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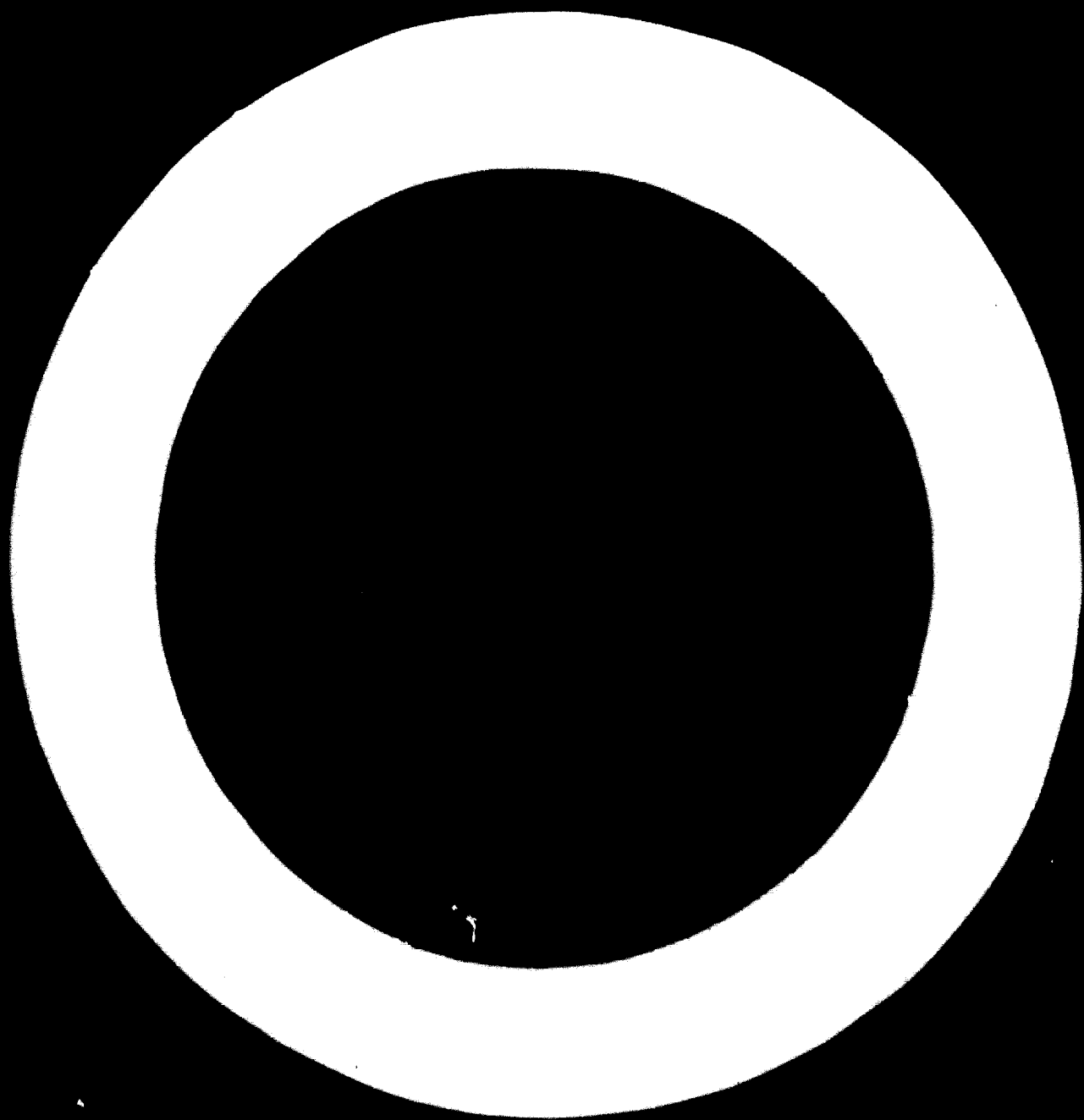
THE ROLE OF TRADE ASSOCIATIONS
AND PRACTICAL CO-OPERATION BETWEEN THE
LEATHER INDUSTRY AND ITS ALLIED INDUSTRIES ✓

by

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I. Objectives of the leather industry in developing countries

1. Obtaining maximum added-value

The transformation of hides into leather is both a science and art, as it deals with the by-product of a living organism. Each hide has its individuality depending on the animal's past life and total mass production will never be possible. The natural product cannot be perfectly standardized as allowances have to be made for the freedom, however controlled, of the animal.

The weakness and strength of the leather industry lies in its ambivalence of values which makes it advantageous for developing countries and disadvantageous for highly industrialized ones. In many parts of the western world, hides have been broken down into collagen fibres and a regular continuous material made of the fibrils, the only solution for standard and automatic production.

