



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.



07713



Distr.  
LIMITED

ID/WG.258/3  
8 September 1977

ENGLISH  
Original: SPANISH

United Nations Industrial Development Organization

First Consultation Meeting on the Leather and  
Leather Products Industry

Innsbruck, Austria, 7 - 11 November 1977

REPORT OF THE REGIONAL PREPARATORY MEETING FOR  
THE FIRST CONSULTATION MEETING ON THE  
LEATHER AND LEATHER PRODUCTS INDUSTRY <sup>1/</sup>

organised jointly

by

UNIDO/ECLA

6 - 10 June 1977

Santiago, Chile

---

<sup>1/</sup> This document has been reproduced without formal editing.

id.77-6742

CONTENTS

	<u>Page</u>
FOREWORD	1
I. ORGANIZATION OF WORK	3
A. Presentation of documents	3
B. Discussion of the present condition and possibilities of expansion of the leather and leather products industry in Latin America	4
C. Discussion and adoption of the report	4
II. THE LEATHER AND LEATHER PRODUCTS INDUSTRY IN LATIN AMERICA	5
A. General considerations	5
B. Principal characteristics	6
1. Raw materials	6
2. Tanning industry	8
3. Footwear and other leather products industries	12
C. Prospects for the region's leather industries	15
III. RECOMMENDATIONS FOR FUTURE ACTION FOR THE DEVELOPMENT AND EXPANSION OF THE LEATHER AND LEATHER GOODS INDUSTRY IN LATIN AMERICA	17
1. Raw materials	17
(a) Rawhide	17
(b) Chemicals	18
2. Tanning industry	19
3. Footwear and other leather goods	19
4. Quality control of leather	20
5. Technology	21
6. Environmental pollution	22
7. Manpower	23
8. Marketing and the market	24
9. Regional co-operation	25
10. Redeployment	26
IV. FINAL CONCLUSIONS	28
ANNEX I Opening statements	30
ANNEX II Provisional list of participants	40
ANNEX III List of documents	44

FOREWORD

The system of consultations on the industrial matters initiated in early 1973 was subsequently endorsed by the Lima Declaration and Plan of Action on Industrial Development and Co-operation adopted by the Second General Conference of the United Nations Industrial Development Organization held in March 1975 in Lima, Peru. It represents a new type of machinery which it is hoped will promote the participation of the developing countries in world industrial production.

Prior to the Second General Conference of UNIDO in Lima, the developing countries took important decisions at both regional and international levels. Thus, the Latin American Conference on Industrialization held in Mexico in November 1974 approved the declaration entitled "Industrialization in Latin America: Principles and Plan of Action", which stressed, among other things, the firm resolve to promote industrial development through concerted measures at national, subregional, regional, interregional and international levels, aimed at the modernization of the Latin American economies, that the reorganization of the international economic order in the field of industry requires the adaptation of the machinery and arrangements for international co-operation, and that the United Nations, its specialized agencies and the regional economic commissions constitute the obvious forums for the negotiation by Governments of the agreements and undertakings relating to the establishment of the new industrial order.

At the interregional level, the Group of 77, at its Second Ministerial Meeting held in Algiers in February 1975, adopted a Declaration and Plan of Action on Industrial Development and Co-operation, which contemplates a continuous system of negotiations and consultations at global, regional and sectoral levels, as the primary means of promoting the practical establishment of a new international economic order. It requested UNIDO to serve as a forum for the negotiation of agreements between developed and developing countries, and among the developing countries themselves.

The Second General Conference of UNIDO recommended and the United Nations General Assembly at its Seventh Special Session endorsed a proposal to establish, within the framework of UNIDO, a system of continuous consultations at all levels, international, regional, interregional and sectoral.

In accordance with the above-mentioned guidelines, the Industrial Development Board, at its Tenth Session, decided that as an initial step, UNIDO should convene consultative meetings of an experimental nature for certain specific industrial sectors. It also decided that, in order to prepare the ground for sectoral consultations, UNIDO, in co-operation with regional bodies, could initiate preparatory activities at regional level. In Latin America the first preparatory meeting on agro-industries, and specifically the leather and leather products industry, was organized by the Economic Commission for Latin America (ECLA) and UNIDO and held from 6 to 10 June 1977 at ECLA headquarters in Santiago. The purposes of this meeting were to analyse the condition of the industry in the region and to identify the main obstacles to its development, with special reference to those aspects which should be considered at the international consultative meeting.

## I. ORGANIZATION OF WORK

### Duration of the meeting

1. The regional preparatory meeting for consultations on the leather and leather products industry was held in Santiago, Chile at ECLA headquarters from 6 to 10 June 1977.

### Attendance

2. The meeting was attended by eleven Latin American consultants and experts, the President of the Latin American Association of the Tanning Industry and representatives of FAO and UNDP (annex II of this report contains a complete list of participants).

### Opening ceremony

3. The opening ceremony included statements by Roberto Matthews, Director of the Joint ECLA/UNIDO Division of Industrial Development, and Liana Masens, UNIDO Negotiations Section, (annex I of this report contains the complete text of their statements).

4. Roberto Matthews served as chairman of the meeting, and Jorge Succar, Head of the Sectoral Studies Section of UNIDO's International Centre for Industrial Studies, as vice-chairman.

5. The meeting adopted the following programme of work:

#### A. Presentation of documents

- (a) Documents prepared by Julio Villa, Flavio Alberto Lucchese and Valentín Molina Urrea.
- (b) Review by H.G.R. Reddy, Regional Industrial Adviser, of the results and conclusions of the preparatory regional meeting held within the framework of the Economic and Social Commission for Asia and Pacific (ESCAP).

B. Discussion of the present condition and possibilities of expansion of the leather and leather products industry in Latin America

- (a) Raw materials
- (b) Tanning industry
- (c) Leather products
  - (i) Footwear
  - (ii) Other leather products

C. Discussion and adoption of the report

6. The ECLA Secretariat ensured the distribution to participants of the documents prepared for the meeting (the corresponding titles are given in annex III of this report).

7. Consideration of the items included in the programme adopted took place in plenary sessions, and the decision was taken to establish two working groups to consider certain specific aspects of the leather industry in the region and to draw up the conclusions and recommendations.

