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Workshop on Leather Industry Development  
in Developing Countries

Vienna, Austria, 27 August to 1 September 1973

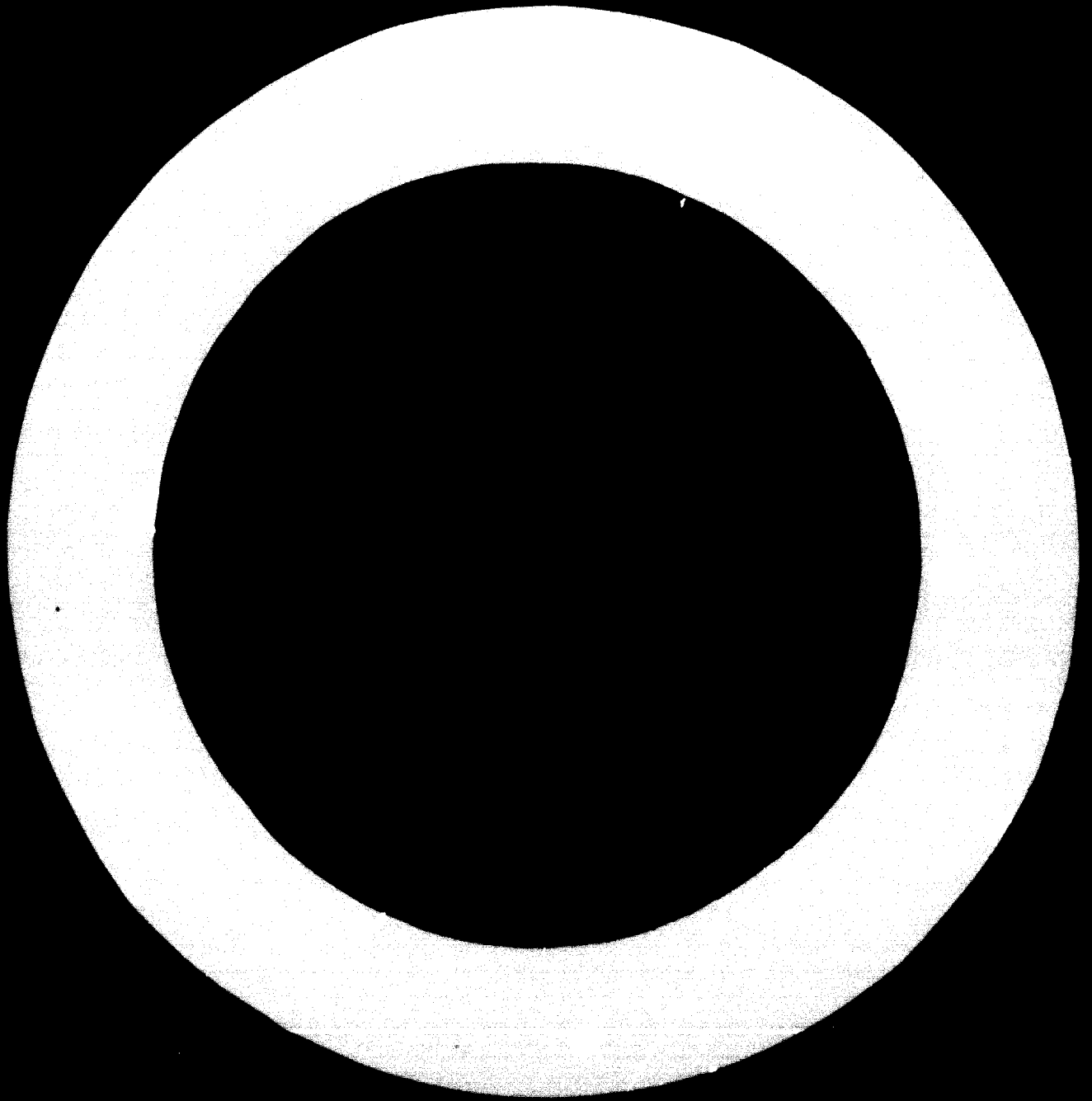
STATEMENT  
ON THE SITUATION OF THE LEATHER INDUSTRY IN  
GREECE ✓

presented by

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In Greece the tanning industry of leather upper and leather sole is at a relatively high level of development compared to the footwear and leather products industries. Except for the plants in the city of Patras and the island of Mytilene, where the small animal skins receive the first stage of processing, the tanning industry, has not yet developed full processing facilities for goat and sheep skins. However, given the inter-dependence of the footwear industry and the tanning industry, further development of the Greek footwear industry will be the basic factor for the development of the Greek tanning industry, and improved quality of domestic leather.