In Europe the leather industry situation is quite gloomy, mainly in the north and central areas, with a shift towards the Mediterranean countries.

In the last few years scarcity of raw material, possibly due to Latin American and Indian restrictions on exports, have upset prices and caught tanneries unawares. There is possibly a natural reluctance to accept logical occurrences which are against our will, for how else could the western tanneries be surprised by the restrictions the developing countries imposed on raw material exports! These circumstances, coupled with the normal speculations of major corporations, in a declining situation caused great disorientation. Large tanneries in the Federal Republic of Germany, Italy and France encountered trouble in maintaining production and adjusting to wet-blue and crust. The United Kingdom tanneries enjoyed a certain advantage in this respect as they have been processing this semi-tanned raw material for a longer period of time.

Spanish tanners enjoyed a record year because of the heavy demand for shoe exports, however, high prices have reduced demand this year. Many multi-national suppliers of auxiliary chemicals to the leather industry have experienced a drop in sales in northern and central Europe with increases solely in the Mediterranean countries, more so in Spain than in Italy.

The situation in the eastern European countries has been a little different as centrally planned economies are not susceptible to price fluctuations.

In countries with centrally planned economies difficulties in obtaining raw hides and skins have brought the buyers and sellers closer together: Yugoslav, Czechoslovak and Hungarian technicians are to be met in developing countries, discussing, checking and selecting semi-processed crust and wet-blues.

When opening the Conference of the XXII International Congress in Prague, in September 1971, the ex-President of the International Union of Leather Chemists' Societies (IULCS), Prof. Blazej, described the future of the leather industry along the following lines: an international hide market was passé. The European industry would process its own hides only. Leather would be processed in the slaughterhouses. A separate leather industry would not be profitable but would survive as an integrated industry ranging from the slaughterhouse to fibril disintegration, producing collagen products, animal protein, pharmaceutical and medical products. Chemistry would have to develop synthetic materials for the making of shoes.

This was the opinion of a leading Professor of Bratislava University, which might be representative of eastern European thinking, and he suggested that a long-term strategy be planned, to evaluate properly the position of the leather industry within the whole context of animal by-product industries.

I myself concur with an EEC technocrat in Brussels who claimed that leather and textile industries cannot be afforded in countries with per capita incomes of over US\$ 2,000.

2. Four stages of industrial independence

(a) The supply of hides and skins

The exportation of simply preserved raw materials is a sign of a low level of development, or of a very high level of economic development, where processing is too expensive. Technology has made great advances, but has not yet managed to liberate the leather industry from its manual and artisan character completely, owing to the irregularities of the skins.

A natural product gains through being different, though, of course, the degree of difference is the problem.

It seems quite sensible that cattle-breeding countries should use the technology available and their tanning skills to obtain increased value for their primary product. This irreversible fact appears to be accepted now by industrialized countries. Nevertheless there is the danger of interest being maintained in the natural product because, as chemistry has already proved, man-made materials can compete with and easily improve upon nature. Hence, highly developed states promote leather fashion to satisfy the human wish for differentiation, mainly in garments. So, leather can never be completely automatized, but will always be a unique product, an article of distinction.

(b) Semi-tanning

Processing to a semi-tanned state, wet or dry, is one stage further; it entails the use of labour and easy available chemicals and the great advantage is that semi-tanned products can be exported to the same consumer industries as the raw hides, possibly without intermediaries, or even through the same trade channels as the raw hides. Consumer acceptance is the knot of the question. In liberal economies either the shortage of raw hides is the reason for bringing the product on to the market for acceptance, or the user sees some advantage in the semi-finished product. Last year showed how tanneries in industrialized countries had to accept semi-processed leather owing to lack of any other available stocks.

Demand for finished leather was great and nothing was available in any great number apart from crust, wet-blues, or ready-to-finish. Chemistry has created new products to make quality more dependable in terms of retanning and finishing than on wet work, hence the second stage has become accepted.

(c) Finished leather merchants

This stage is governed by both technical and marketing issues. Finished leather has to be offered at the standard desired to a new branch of industries or import organisations in competition with the tanners' markets.

Two main problems have to be solved:

(i) Availability of auxiliary chemicals: fatliquors, dyes and retanning or finishing agents. As far as I know, the leather of developing countries lack the silken, soft touch and the regular finish. Art and skillful labour could overcome some of these faults, but unfortunately the use of certain special chemicals in fatliquors and finishes are really indispensable if one is to achieve the standards required in the leather market today.

(ii) The knowledge of market trends, fashion and the various channels to enter it. The marketing aspects are as important as the technical factors, unless great price concessions are granted to compensate for quality deficiencies.