8. Julio Villa and Alberto Sofia co-ordinated the activities of the working groups.

Closing session

9. At the closing session the present provisional report was considered and adopted, and ECLA and UNIDO were requested to prepare and edit its final version.



## II. THE LEATHER AND LEATHER PRODUCTS INDUSTRY IN LATIN AMERICA

### A. General considerations

10. The leather and hides industry is one of the oldest manufacturing activities in Latin America, and its importance has grown considerably in recent years. An example of this is the extraordinary increase in the region's exports of pre-tanned and finished hides and of products manufactured from this material, especially footwear, in recent years and particularly during the present decade. In 1970 exports of tanned leather and leather products valued \$118 million; in 1974 they reached a figure of approximately \$534 million.

11. The implementation of export promotion policies, and in particular measures designed to prevent the export of crude leather and hides, helped to stimulate local production and to a large extent to increase external sales of tanned hides and leather products.

12. However, these development were also undoubtedly furthered by the recession in the leather industries in developed countries especially in tanning activities, which have acquired growing importance in recent years. This is the result of growing difficulties experienced by these industries not only in obtaining manpower at a reasonable cost, but primarily in overcoming problems arising from the high cost of the installations required to reduce the pollution of the environment by this industrial sector. This has led to the closing of some factories in Europe, and it is highly probable that the situation will worsen in the coming years. All this suggests that in the near future it will be necessary to intensify the pace of change which has been occurring in the geographical distribution of leather industries throughout the world since the end of the 1960s, and which has been stepped up in recent years, leading to the growing participation of the developing countries in general, and of Latin America in particular, in the production and export of tanned hides and leather products.

13. Latin America's potential for the expansion of its leather industries is primarily based on the current and future availability of raw materials (fresh leather and hides). The region currently has 22 per cent of the total stock of cattle, 12 per cent of the sheep and 10 per cent of the goats in the world, while its number of inhabitants is only 8 per cent of the world

population. The proportion of head of cattle per inhabitant is 0.8 in Latin America; in the developed countries it is only 0.4, and throughout the world as a whole, only 0.3.

14. The favourable conditions for livestock production prevailing throughout most of the region, the promising outlook for world demand of tanned hides and leather products, and also the above-mentioned recession in these industries in the developed countries provide Latin America with an exceptional opportunity for a considerable expansion of its activities in this sector.

15. To achieve this, however, it will be necessary to overcome certain problems affecting these industries in many countries of the region, and which are defined in this report. To the extent that the problems are solved, it will be possible to increase Latin America's participation in world production in this manufacturing sector, and to contribute to the achievement of the objectives laid down in the Lima Declaration and Plan of Action.

## B. Principal characteristics

### 1. Raw materials

16. In the preceding paragraphs reference was made to the percentages of Latin America's share of the main types of livestock which provide hides and leather, and which represent the principal raw material of the leather industries.

17. These figures show the region's privileged position so far as the supply of hides and leather is concerned. However, it must also be noted that Latin America's production of rawhides, at least from cattle, compared with current livestock figures, is below the world average, and far below the corresponding figures for the developed countries, especially Europe. In 1975 average annual production of rawhides in Latin America was approximately 4.1 kg per head of livestock, compared with the world average of 4.8 kg, and with the figure of 10.2 kg achieved in Europe.

This low relative production of rawhides indicates, among other things, a low percentage of slaughters, and reflects in general a slower growth of livestock herds. In most of the countries of the region, the percentage of cattle slaughters varies between 9 per cent and 18 per cent, while the figure rises to about 30 per cent in the industrialized countries.

19. The stock-breeding rates in general are also low, which is the root cause of the problem of scarce rawhides. In various countries of the region, the scarcity of this raw material currently represents a serious problem for the development of tanning activities, a problem worsened to a certain extent by the restrictions imposed by the region's traditional rawhides supplier countries on exports of this material in order to promote their own tanning industries.

20. Moreover, the existence in some countries of powerful groups of rawhides (especially sheepskin) export entrepreneurs has curtailed local rawhide supplies, thus creating difficulties for tanning industries operations.

21. However, it is not only the scarcity of rawhides which affects the tanning industry of many countries of the region. The defective quality of a relatively high proportion of such hides in some countries represents a further limitation on development in this sector, not only because of the waste of raw materials which it implies, but also because of the higher tanning costs of defective hides, which require larger quantities of chemicals.

22. The poor quality of many hides is due to the existence of lesions produced by ticks or barbed wire, branding in the wrong places, unsatisfactory skinning, or in many cases to a poor preservation of the hides, which shows that in many countries there are shortcomings in the handling of breeding stock, in the skinning of the animals and in hide preservation techniques.

23. The fact that the value of the hide represents in general only a small part of the total value of an animal, and that acquisition of hides is not the main purpose of stock-breeding, perhaps explains the apparent neglect in the care of animal hides in many countries. The same circumstance, on the other hand, limits the introduction of measures designed not only to improve the quality of hides, but also to expand the production of this tannery raw material, since the growth of livestock herds will depend on demand for meat and wool, factors which are extraneous to demand for hides and leather products.

24. Chemical products are another raw material of special importance to the tanning industry. They are estimated to account for 20 per cent to 25 per cent of the cost of tanned hides. Some countries in region produce some of the chemicals required for the tanning industry; but as a general rule, many are imported from the developed countries and are supplied in almost every case by multinational corporations.

25. Some multinational corporations have established in the region plants producing the chemicals normally used by the leather industries, but their prices are higher than those on the international market, which indicates that the price of the products includes, among other things, a substantial proportion of the cost of the technology involved in their production.

## 2. Tanning industry

26. This old industrial activity in the region is carried on in establishments which vary greatly in size, from small workshops of craftsmen with a daily productive capacity of only 5 to 10 hides, to large tanneries with a level of technology and productivity similar to those of the developed countries, and capable of processing from 2,000 to 4,000 cattle hides per day.

