</u>	12000/ton
6/ Total Value of Sales	<u>36850000</u>	

Form for calculating cost of Banana Production. Date:

Name of Farm: K

A: Machine Costs For Banana Production.

	<u>₹/hr</u>
1/ Cleaning	<u>2390</u>
2/ Tractor and Disc	<u>1100</u>
3/ Bulldozer Levelling	<u>3015</u>
4/ Grading	<u>3700</u>
5/ Tractor & Plough	<u>2390</u>
6/ Preparing furrows	<u>1100</u>
7/ Ditching	<u>1675</u>
8/ Reforming Canals	<u>3740</u>
9/ 150 M. Drains	<u>3740</u>
10/ Planting and replanting	<u> </u>
11/ Mechanical Weeding	<u>870</u>

B: Number of Hours of Machine Use

	<u>Hrs/Hectare</u>	
1/ Cleaning	<u>4</u>	<u>9560</u>
2/ Tractor and Disc	<u>6</u>	<u>6600</u>
3/ Bulldozer Levelling	<u>4</u>	<u>12060</u>
4/ Grading	<u>0</u>	<u>0</u>
5/ Tractor & Plough	<u>7</u>	<u>16730</u>
6/ Preparing furrows	<u>7</u>	<u>7700</u>
7/ Ditching	<u>1</u>	<u>1675</u>
8/ Reforming Canals	<u>15</u>	<u>59840</u>
9/ 150 M. Drains	<u>10</u>	<u>37400</u>
10/ Planting and replanting	<u> </u>	<u> </u>
11/ Mechanical Weeding	<u>3</u>	<u>2610</u>

C: Labor Use on Estate

1/ Ave. No. of Full Time Workers	<u>13</u>
2/ Total Full Time Salaries/Month	<u> </u>
3/ Ave. Salary/Month/Worker	<u> </u>
4/ Ave No. of Part Time Workers	<u>60</u>
5/ Part Time Salaries/Month	<u> </u>
6/ Ave. Salary/Month/Worker	<u> </u>
7/ Ave. Part Time Salary/Day	<u> </u>
 Ave. Total Annual Salaries	 <u>4947325</u>

Banana Production Page Two.

Name: K

D: Costs of Inputs

1/ Fuel	<u>370800</u>
2/ Fertilizer	<u>73000</u>
3/ Construction	<u>428000</u>
4/ Const. of harvest center	<u>1032920</u>
5/ Irrigation Costs	<u>0</u>
Misc.	<u>436635</u>
Somalfruit Spa.	<u>972500</u>
Interest	<u>1419928</u>
6/ Transportation	<u>0</u>
Total Inputs Costs	<u>4733783</u>

E: Ave. Production Costs For Estates

1/ Ave. Number of New Hectares	<u>50</u>	
2/ Cost per New Hectare	<u>154175</u>	
3/ Cost of New Hectares	<u>7708750</u>	
4/ Ave. Number of Ha. in Production	<u>47</u>	
5/ Cost per Ha. in Production		
6/ Cost of Ha. in Production	<u>9581108</u>	labor + inputs
7/ Total Land Costs	<u>17389858</u>	
8/ Management	<u>3310000</u>	
9/ Additional Costs (5% of 7)	<u>0</u>	
10/ Depreciation (25% of 7)	<u>4347465</u>	
11/ Taxes	<u>991960</u>	
Total Production Costs	<u>26039302</u>	

F: Average Value of Production and Net Income to Estates

1/ Total Production (tons)	
2/ Exports	<u>2000 ?</u>
3/ Local Consumption	<u>1000</u>
4/ Value of Exports	<u>9913798</u>
5/ Value of Local Consumption	<u>800000</u>
6/ Total Value of Sales	<u>10719798</u>

105