(d) Manufacture of leather goods

If the marketing as in stage (c) is done well, the marketing of finished leather will prove easier. The public or general consumer has less of that "tendency towards microscopic perfection" than the specialist leather merchant who has to resell to another specialist who transforms the leather into jackets, shoes or bags. The Spanish experience has proved this to be a fact. These attempts are interrelated and have to be approached on a joint basis.

II. Analysis of the present situation - World economy.

With more or less lucidity, each responsible entrepreneur in the northern hemisphere accepts that independence in economic matters is fiction. An awareness of interdependences is growing. It can only be to the good of the industrialized countries that the developing nations are increasing their income and degree of industrialization. In fact their (the developed countries) industrial destiny depends on this. It is a socio-economic fact that the increase in wealth ensures the existence of rich societies; the best guarantee for the survival of the rich is the disappearance of the poor, and that both the least important and the most envolving action has a repercussion on others.

Recently in the European Institute in Amsterdam, I heard that Europe had also paid for the Viet-Nam war, supporting two dollar devaluations and the establishment of a flourishing American industry in Western Europe. Nothing in socio-economic politics is isolated. This fine net of action and interaction is a universal fact which nobody can deny.

But even at the various conferences on commerce and international industrial development, no real progress seems to have been achieved in economic collaboration on a world scale. Rich societies expect the poor to develop by themselves, granting aid to obtain profit, without realising that help should be given in their own interests, as the clever form of self-help altruism and the sharing of wealth.

What people accept within a national framework, in terms of social justice, taxes, unemployment subsidies, the right to strike, etc., are not considered legitimate at an international level. The set of values considered human rights and are legal and within a national community are far from being accepted in the extra-national community are far from being accepted in the extra-national relations. The law of the jungle still holds sway, the survival of the fittest.

However, by accepting both tendencies realistically approach optimistic conclusions can be drawn for the leather industry.

Labour and capital-intensive industries.

In many tanneries last year, capital investment in raw material stocks was nearly twice the investment in machinery and equipment. I do not know what the relation is in developing countries, where raw materials are more easily available, but I assume they are less.

The labour situation is undoubtedly favourable to developing areas, as proved in Spain compared with more industrialized countries in Europe, where it is very hard to get people to work in a "dirty" industry. Where people can choose their jobs, and manual labour is conscious of its power, wet, uncomfortable jobs are unpopular. The advantage of plentiful labour is very important to the development of the leather industry and even more so to the manufacture of leather goods, mainly shoes.

Craftsmanship and automisation.

Leather production and processing plants are not highly suited to automatic or computer programmed processes. The non-uniform nature of the hides as well as the influence of fashion do not permit one to standardise models or systems. Thus, both leather goods and shoe industries are suitable for developing countries if they use skills profitably. Once I saw an Italian shoe maker in India, producing sandals for sale to North American stores and thus realized how dangerous this could be for western shoe manufacturers: the combination of Italian creative style with the fine, delicate and patient Indian feminine handwork at an extraordinarily low cost.

Industrial conversion in developed countries

Last year an EEC executive stated that he failed to understand why the Spanish ministers were creating such difficulties with respect to the quota of Spanish shoe imports; it was, he said, evident that these kinds of industries could not survive in Europe for long. Even Spain in time would have to diversify and think about importing African shoes.

Some five years ago I established contact with a major German shoe manufacturer who was buying Spanish uppers and shoes with a view to starting a joint venture in Spain; they sent their experts to study the

best location inside the country and the most suitable social conditions. I showed them industrial estates areas, with tax holidays for ten years, and the availability of cheap labour as well as long-term loans at low interest rates. After a careful study the experts recommended starting in North Africa, where the less developed population guaranteed that they would not suffer labour problems for a long time.

The largest tannery in Germany is now growing much quicker and more successfully in man-made materials which they supply to processors than in natural leather.

Where a country is highly industrialized, the technology finds new branches and fields to suit its needs and some consumer goods are more cheaply imported from other parts of the world. Electronics, pharmaceuticals and nuclear energy entail fundamental research.

Market and demand, and their interaction

If consumption in high-income states is based on creating needs and satisfying them, there is wide scope for clever marketing on the part of the less rich societies.

If the hippy movement or the Beatles simply staying in India - but not Asian industry - were able to raise the interest of the youth in the West in the Oriental life style (Indian Kurtas and Afghan leather jackets), one can conjecture how much more effective an intelligent and well-combined promotion of leather goods can be. Finding the right way and the right moment is an art as well as a technique. I know how difficult it is to find reliable and well-organized suppliers; buying fashion goods can be a real job by itself: if the demand is already there, it might be too late by the time supplies become organized. An unsatisfactory beginning is as bad as tardiness. The infamous Spanish reputation of "mañana" has greatly handicapped Spanish export promotion.