27. In 1972 there were in Latin America 1,670 cattlehide tanning establishments. Of this total, only 185 tanneries possessed technologically sophisticated industrial installations with a relatively high productive capacity. These tanneries processed about 75 per cent of the cattlehides tanned that year in the countries of the region, which totalled over 32 million hides.

28. Relatively speaking, Brazil and Mexico are the countries with the highest concentrations of tanning industry productive capacity: in the former, 3.9 per cent of the establishments processed over 52 per cent of the hides, while in Mexico, during the same year, 6.7 per cent of the tanneries processed 47.6 per cent of the cattlehides.

29. In Argentina the large establishments also processed most of the hides. In 1972, 15.4 per cent of the establishments tanned 76.1 per cent of the cattlehides. This high concentration of productive capacity has in recent years increased in almost all countries of the region, especially in those in which the relative volume of production of tanned hides has grown as a result of the installation of new tanneries and the expansion of others.

30. The great disparities of size and productive capacity among tanneries in Latin America reflect to a large extent the coexistence of very uneven levels of technology. In one and the same country establishments operate using extremely outdated techniques and others using the most modern tanning processes. As a general rule, the larger establishments have the most advanced technology, comparable in some cases to that of the leading tanneries in the developed countries.

31. Some of these firms have undertaken programmes of research and development, although the primary means by which tanneries in the region acquire technology continues to be through the acquisition of the chemicals required for the tanning process.

32. In some countries there are technical institutes which support the leather industry. In Argentina, the Centro de Investigación del Cuero (CITEC) (Leather Technology Research Centre) works in this field, and is currently responsible for the co-ordination of a multinational tanning project supported by the Organization of American States. Since 1973 in Brazil there exists the Instituto Brasileiro del Cuero, Calzado y Afines (IBCCA) (Brazilian Institute of Leather, Footwear and Related Products), which investigates the technological aspects of this industrial sector. Similarly, at the Laboratorio Tecnológico del Uruguay (LATU) (Uruguay Technology Laboratory), and at the Escuela de Química de la Universidad de Costa Rica (University of Costa Rica), Faculty of Chemistry, important research work is being carried out on the leather industries. The FAO representative mentioned that because of the useful work being done by LATU, a UNIDO-sponsored institute, it should be continued and expanded.

33. No information is available on the number of persons working in the region's tanning industries, but it can be stated that no less than 60,000 persons are employed in this sector. Although the region possesses abundant manpower reserves which may be easily and rapidly trained for tanning activities, there is a shortage of tanning technicians and skilled workers. As a result, training centres have been established in some countries, such as the Escola Técnica de Curtimento (Technical Institute of Tanning), which has been operating since 1965 in the State of Rio Grande do Sul in Brazil, and where substantial numbers of middle-level tanning technicians have already been trained.

34. With respect to the equipment of the industry, it should be noted that some countries (Argentina and Brazil) manufacture almost all the machinery used by their tanneries, and that it is already possible to install tanneries with machinery and equipment manufactured entirely in those countries, especially if the firms are of small or medium productive capacity and maintain a sufficiently high quality standard to meet internal market demand. Only highly sophisticated equipment is imported, especially that required in the final processing stages of leather products. In the remaining countries most of the machinery for tanning hides is imported from Europe and the United States. Some countries of the region (for example Argentina) have exported tanning equipment to other countries of the region.

35. Foreign firms play a role in the Latin American tanning industry. In Argentina the Registro de Inversiones Extranjeras (Foreign Investment Registry) for 1973 included only one tanning firm, the largest in the country, which accounted for 10 per cent of installed capacity. However, it is estimated that in recent years, major firms have passed under the control of foreign capital, which may therefore have come to represent some 38 per cent of productive investment. In Brazil in 1972, it was found, on the basis of a representative sample, that multinational corporations accounted for 23.02 per cent of the liquid assets of firms in the leather and hides sector; they also supplied 29.8 per cent of exports of these products in 1973. In Mexico the participation of foreign firms seemed to be substantially less, but is reported to have increased in recent years.

36. The greater participation of foreign capital in tanneries in the region is possibly an indication of the already-mentioned trend of transferring activities from the developed to the developing countries.

37. An aspect of tanning activity which is acquiring particular importance in Latin America is the high pollution risk of this industry. It generally produces a large volume of effluents which are not always sufficiently treated to avoid pollution of the environment, which could cause serious problems, especially in cases involving plants sited within or near cities. It must be recognized, however, that the solution of this problem will require enormous investments in additional installations, and in some cases the re-siting of the plant.

38. With respect to tanned hides, it should be noted that in Latin America and in the developing countries in general, the tanning process is carried to the finishing stage only in the case of hides intended for the internal market and a small percentage of those intended for export, which means that a substantial proportion of the rawhides provided for tanning operation in the region are not finished, but undergo the tanning process only up to a point which would make them suitable for export, usually to developed countries, where the processing is completed and finished leather produced. A part of the output of tanneries in the region therefore consists of only partially processed hides, which as a result are called "pre-tanned" or "semi-tanned".
39. For purposes of illustration, it should be noted that tanneries in Latin America fully or partially processed over 32 million hides, with almost 78 per cent of this figure being accounted for by four countries: Argentina (29.3 per cent), Brasil (25.8 percent), Mexico (15.0 per cent) and Colombia (7.7 per cent).
40. Argentina is one of the world's major exporters of tanned hides, and in 1973 its exports amounted to \$98.7 million; in 1976 they rose to \$141.7 million.
41. Brazil is Latin America's second largest tanned hides exporter. In 1975 its exports amounted to \$48.2 million. Brazil also exports most of its hides in a semi-finished state.
42. Uruguay, Colombia and Mexico are the countries of the region which come next in importance after Argentina and Brazil as exporters of tanned hides. In 1974 the exports of hides of various grades of tanning by the countries mentioned were valued respectively at \$21.9 million, \$5.8 million and \$2.2 million.
43. The trend in the export of tanned hides by Latin American countries in recent years shows that not only did tanned hide export figures increase in absolute value, but the region also expanded its share of world exports. In 1971 Latin America accounted for 7.7 per cent of total exports of tanned hides; in 1973 it provided 11.0 per cent and in 1974, 9.7 per cent.
44. Pre-tanned or semi-tanned (semi-finished) hides are easily marketable in the developed countries, where tanneries face growing difficulties arising from the shortage of manpower for preparatory tanning operations and from

the additional investment required to prevent (the problem of) environmental pollution.