The contribution of leather factories in the industrial activity of the country between the years 1963 and 1968 showed a decline. The decline, as it appeared from studies and informations, was noted in all three of the basic indicators of economic activity, i.e., in the number of enterprises, the number employed, and the value added. This was true for the large industries as well as the craft industries. Thus, the leather industry, during the above period, did not follow the same rate of development in the country as other sectors.

However, from the various data and information which we collected and from the analysis of the statistical data of the foreign commerce for the years 1970 to 1972, it appears that the dynamic character of the Greek leather industry and especially of the footwear industry, began showing satisfactory results, from a production and export point of view, during the last years and shows great potential for the future.

The industry of leather upper and leather sole is dependent by 50% and 90% respectively from imports of raw hides and skins. On the contrary, the industry of small animals, receives its skins, i.e. goats and sheep skins, from domestic production, except for the craft industry for linings, which imports its raw material mainly from Africa.

The apparent consumption of hides and skins (large and small animals) for the years 1968, 1969 and 1971 according to statistics on imports, exports and domestic production is approximately as follows: (in tons of hides and skins)

|                      | 1968        |             | 1969        |             | 1971         |             |
|----------------------|-------------|-------------|-------------|-------------|--------------|-------------|
|                      | Large       | Small       | Large       | Small       | Large        | Small       |
| Production           | 8100        | 6500        | 8600        | 9700        | 8800         | 10200       |
| Plus Imports         | <u>8700</u> | <u>600</u>  | <u>6750</u> | <u>1000</u> | <u>10300</u> | <u>1300</u> |
|                      | 16800       | 3100        | 15350       | 10700       | 19600        | 11500       |
| Minus Exports        | <u>-</u>    | <u>6800</u> | <u>-</u>    | <u>7250</u> | <u>-</u>     | <u>7050</u> |
| Apparent Consumption | 16800       | 2300        | 15350       | 3450        | 19600        | 4450        |

We may state that the supply of domestic raw materials is to a certain degree inelastic, despite the special measures taken by the Government for the development of meat production. The dependence on imports, at least short and mid-term, shall become greater since the consumption of cattle meat as well as leather products is expected to increase as well. This is concluded after taking into consideration a) the growth in the numbers of cattle, goats and sheep in the country during the period 1952-1969, b) the meat production and the by-product of leather, of small and large animals, during the years 1964-1969, and c) the numbers of animals slaughtered annually during the period 1962-1970.

One of the basic weaknesses of the Greek tanning industry is the lack of appropriate industry for the processing of skins from goats and sheep. This raw material exists in abundance and in excellent quality in Greece. This weakness has been identified, discussed and studied often in the last years without any active steps having been taken up to now to rectify the problem.

Taking into consideration the expected favorable development of the Greek footwear industry as well as the economic advantage for Greece which

results from the export of processed in lieu of unprocessed or semi-processed goat and sheep skins, the necessity to complete the industrial processing cycle of small skins in our country is immediate.

The substitution of other materials for natural leather took place in the footwear industry, almost exclusively for the leather sole and in the leather products industry, mainly in womens handbags, brief cases and to a lesser degree in leather clothes.

The balance of foreign trade of hides and skins and finished leather during the last ten-year period shows on the average an annual surplus of about \$ 7,000,000.-

Comparing the quality of the domestic production of leather upper and leather sole, the latter is considered satisfactory, while the quality of leather upper, for reasons we mention above, needs improvement, particularly the item used for exported footwear.

In 1971, domestic production of finished leather was estimated approximately as follows : leather upper 24,200 thousand sq. feet; leather sole 3,000 tons; and linings 18,500 thousand sq. feet. In addition, the productive capacity of the leather upper industry is 30,000 thousand sq. feet approximately, while that of leather sole and lining is approximately 12,000 tons, and 20,000 thousand sq. feet respectively.

The domestic consumption of footwear during the last years, mainly due to the rise of income, increased to approximately 15,800,000 pairs in 1971. Parallel to this, Greek exports of footwear made a remarkable increase, reaching from 80,000 pairs approximately or \$ 630,000 annually in 1965 to 1,450,000 pairs or \$ 9,375,000 in 1971 and to 2,500,000 pairs or \$ 14,000,000 in 1972. These figures do not include footwear purchased in our country by tourists. However, despite the increase of footwear production there continues to exist an unused productive capacity, inasmuch as the total capacity is esti-

mated at approximately 25,000,000 pairs.

On the contrary, leather goods did not demonstrate noteworthy developments mainly because of the lack of organization which is prevalent particularly in this branch of the leather industry. The imports as well as the exports were kept at relatively low levels, and domestic production, being of low quality, is used only for domestic consumption.