Recycling

Information theory developed through the growing use of computers, is one of the most fascinating fields of modern technology. The instrument has created an objective. "Means or ways towards an objective are parts

of a whole unit, what is an objective today can be a way tomorrow".
(Dr. Kesthene). Ways and objectives are in constant interaction.

Every attack, or better any effort to dominate through technology or what ever it might be, give rise to a defence action, an antipole (e.g. guerrilla war in Latin America or Viet-Nam). Every message causes a noise, which is the other's response.

Technological development has created its antipoles and noises. If the promoters of the technological progress fail to listen both parties will probably loose.

Proliferation of computers, with a deep knowledge of antipoles and noises, will probably give rise to a real pluralistic structure, without domination by the technocrats. The neo-colonialism of technology, has to give place to a multi-channelled society. Perhaps China is trying a new approach using human resources first and decentralizing industrial growth, thus avoiding monstrous conurbations, and the obsession of increasing national income.

I have introduced these general considerations to illustrate that each country has its noise and can create a different antipole to a technological approach. That has to be taken seriously if a positive and durable result is to be obtained. It is not only that each population has its own characteristics, depending on history, religion, traditions and climate. However, a noise will be created and if it is not taken into account, an antipole will be powerful enough to provide failures. If the noise is not incorporated into the system and the original message adapted accordingly, the real way will not be found and the possible development stopped or at least delayed. It should be fusion and a communication of technology rather than an imposition. This remark is addressed specially to the responsible persons in developing countries who can easily lapse into technocratic colonialism. It is not a reproach to the actual possessors of technology: they are business people and know that everything has a price, and it is not a question of giving help, it is the question of finding one's own identity and discovering one's own path to development in the leather industry which has all the openings.

Industrial cycles cannot come one-sided. The cycles in the information story arise through noise. There is no monopoly on technical truth as usual one considers truth can be deemed a noise at the other side, and the system envisages a recycle which is different from the original message. In extending the industries, recycling will be inevitable. I heard more than one executive of multi-national companies stating how much they had changed their approach and even their technologies after exchanging views with different responsible people throughout the world.

Population explosion/lack of raw materials

At the current rate of human expansion nearly 7,000 million human beings will be living on the surface of our planet by 2000. Shoe production alone, assuming an average of 2 pairs per head/annum means 14,000 million shoes, i.e. 4.7 times more than the current production of 3,000 million. Cattle raising over the last 20 years has been 40% at 2% pro year. Only 50% of the shoe material needed will be covered by leather, probably high quality shoes or luxury articles. Synthetic materials, textiles, etc., will have to make up for the shortage of leather for shoe making. In view of the above perhaps developing countries should concentrate on fashion and high-class shoes which entails a series of problems as to models, lasts and auxiliary products.

When some twelve or fifteen years ago PVC imitation patent leather appeared in Spain in ladies handbags, their retail price was nearly double that of leather bags. It was claimed that this was a new material which did not split, would last longer, always looked new, was easy to clean, etc. After one or two seasons, prices were approximately the same and now is half that of leather handbags. Even the less technically minded normal citizen knows that leather is superior in all aspects and takes for granted the difference in price.

I consider this market situation most favourable and at the same time most dangerous for the leather manufacturing industries in developing countries. A market has to be conquered step by step. The aim is difficult, i.e. the production of a high-quality product conditioned by the very nature of the natural product. Therefore proper marketing and

the establishment of personal contact with importers or consumers is essential, learning from their complaints, comments, observations; trying to appreciate their problems and adapting deliveries to their requirements. A very important factor in the great export success of Japan is its huge efficient trading companies, marketing on behalf of different manufacturers, including relatively small production centres.

Technology and ecology

Some people in the northern hemisphere try to minimise the importance of pollution, effluents, wastes etc., out of sheer fright. That is the price that nature asks for continued disrespect of her equilibrium. Men seem to forget that Asian and African people have always been much nearer to nature, that they are more conscious of the fact that the whole universe is inter-connected, nothing happens in the smallest element without the whole universe vibrating. Technology in its dominating position has forgotten that there are limits and one needs to get integrated into natural cycles.

I do not have enough knowledge of ecological problems to discuss this subject in detail, but would emphasize that perhaps developing countries could find a re-cycling technology without falling into the ecological problems that industrialised states in Europe and America have.

III. The Spanish experience.

Mediterranean countries in Europe have certain common trends such rich creative imagination, lower standards of living than the northern countries, people with traditional craftsmanship artisan industries, small family production centres. Over the last two to six years the weight of the leather industry has shifted to the Mediterranean. I think that there is no general solution for a group of countries, but each one has its special circumstances, raw materials, training and financial resources which gives rise to a particular development strategy.