45. On the other hand, finished hides do not find easy outlets in these markets. This is to a certain extent due to the restrictions imposed by some developed countries on imports of finished hides; however, the primary cause consists in the requirements of importers with regard to chemical specifications, quality standards and types of finishing of the hides, which cannot always be met by tanneries in the developing countries. In some cases this is because these tanneries have found it difficult to respond to changing demand requirements for tanned hides with respect to quality, colour and the types of finishing consistent with prevailing fashion.

46. The European countries form the main market for pre-tanned (semi-tanned) hides. In 1974 the Federal Republic of Germany took 17.1 per cent of total world imports of processed hides, Italy, 12.8 per cent, France, 9.0 per cent and the United Kingdom, 7.5 per cent. The United States, another large importer, that year acquired pre-tanned and tanned semi-finished hides equivalent to 9.6 per cent of the world total.

47. It is estimated that in the next few years, given the policies applied in various countries in the region with a view to promoting exports of essential commodities with a growing added-value rate, and owing to the already-mentioned difficulties facing tanneries in the developed countries, the share of fully finished hides in Latin America's total exports of tanned hides will increase substantially.

### 3. Footwear and other leather products industries

48. The large number of establishments and their great disparities in terms of size and technological level are the main features of the footwear industry in Latin America. Many similar products are manufactured both in highly mechanized establishments and in family workshops where all operations are carried out by hand.

49. It is estimated that in Brazil there are approximately 10,000 factories and workshops which produce footwear, in Mexico, some 6,300; in Argentina the figure reaches 4,000 and in Chile, approximately 1,200. In the other countries of the region, the number of establishments manufacturing footwear varies proportionately from which it may be inferred that most of them are small or medium-sized.



50. It should be noted that in recent years, owing to increased external demand for leather footwear and to government incentives, a large number of firms in various countries of the region have expanded or are expanding and modernizing their plants, so that the productive structure of the sector in these countries is undergoing a partial change.

51. Nevertheless, in all Latin American countries there still remains an excessive fragmentation of the productive apparatus together with great disparities in the size and technological levels of the establishments, which has a negative effect on their productivity and hampers their chance of obtaining or expanding outlets in international markets. The multiplicity of establishments impedes the rational development of economic of scale, obstructs financing and increases capital costs. Moreover, it weakens negotiating positions in the consumer market, which undoubtedly influences raw material costs. In addition, the existence of numerous small producers makes it extremely complex and difficult to conduct business transactions and to meet export commitments with a degree of consistency in the characteristics of the product which will satisfy the requirements of foreign customers.

52. The footwear industry, precisely because of its composition in all countries of the region, with a large number of small plants and workshops, represents a major source of manpower. Figures on employment levels in this sector for the region as a whole are not available, but it is estimated that the number of persons employed in manufacturing leather footwear must be over 300,000.

53. Some countries manufacture most of the machinery used by their footwear plants and even export to other countries of the region. The manufacture of capital goods for the footwear industry is most developed in Argentina and Brazil.

54. The participation of foreign firms in this sector seems in general to be less than in the tanning industry. In some countries, however, the participation of these firms in the footwear industry is fairly substantial; in Chile, for example, a single foreign firm supplies approximately 25 per cent of the local market.

55. World leather footwear production amounts to over 2,600 million pairs. Brazil, Mexico and Argentina are the main producers of leather footwear in Latin America. In 1973 Brazil produces approximately 120 million pairs,

Mexico, 10 million, and Argentina, 50 million pairs. Other countries of the region producing substantial quantities of leather footwear are Chile (28 million pairs) and Colombia (17 million).

56. Brazil, Argentina and Mexico are also the region's main footwear exporters. In 1975 Brazil's leather footwear exports totaled approximately \$164.2 million. In 1974 the value of Argentina's exports of leather footwear was \$28.3 million, and Mexico reached a figure of \$13.3 million in the export of these articles.

57. The United States is the main purchaser of footwear exported by the Latin American countries. In 1973, of the 21 million pairs exported by Brazil, more than 90 per cent went to that country. During the same year Argentina exported almost 5 million pairs of leather shoes, of which over 82 per cent were also marketed in the United States. The high degree of dependence on a single country with regard to footwear exports is one of the characteristics and at the same time one of the problems of this manufacturing sector in Latin America.

58. Very little information exists at world (regional) level on other finished products made from leather. However, it should be noted that in some countries of the region leather manufactures have grown in importance in recent years as a result of the increase in exports of these products, which in some cases have reached fairly high levels.

59. In 1974 Argentina exported leather articles (excluding footwear) amounting to \$40 million. In 1975 Brazil exported various manufactures valued at \$43 million; in the same year Uruguay exported \$33 million worth of leather articles, especially clothing.

60. With respect to the international market for leather footwear and clothing in general, the fundamental importance of fashion, with all that it implies, should be noted: design, models, channels of distribution, advertising, etc. Only if Latin American producers give due consideration to these factors will they be able to achieve success in exporting their products.

61. Although during the past five years Latin American leather footwear sales to developed countries increased substantially, there has recently emerged growing resistance to footwear imports from Latin America and the other developing countries. An example of this was the United States Federal Trade Commission's proposal to the President of that country to reduce footwear imports sharply in order to protect North American producers.

62. This type of protectionist policy, which the developed countries are increasingly attempting to apply, poses a serious problem for the footwear industry of some countries of the region which have made substantial investments based on export market considerations. A case in point is Uruguay, which increased its exports to the United States from 150,000 pairs in 1973 to approximately 3 million pairs in 1976, and this required a considerable organization and investment effort which could be nullified if the United States market were closed by the application of protectionist measures.

C. Prospects for the region's leather industries

63. World production of raw cattlehides, the chief raw material of the tanning industry, is growing much slower than population. Between 1965 and 1975 the production of raw cattlehides increased at an average annual rate of 1.1 per cent, while the world population growth rate reached an annual 1.9 per cent.