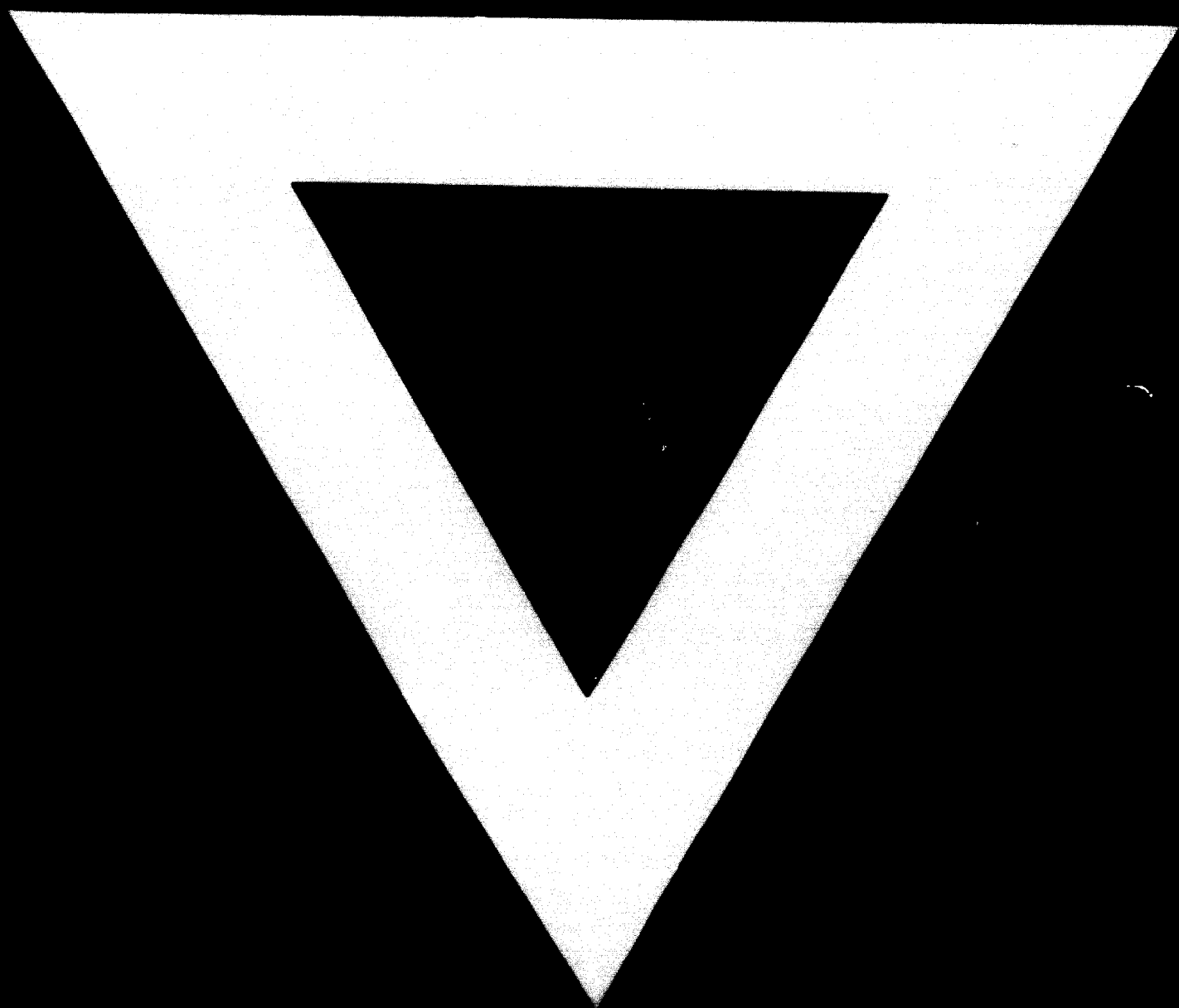
Regarding the existing situation of accessory materials of the leather industry, it may be said that shoe lasts and heels are considered satisfactory for the needs of domestic consumption as well as for exports. On the contrary, the other accessory materials with a few exceptions which are acceptable in quality and quantity for middle and lower quality leather products, are imported from abroad. This is because this branch of leather industry is under development in Greece.

The factors which during the last ten year period assisted the consumption of all sorts of products of leather in Greece were principally two : the per capita income and the general increase in the standard of living. These two factors, along with the excellent quality of footwear and the increase of the international tourist movement and trend toward "imitation", resulted in further strengthening the domestic demand.

As regards exports - which are mainly footwear -, the basic factors for their rapid development during the last three years may be attributed to the following : first, the policy followed by the more developed countries to themselves from activities "labor intensive"; second, the excellent quality of Greek footwear, and third, their internationally competitive prices and good designs assisted by export measures such as refund of duties, lower interest rates, etc. on the exported items.-







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