The different stages of raw material exports, semi-processed leather, finished leather and shoe exports have never developed regularly, but have been all mixed together. In the last five years, the most important export item has been 40 - 50 million pairs of shoes worth \$170 million, the main market being the United States. Several factors contributed to this success:

- (1) Human beings with enterprising spirit, courage and a sense of adventure.
- (2) Liaison between the shoe, leather and allied industries through a common organisation working for a common goal: shoe exports, the Shoe Fair in Elda.
- (3) Export promotion companies or groups with complementary collections and joint marketing.
- (4) Fine goat and sheepskins and modern high-quality tanneries.
- (5) Fashion sense, presenting new styles in attractive models.
- (6) Skilful and cheap labour, compared with the countries to which the shoes were exported.
- (7) Sophisticated machinery and equipment, auxiliary Italian "last touch" operations, without the looser handmade character.
- (8) Free import facilities for the purchase of equipment.
- (9) A well-developed auxiliary industry, chemicals, toepuffs and stiffeners, insoles, adhesives, finishes etc.

The beginning was hard. In 1958 German shoe manufacturers looked askance at Spanish interwoven shoe uppers. They doubted the validity of our delivery terms and the Spanish ability to work in an atmosphere of bullfights and flamencos. Spain created confidence in its products for three main reasons:

- 1) exact deliveries and very strict quality control;
- 2) personal acquaintance with the clients, making a dialogue possible;
- 3) listening to their claims and suggestions for improvement.

It costs money and effort, but it pays off. Gaining the confidence of your customer is the very first and most valuable step. Once the link of mutual trust has been created, one should keep one's quality and prices and not enter into price competition. Look for other markets, the world is big.

Every offer of finished shoes or leather should be backed up by the control or standards of a technical society. Nearly every country has these centers and they alone can furnish objective data in the case of discussion, which are most common.

In the interaction of developing and industrializing phenomena allied industries develop with which it is not possible to develop the export of leather or shoes.

The tourist industry in Spain solved the balance of payments, selling sun and clear water, so starting on an import basis was easy, and the manufacturing industry was able to enter the world market and they succeeded.

IV. Ways and means towards the objective

OSHEC, Organization of skins and hides Exporting Countries

Petroleum undoubtedly plays a very important role in the industrial states and OPEC has achieved advantages in prices and technical collaboration, negotiating with the major corporations.

If the Latin American, Africa and Asian countries were to form a Consultancy and Information Bureau and an executive organization, jointly selling their different hides, nearly 50% of the world cattle could be regulated price wise offering much better stability for both parts. It can be more efficient to have a Sellers Union rather than merely isolated prohibition or official bans. Economic principles have to be flexible and change is a constant factor; it can be interesting to continue the hides export for some countries and a Union can create the price instrument.

The leather world in itself is a small one. Every firm supplying auxiliary chemicals to the leather industry knows all the tanneries in its country and there are not so many. Hides importers and dealers are also well acquainted. In each country with hides or leather, there is a Technical Leather Society, affiliated to the International Union comprising nearly 30 members; there is also the International Tanners Council. Thus the channels to start dialogue are there and a united partner should be at ones side protecting the interests of any one dealing in our industry, is equivalent to protecting one's own interests.

There already exist six different commissions in Latin America aimed at uniting the common efforts of CEPAL, ALFAL and the Andean Group. Furthermore, Argentine, Uruguay and Brazil are so concerned with leather that it should be possible to obtain their consent to regulating offers

and prices. What objection can there be to some country being more interested in selling in raw than tanned, as long as prices and stocks are controlled? They thus obtain foreign exchange which they use perhaps for some other different item. An association of exporting countries could only do good to the seller and buyer alike, avoiding recent tremendous price fluctuations and permitting the planning of long-term price policies.

OSHEC can provide a realistic approach to various individual interests through Government or specialist bodies rather than leaving the initiative to speculators or to the trade who are solely people oriented in their own interests.

Market intelligence through export committees

If we agree that leather is going to develop into an expensive luxury article in the final stages of processing, at least in developed markets, we must know that these markets are very difficult, requiring quick changes, imagination and a deep knowledge of their intricate functioning. The importance of distribution and the special task of every link in the chain has to be realized. The imported shoe in the United States reaches the consumer costing three times its original price. Nobody can export finished goods without knowing what people expect from them, what quality they appreciate the most and what the main purpose is. The exporter must know why people buy leather and leather goods. Leather is different because it is a natural product. Therefore, it must look like leather, have an anilin character to show the irregularities of the natural product; it should be soft and comfortable to emphasize its adaptability and it should have a new

character every season: repetition is impossible in highly demanding articles.

Export Committees should learn the customs of the country they wish to supply, look for well established representatives who are in close contact with fashion experts so as to orientate their production. These committees should have members specialized not only in leather but also in marketing, a speciality by itself and try to establish fashion trends without copying, giving a new original touch.