64. It is highly likely that the discrepancy between the growth rates of rawhide production and world population will continue or increase in future, which will mean a steady decline in the annual quantity of available cattlehides per capita.

65. It is therefore reasonable to assume that leather and leather products will not only have no difficulty finding outlets on international markets in the coming years, but that there will not be enough to meet the growing demand for these products.

66. Moreover, account should be taken of the fact that the large population masses in many developing countries, with incomes too low to enable them to use leather footwear, could become in future (to the extent that income levels rise and more equitable distribution is achieved) a vast new market for leather products.

67. On the other hand, the recession which has definitely emerged in the leather industries of many developed countries, especially in the tanning sector, provides developing regions - and Latin America in particular - with an exceptional opportunity to expand considerably its industrial activities in the tanning and leather manufacturing sector.

68. Reference has already been made to some of the factors which determine Latin America's potential for meeting from its hide production a substantial part of future demand for products made from this raw material.

69. According to preliminary estimates, the region could process in the year 2000 the totality of rawhide production, estimated at 58 million hides. This would mean practically doubling average production levels achieved in recent years, and would require overcoming some of the obstacles pointed out in preceding paragraphs with regards to raw materials, staff training, technology and others, in addition to making substantial capital investments in equipment and infrastructure.

70. In order to overcome such obstacles, it will undoubtedly be necessary to adopt measures at national, regional and international levels, and the co-operation of bodies such as UNIDO could be of considerable importance in any international action taken.

III. RECOMMENDATIONS FOR FUTURE ACTION FOR THE DEVELOPMENT AND EXPANSION OF THE LEATHER AND LEATHER GOODS INDUSTRY IN LATIN AMERICA

1. Raw materials

(a) Rawhide

71. Latin America, with a population accounting for 8.2 per cent of the world population, supplies 22 per cent of total world production of raw cowhides, placing the region in an advantageous position with respect to other regions. It must be added that the industrialized countries producing tanned leather are finding it more and more difficult to process hides in their own territories.

Therefore, in view of the fact that Latin America is favourably located with respect to the industrialized countries, mainly in Europe and North America, the possibility is emerging for Latin America to carry out in future partial and perhaps full processing of a large percentage of the raw hides which the industrialized countries are now processing.

72. It is estimated that the number of heads of livestock in Latin America in the year 2000 will amount to at least 25 per cent of the world total. This estimate is based on the assumption of a growth rate for livestock raising averaging 1.5 to 2 per cent a year and a slaughter rate of 15 per cent. However, the figures could be larger owing to:

- (i) The economic and social growth of Latin America, the rise in its income level and improvement in the distribution of income, bringing about an improved purchasing power of the population;
- (ii) An increase in world meat consumption;
- (iii) The rapid rate of population growth in Latin America.

These facts would tend to indicate that Latin America's share in world rawhide production might amount to around 30 to 35 per cent.

73. Some raw materials leave the region in an illicit manner, and it is therefore essential that protective measures should be applied in order to prevent the resulting decapitalization. It was suggested that a regional and interregional system should be set up for the marketing of sheepskins, goatskins, the skins of marine and exotic animals, etc.

(b) Chemicals

74. A large proportion of most of the chemicals required by the leather industry are now manufactured in Latin America, but not in the variety and quantity required, and some of these products must be imported. The high prices commanded by chemicals are heavily influencing the final prices of leather and manufactured leather goods.

75. Transnational corporations are the main owners of technology, and for reasons of economic expediency, they will probably set up their production plants where consumption requirements are met, as is already occurring in several countries in the region.

76. In the field of chemicals, it would be very advisable to adopt measures designed to ensure:

- (i) Rational exploitation of natural resources relevant to these products;
- (ii) Expansion of the existing chemical industry and establishment of new capacities to meet current and future demand in respect of inputs for the leather industry.

77. For raw materials as a whole (hides and chemicals), it was indicated that interregional and regional co-operation should be directed towards the following:

- (i) Processing of all Latin American rawhide raw materials in the region and achievement of the greatest possible degree of vertical integration in this industrial branch;
- (ii) Trade in raw materials of regional origin (rawhide, tanning, etc.) on a preferential basis within the region, with broad agreement among all the countries to co-operate with those in a deficit position.

## 2. Tanning industry

78. It was considered that the region's potential with respect to availability of raw materials will make possible a doubling of tanned hide production capacity by the year 2000.

79. Expansion of existing production capacity and the creation of this new production capacity will call for an investment of around US\$1,000 million, assuming utilization of existing idle capacity in many tanneries in the region, improvement of management and technical training and a raising of the current technological level.

80. At the regional level, it was recommended that:

- (i) Measures should be taken to prevent the exit of rawhides from the region;
- (ii) Maximum use should be made of regional technical and management training, quality control and technological study capacities already existing in several countries, expanding these or establishing additional ones if necessary;
- (iii) Agreements should be promoted on the relocation of plants from the developed countries in order to make possible an increase in production capacity in the region;
- (iv) Agreements should be concluded between enterprises in developing countries requiring capital for expansion of their industrial activities and enterprises in developed countries which must be relocated.

## 3. Footwear and other leather goods

81. In order to achieve the goals relating to the production of tanned hides, growth and requirements of the regional population and export potential, production must be increased three-fold by the year 2000, and this would call for investments estimated at \$1,500 million for footwear and \$700 million for other leather goods.

82. In order to achieve this goal, the regional footwear and leather goods industry must cope with the following problems:

- (i) Capital requirements;
- (ii) Technology. Continuing technological renewal is required for this industrial activity;
- (iii) Lack of supporting industries;
- (iv) Shortcomings in the present marketing system;
- (v) Inadequacies in statistics on the leather goods sector.

83. For this purpose, it was recommended:

- (i) That long-term systems should be established to finance the renewal of equipment and machinery;
- (ii) That technical and fashion research and development centres should be set up;
- (iii) That the establishment of new supporting industries and the expansion of existing ones should be promoted to enable the region to be self-supplying;
- (iv) That appropriate emphasis should be placed on these activities at the national level.