When visiting the showroom of Bally Shoes in Schönensee (Switzerland) some years ago, I commented that the United States French collections seemed so very different, as if they were from different manufacturers. The export manager appreciated the remark, saying that it was a great compliment as they studied the shoes for the people they were meant for. These two populations expected quite different things from a pair of shoes.

The marketing side of an enterprise is the most intricate because it is a mixture of technique, art and flavour and essential to success. You can buy technology but you must earn a market.

Industrialised cattle breeding

Contrary to the laws of nature and the eco-system, animals have to be treated and slaughtered industrially so as to achieve the required quantity and quality of by-products. In USA and Canada the main producers of hides grow big animals for meat and milk in 24 months, slaughtering them to sell pickled or wet blue immediately to avoid conservation or freezing.

This method is suited to one region but full utilization always requires full development of one's resources.

Each country should study the best way, according to habits of shepherds and interests of the cattle owners and try to centralize the collection and other incentives for better deliveries. The standard product should be an ordinary auction price and the better fed or slaughtered a premium or some form of reward. In Spain there has been a campaign to motivate cattle-breeders to avoid puncture by employing electric fencing in the meadows, the improvement has been remarkable. In the Scandinavian countries, farmers sell at very high prices and last year fifty tanneries in these countries had to import most of their hides because the Scandinavian farmers sold their hides to the USSR and other centrally planned countries who paid better.

It should not be forgotten that the Food and Agricultural Organization (FAO) has done a lot of work sending experts and publishing reports applying methods and systems for optimal yields in the different climatic and social conditions.

Buying and selecting appropriate technology

The most modern technology is not of necessity the best for the developing countries establishing leather or leather goods industries of their own. This does not imply that intermediate technology is good enough for these people with their lack of training - but it is merely the fact that modern equipment is oriented towards the saving of labour and the utilisation of auxiliaries which are not available elsewhere. Since the aims are different, the means can differ as well: moreover, better leather is often produced using more people and slower processes on smaller machines.

Furthermore, allied industries such as manufacturers of chemicals offer free technology with their products, while leather schools are open for training; scholarships and student facilities are often freely granted by foreign governments.

Most tanneries have become aware of the fact that the export of the raw material is practically at an end and are interested in establishing contacts with the sellers of new technology, buying technology in the form of royalties at the sales price of the leather produced. The seller of the technology has no expenses and the benefit to the purchasing country is immense. The purchaser should ensure that full use is made of the technology he has bought, sending people abroad to be trained who should try to learn as much as possible to pass on to the people back home. The provision of in-plant training facilities by the supplier of technology is more effective than a mere technology transaction involving the copying of formulae and processes. In the interests of the purchaser, contracts should be limited to five-ten years; regular personal contacts are essential as correspondence is unreliable, and the technology should be passed on to as many people as possible. It is a cheap and efficient method for the recipient and not without benefit for the donor. The donor is nowadays commonly paid on a yearly minimum basis or a lump sum at time of signature. This has to be carefully negotiated to avoid the imposition of heavy burdens at the outset. The Japanese tend to a single lump sum which means that collaboration does not continue over the years.

Joint ventures

These represent closer links and offer the best to both parties. The official regulation pertaining to majority holdings by national parties or the guaranteed transfer of profits are the most attractive features to foreign investors and each country must judge the situation carefully.

Joint ventures permit the developing countries to enter developed markets more easily; they can use established distribution channels and sales organizations. In view of the enormous market potential in the developing world and the fact that the developed countries will continue to pay higher prices for different non-synthetic materials, a rapid and efficient entry into such markets via a joint venture is of great benefit to both parties: the developed country has achieved diversification and an ensured production, whereas the developing country has entered a rich market. Possible forms of co-operation are the use of trade-marks or the provision of rapid market intelligence. It should not be forgotten that marketing is a two-way flow essential to both partners.

The prerequisite for all agreements is the honest fulfilment of the terms of the contract. Honesty and mutual trust are essential and one cannot even consider cheating one's partner. Honesty, however, is not the same as naivety or stupidity - all conditions must be discussed in advance. Do not expect anything drastic from the other side - once signed, honour the obligations of your contract. A person who discusses at length beforehand is usually most interested and business relationships with him will be durable.

Technical societies - UN agencies - professional and trade meetings

The International Union of Leather Chemists Societies is about to change its name to Leather Chemist and Technologist Societies to do justice to the ever-increasing importance of engineering, equipment, by-product utilization, etc.

The leather industry cannot develop in isolation as by value of its very nature it needs the collaboration of countries allied specialists. Furthermore, full advantage must be taken on a joint basis of the current readiness to accept processed leather instead of raw hides, the main pre-requisite being the concerted efforts of all concerned at all levels of production. Thus, there must be a common forum for discussion - and nothing is better than a technical society.