#### 4. Quality control of leather

84. Although this industry has developed in the region thanks to the quality of its products, problems are arising as a result of the lack of specialized organizations to provide the technical consultancy required by the industry with regard to product quality. This is compounded by the low level of participation of the region in the establishment of international testing standards and specifications relating to leather and leather goods.

This situation has already given rise to economic disadvantages and may hamper the development aspired to.

The following was therefore recommended:

85. At the national level

- That Governments should be advised to promote the standardization of hides, leather and leather goods by establishing technical organizations for the quality control of hides, leather and leather goods and/or accelerate the development of already existing ones;



- That measures guaranteeing the inclusion of clauses specifying quality requirements and testing methods to evaluate quality should be advocated.

86. At the regional level

- That Government agencies and private institutions in the field should be advised to promote exchanges of information through periodic meetings on the problems concerned, with technical and entrepreneurial participation.

87. At the interregional level

- That active participation in international meetings by representatives from the area should be promoted;
- That the inclusion of this subject on the agenda of periodic consultation meetings organized by UNIDO should be encouraged suggesting that the dates and places of such meetings should be fixed in the light of international functions relating to leather.

5. Technology

88. At present, the region has the usual leather-processing technology, which is of adequate quality and competitive, given existing manpower resources. However this is not the situation everywhere, and it should be pointed out that the know-how used in industry is based on almost total dependence on the technologies implicit in the chemicals supplied by large foreign enterprises and in the most sophisticated machinery from the same sources.

89. It was therefore recommended that use should be made of the natural resources in the region and that regional and national technological development programmes should be promoted in order to reduce this dependence in the medium and long terms.

90. At the national level

- Promotion of co-operation by government agencies directed towards joint implementation with industry of action making possible the establishment of suitable institutes and/or strengthening of existing ones.

91. At the regional level

- Promotion through a regional body of use of experience and already existing infrastructure, especially in the Leather Research Centre (CITEC) in Argentina, the Technological Laboratory of Uruguay (LATU)<sup>1/</sup> and the Technical School for Tanning, of the National Industrial Apprenticeship Service (SENAI), in Brazil, and the Leather Centre of the University of Costa Rica for technological research for the tanning industry in the region, concentrating efforts on subjects focusing on the abovementioned reduction in technological dependence.

At the world level

- Obtaining of support from international agencies, citing as an example the support provided through the multinational project Curticom by the OAS;
- Conclusion of agreements with the developed countries for obtaining transfer of technology.

6. Environmental pollution

92. Development of the tanning industry in the region has aggravated the pollution experienced by the populated areas in which this industry is located. All sectors related to leather are aware of the problem of the need to take corrective measures soon in order to prevent aggravation of a situation which will hinder development of the industry.

It was therefore recommended:

93. At the national level

- That Governments should be advised, when considering taking decisions in this connexion, to consult also with technical and entrepreneurial bodies in the leather industry;

---

<sup>1/</sup> A UNIDO project, should be strengthened. (Project doing very useful work, FAO representative, to be completed soon).

94. At the regional, intraregional and world levels

- That CLADIC<sup>1/</sup> and already existing bodies (ALAIC, FLASTIC, etc.) should be advised to co-ordinate the above-mentioned activities in order to ensure regional and intraregional co-ordination in the light of experience and technological progress achieved in other regions.

7. Manpower

95. There is a shortage of manpower at all levels in the area despite the efforts being undertaken by some countries in it, namely, Brazil, Costa Rica, Mexico, Argentina and Colombia. In this connexion, Brazil should be singled out for the magnitude of its efforts and the results achieved through its action.

96. The non-availability of suitable manpower gives rise to an undesirable dependence and hampers the development of the industry.

It was therefore recommended:

97. At the national level

- That education and training of manpower for the leather and leather goods industry should be promoted;

98. At the regional level

- That the machinery required to make it possible to promote utilization of existing infrastructure in the region, i.e.:
  - (i) Tanning and Footwear School, SENAI (Brazil)
  - (ii) School of Chemistry of Costa Rica
  - (iii) Polytechnical School of Guadaluajara, CIATEC de León, Guanajuato, Mexico
  - (iv) Footwear Centre, SENA (Colombia)
  - (v) Leather Technology Research Centre (Argentina)
  - (vi) Technological Laboratory of Uruguay
  - (vii) National Technology and Standardization Institute (Paraguay)
  - (viii) Concepción School of Engineering (RCH)
  - (ix) Panamanian Industrial and Technical Standards Commission (COPANIT)

---

<sup>1/</sup> Latin American Committee for the Development of the Leather Industry, establishment of which is recommended below in connexion with regional co-operation.

should be strengthened so as to give rise to multiple effects directed towards the practical requirements of the industrial sector;

At the intraregional and world levels

- That co-operation with countries outside the region, international agencies and other bodies, with a view to achievement of the goals indicated, should be promoted.

8. Marketing and the market

Hides (Tanned hides)

99. The market is not very competitive. On the contrary, it is a normal market to which access can be gained with normal quality and normal prices. The reason for this is that demand exceeds supply.

Leather goods

100. For this type of goods, the market and prices are very competitive. There is ignorance of marketing channels and competitive design and there are shortcomings in marketing and finance structures, which are factors making possible successful entry into world markets. In addition, the supply market in the region is highly fragmented. In the developed countries, marketing structures and financial strength are well established.

101. The following problems are being encountered in the region:

- (i) Lack of constantly up-dated and timely information on international market trends,
- (ii) Complete dependence on foreign fashion,
- (iii) The marketing systems in the developed countries and the absence of the same in the developing countries, enabling the former to charge advantageous prices which only leave producers in developing countries a small margin which does not compensate the efforts and risks of production;
- (iv) Limited markets for the products of the developing countries in general.

102. Recommendations

- (i) Centralization of information in the region in an appropriate body using the current resources of the centres involved in this activity, possibly located in a regional institute;
- (ii) Promotion of the establishment of the developing countries' own fashions;
- (iii) Promotion of the establishment of a regional system for direct distribution to the major consumption centres, making it possible to penetrate these centres directly;
- (iv) Securing, through special agreements, of permanent markets for the products of the developing countries and of better distribution and diversification of these products.