To convince people of the usefulness of such societies in Spain I used the term 'aseptic' to stress our disinterestedness and willingness to restrict ourselves to technical matters, uncontaminated by business interests or the like.

Trade associations will represent common interests and bring competitors together. The tanneries have national and supranational societies - and there is no doubt that such international unions can achieve more than governmental regulations.

Vocational schools, training centres and universities are all represented on the council which also negotiates with international communities (EEC) or organisations (ISO), further to providing data on analytic methods and standards.

UN agencies offer means of approaching technological problems and establishing contacts between the various groups, for despite increasing national dependence, international interdependency is constantly high.

Both UNIDO and FAO contribute extensively to the industrialisation of agricultural regions which previously knew only famine and lack of foreign exchange, whilst other useful work is achieved by the mixed commissions' of tanners and leather processors whose often tough discussions are most useful. The task of such commissions is particularly important in countries where there is every indication that the export of footwear and leather goods can replace that of hides.

V. Fashion and Technology

Oriental Fashion in western Europe, social trends

Fashion is a response to some sublimated desire not approved by society or tradition, fashion itself being a mood of change motivated by the wish to break free from social trammels.

Fashion creates, technology follows up, and vice versa. People like to live comfortably (soft leather) and reduce tedious household duties to a minimum, to be different (maxi and mini skirts), and to walk softly (soft soles) - the result is to be seen in new fashion and all consumer goods, except food, are subject to social change. It is not the creation of one man, and there is always an element of mystery in fashion - as shown by the distaste with which pointed shoes of yesteryear are treated today. Furthermore, the young people today are interested in illogical innovations sparked off by their interest in oriental philosophy - surely an excellent starting point for the sale of oriental fashion. This has been confirmed by the recent outbreak of Indian sandals and Afghan jackets - and there must be an opening for such casual footwear with an oriental touch.

I remember, the first Spanish shoes in the U.S.A. were publicized as "bullfighter" or "flamenco" shoes as that is what the American customer expected of Spain, and it is important that we exploit other people's concept of a country, however erroneous.

At the last meeting of the Shoes and Allied Trade Research Associations in September 1972, there was a general awareness of the advantage of countries with abundant labour resources in terms of shoes produced, though quality and fashion was lacking. To my mind, all these countries need is the courage to investigate social trends and identify fashions as a precaution against misguided attempts that have been made before. However, it should be remembered that there is a strong artistic element in fashion pioneered by artists who are the pioneers of change and arbiters of taste.

Technology can be learnt, artistic appreciation however is innate. Shoe fashions are still the province of the Italians: this notwithstanding, there are openings for non-European countries to introduce new styles for

European markets. Careful assessment of socio-economic trends plays an important role - the right moment, neither too early nor too late - is the key to success.

VI. Bright future

Challenge within and without the developing countries.

Leather production from hides and skins, and further processing into footwear and other goods, are specific, characteristic industries for emerging countries, which until now have exported raw materials, have abundant labour resources, possess traditional craftsmanship and have, or can, learn the requisite technology from their own institutions, or by attending the existing Tanning Schools in Europe as well as through royalty contracts or joint ventures.

Industrialized countries cannot afford processing industries where labour represents a substantial part of the costs; with high wages it is not possible to compete with countries at half or lower labour costs.

Leather export is in some way more difficult than finished footwear, leather goods or garments, because it is also a semi-finished product, which has to be adapted as a raw material to other industries, which are used to a certain quality of leather and their requirements are not well known. But marketing channels have to be found for the introduction of the finished leather.

This optimistic prospect entails close collaboration between all the allied industries and the different exporting countries if possible. To export footwear, one needs to have machinery, chemicals, lasts, threads, boxes, adhesives as well as leather, unless a joint effort is made, the chances can be missed. Trades and professional associations should bring the quality of the finished leather goods up to the required standards. Demanding clients can spur on their suppliers and raise levels. Unless there are common interests, co-operation is difficult to realize; however, if the advantages are clearly seen by the parties involved, a way will be found, with or without great official committees, but with private societies linking the interrelated interests. Otherwise full use is not going to be made of what is called "the sweet moment for leather industry".

World economy is interrelated; the rules of action and reaction still apply whether they be called poles or antipoles, messages or noises. The best way of deriving the greatest benefit of this situation is to collaborate on the basis of mutual interest. Thus in business, royalty treaties and joint ventures are actually "à la place".

The survival of the fittest is still commonly accepted in international relations; export prohibitions have forced tanners in industrial countries to accept semi-processed leathers. Now before an article is set up, collaboration policy is the best step to take, using common organizations to control hide exports and to avoid drastic price changes, and to gain time for the establishment of a leather processing industry.

Markets in developed countries accept leather shoes and goods as luxury articles; the potential growth of these industries in those markets is small, the "sweet moment" is there for finished leather goods from developing countries as to take over those important markets.