9. Regional co-operation

103. Up to the present time, the Latin American hide-producing countries have established groups of entrepreneurs (Latin American Association of the Leather Industry - ALAIC), societies of leather industry technicians (Latin American Federation of Associations of Leather Industry Chemists and Technicians - FLAQTIC) and have undertaken co-operative efforts in education and technology in the field of leather (Multinational Tanning Project sponsored by the Organization of American States - PMC-OAS), but it is realized that these forms of organization are not entirely adequate and too unco-ordinated to cope successfully with the task of enabling the region to exceed the goals for leather and leather goods proposed for the year 2000.

104. Furthermore, little progress has been made in co-operation and communication at the regional and intraregional level, with developed countries and with international agencies. All this was considered to be extremely disadvantageous for the region, and it was therefore thought important to lay the foundations for the establishment of a Latin American committee for the development of the leather industry (CLADIC). This body would co-ordinate regional and international action for the development of the leather sector in the following spheres:

- (i) Economics,
- (ii) Data processing,
- (iii) Market,
- (iv) Manpower and
- (v) Technology.

In order to achieve this purpose, the following was recommended:

105. At the national level

- Promotion of the support of government and private bodies.

106. At the regional level

- The co-ordination under CLADIC of the action of ALAIC, FLAQTIC, educational and technological institutes and other bodies which, in view of their present infrastructure, experience and interests, would enable the proposed committee to start operating immediately.

107. At the intraregional level

- Co-operative action with similar bodies in Asia, Africa and other developing regions.

108. At the world level

- Promotion of participation by the developed countries and international agencies in the action of CLADIC.

10. Redeployment

109. A number of factors, including pollution, are forcing more and more tanners in a number of developed countries to close, and Latin America has a potential enabling it to absorb the production capacity of the enterprises which will be shifted.

110. However, if this redeployment of production capacity from the developed countries to the developing countries is to be achieved, it will clearly be necessary to obtain relevant technological, economic and commercial information, set up appropriate machinery and conclude agreements aimed at achieving this purpose.

111. In this connexion, it was recommended:

- (i) That UNIDO should take the initiative of supplying, on a regular basis, appropriate information enabling investors in the region to take decisions;
- (ii) That agreements should be concluded at the world-wide level facilitating redeployment of plants from the developed countries to the developing countries.

#### IV. FINAL CONCLUSIONS

The Regional Preparatory Meeting for the First Consultations on the Leather and Leather Products Industry reached the following conclusions:

1. The meeting afforded a valuable opportunity to examine the current situation and identify the problems and constraints confronting the industry in respect of its expansion and future development;
2. It made possible identification of the most relevant factors, with respect to which action will be needed at the national, regional and international levels;
3. The main subjects which should be considered at the first world consultation meeting on these industries, to be held in Innsbruck, Austria, from 7 to 11 November 1977, are:
  - (a) Technology, mainly as regards tanning, footwear manufacture, standards and quality control, pollution control, etc.,
  - (b) Redeployment of the production capacity of tanneries, footwear and leather goods factories and plants producing equipment, machinery, chemicals, etc. for these activities to the developing countries, (taking into account the following):
    - (i) Feasibility studies indicating the advantages of redeployment for both parties,
    - (ii) Suitable guarantees for the smooth operation of the machinery and equipment to be redeployed,
    - (iii) Prevention of the transfer of the pollution effects of these industries by the introduction of suitable safeguard clauses,
    - (iv) Favourable credit conditions and terms of payment.
  - (c) The high cost of the chemicals available in Latin America, in comparison with the prices on the international market;
  - (d) Identification of investment projects;
  - (e) Interregional co-operation in the exchange of information on economic aspects of the industry, infrastructure, marketing, training, technology, machinery and equipment, etc.



4. The dates of the second world consultation meeting on this industry should be fixed to coincide, as far as possible, with the dates of international fairs organized in Europe (Paris, Hamburg, etc.).

5. At the regional level, the second preparatory meeting should be held, as far as possible, at the same time as Latin American functions relating to this subject.

6. To ensure the success of the next regional preparatory meetings, it would be extremely desirable that:

- (i) Organizational arrangements should be started sufficiently in advance, and at least four months before the meeting;
- (ii) The regional advisers should travel to the place of the meeting sufficiently in advance to be adequately informed of the scope of the meeting and to prepare the relevant background documents.

ANNEX I

Address delivered by Mr. Roberto Matthews, Director,  
Joint ECLA/UNIDO Industry Development Division,  
at the opening meeting of the Regional Preparatory  
Meeting on the Leather and Leather Products Industry

On behalf of the Executive Secretary of ECLA, Mr. Enrique Iglesias, who is absent on an official mission, and also on my own behalf, I am pleased to welcome you most cordially to this Regional Preparatory Meeting on the Leather and Leather Products Industry, organized jointly by ECLA and the United Nations Industrial Development Organization (UNIDO). We had very little time to prepare this meeting, and this compelled, inter alia, to issue the invitations and arrange for preparation of some of the documents too quickly to do justice to the magnitude and importance of the subjects to be taken up. However, as is borne out by the documents which have been prepared and by your presence in this room, the response has been unstinting and enthusiastic, and this makes us very happy. We are fully aware of the effort you are making in attending these meetings, leaving behind your usual tasks and responsibilities for a while, and we are therefore doubly grateful since your co-operation represents a very important support for the tasks we are undertaking and makes us feel very optimistic about achieving the objectives of this meeting. I should also like to extend these words of welcome to the representatives of UNIDO, FAO and UNDP who are with us on this occasion, and, very particularly, to Mr. Fuad Bechara Maluf, President of the Latin American Association of Tanning Industries, for their enthusiastic acceptance of our invitation. Their recognized experience and knowledge of the subject will enable them to make a valuable contribution to our discussions.