Trade, technical and interprofessional associations are an essential means of obtaining the standards of quality these competitive markets need.

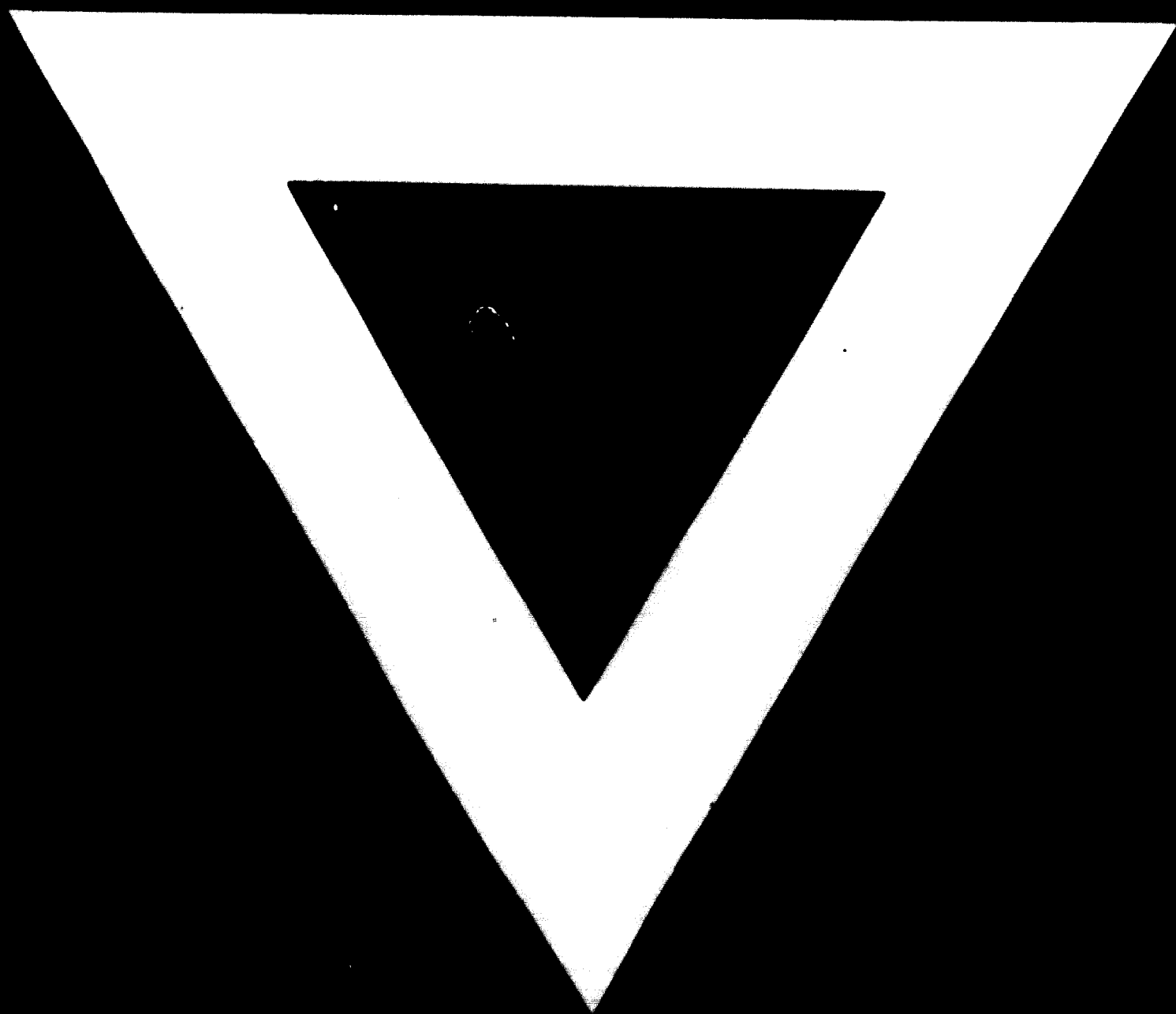
One should not neglect the opportunity of creating a new fashion, not copying styles, but using basic trends and technical standards, add a new flavour, satisfying the western countries' wish to be different. Everything with an oriental touch has good market potential at present.

Market penetration is the most difficult part of the programme, the best way is a joint venture, or very close contact with the customers.

The future for leather and leather goods manufacturers is very bright for two main reasons: it is a labour-intensive industry, and these countries possess nearly 50% of the world animal resources, and secondly because there is no possible competition from industry countries. The way to win export markets, is to buy technology and look for joint ventures or marketing organizations.

Development in these countries should learn the mistakes of their predecessors, avoiding major concentrations and helping small specialized units.





2 . 9 . 74