This meeting has been convened in preparation for a world consultation meeting on these industries organized by UNIDO, which will take place in Innsbruck, Austria, in November of this year. These world-wide consultation meetings, which it is UNIDO's responsibility to organize in the industrial field, are one of its responses to the mandate assigned to it at the Second General Conference held at Lima in 1975 to implement the principles of the Declaration and Plan of Action on Industrial Development and Co-operation approved at the Conference. The Lima Declaration and Plan of Action contains a number of

measures to be adopted by the international community with a view to establishing a new international economic order in the industrial sphere. As you know, the United Nations General Assembly in 1974 approved two resolutions on the Declaration and Programme of Action for the Establishment of a new International Economic Order, which constituted recognition by the international community that, in order to promote the economic and social progress of all peoples, the system of international relations obtaining in the world today must be replaced by another system based on equity, sovereign equality, interdependence, the common interests and the co-operation of all States.

As regards industrialization, the Programme of Action on the Establishment of a New Economic Order indicates a number of measures which should be taken with a view to the establishment of new world industrial capacity in which the developing countries would have a substantially greater share than at present.

In the Lima Declaration and Plan of Action, the developing countries accepted this challenge and laid down, as a goal for the year 2000, a share in world production increased from the current 6.8 per cent to at least 25 per cent.

The Latin American countries, for their part, had decided at the Latin American Conference on Industrialization held in Mexico in 1974 that Latin America should increase its share from the current 3.6 per cent to at least 13 per cent by the end of this century. As one of the means of achieving these objectives, it was decided to establish a permanent system of consultations among the developed and developing countries and among the developing countries themselves, with a view to considering, in the context of specific industrial branches or products, the possibilities and most suitable forms of action to achieve these goals and prepare concrete proposals to be incorporated into the development programmes of developing countries. It was also indicated that these consultations should relate primarily to industries processing raw materials exported by the developing countries or consuming large amounts of energy.

UNIDO has already organized two consultation meetings, one on the fertilizer industry, and one on the iron and steel industry, but beginning with this meeting on leather and leather goods, it has been decided first to hold regional preparatory meetings. This step cannot fail to be helpful in that it will not only make possible better preparation for the world conference, but will also provide the countries in the region with important basic information to enable them to fix their positions at the conference.

- 4 -

Here we are embarking on this first experiment, and also, as many of you will have been thinking, we are confronted by many questions. The following questions comes immediately to mind: What is this meeting, what subjects is it of interest to consider and what is expected of it?

In the first place, I feel I should point out to you that this is a technical meeting, a working group in which those who participate do so in their personal capacities and solely by virtue of their own experience and knowledge of the subject. As a consequence, there are no representatives of countries here and the fact that the participants are national of particular countries is merely a reflection of the intention to achieve the kind of geographical representativeness that would guarantee that our conclusions will be as realistic as possible in the Latin American context. I also think it important to make the point that this is an informal meeting and that we want it to be as informal as possible, without attention to protocol and marked by a climate conducive to a frank and candid discussion of the issue before us.

In the second place, a frame of reference has been established for the discussions at this preparatory meeting. This embraces three major subjects:

- the present statue of the industry and its growth potential over the short, medium and long term;
- the resources and conditions which should be present if Latin America is to increase its share of world production;
- the advantages, opportunities and constraints involved in the relocation to Latin America of new production capacity, including the transfer of activities from the developed regions.

Within this general framework, particular relevance attaches to the measures which would have to be taken at the national and regional level and by the international community to ensure that Latin America is able to realize its potential and take its rightful place in the world context.

Finally, it is hoped that from this meeting there will emerge a Latin American response to this challenge,, a response that can be examined and discussed at the world consultative meeting to which I have already referred, as regards both the preparation of that meeting by UNIDO and the position to be taken at it by the regional countries attending.

UNIDO

Accordingly, our task will be to examine, within the context indicated, the status of the Latin American leather and leather goods industry and to identify in general terms the possible role of that industry in the future industrialization process of the region and the world. To state the problem confronting us is relatively easy, but to attack it will raise serious difficulties of various kinds, which it will be our task to solve in the course of our discussions.

We believe there are attractive prospects for the future development of the leather and leather goods industry in Latin America, both at the regional and international levels and that trends in this industry, in recent years, augur well for its future. This industry is one of the oldest manufacturing activities in America, and although its contribution to the industrial product has been declining in relative terms, it is still important as a source of jobs and foreign exchange. In this context, it is estimated that at least 300,000 persons are employed in the industry and that its exports exceed \$500 million. However, perhaps the most important of all are the prospects for future development opening up to this industrial sector.

At present, Latin America accounts for around 22 per cent of the world total of cattle, while the number of inhabitants accounts for 8 per cent of the world population. This results in a ratio of 0.8 head of cattle per inhabitant: This ratio much exceeds the world average, which is around 0.3 head of cattle per inhabitant, and the ratio for the developed countries, which is around 0.4. This fact alone clearly indicates Latin America's potential and also, to some extent, the role which it could play in supplying the world with leather and leather products. At the same time, however, we are very well aware that the realization of this potential is encountering serious obstacles which will have to be quickly overcome.

Furthermore, the world market affords interesting prospects from the point of view of both demand and prices and of the changes in the goods being supplied by the developing countries. Latin America has been able to respond to the advantageous conditions in the world market in recent years, as is shown by the growth in export figures for these products, and this is an

important indication of its favourable position and production capacity. Similarly, its exports are changing in the sense of a reduction in its sales of rawhides and an increase in its sales of tanned hides and leather products - another proof of the maturity which has been achieved by this activity.

The clear decline in the leather industries in many of the developed countries, especially in tanning, as a result of the increasing difficulty, not only of obtaining labour at a reasonable cost, but also of overcoming the problems arising of the high cost of equipment required for pollution abatement, places many developing countries, and very especially some Latin American countries, in an exceptionally favourable position to expand their industrial activities in this field considerably.

My purpose in this brief statement has been to sketch for you a very general picture of the aspects of concern to us and the subjects to which we shall have to turn our attention. As I have already said, the task facing us is not an easy one, and is full of questions to which it will not always be easy to find answers. However, I am quite convinced that your broad experience and knowledge of this industry, coupled with the excellent spirit of co-operation shown, will enable us to carry out successfully the task we have set ourselves and, in this way, to go to the world consultative meeting with a clear and precise vision of the future of this important industrial activity in Latin America.

Finally, I should like to express again our most sincere thanks for your valuable contribution and support and to wish you a very pleasant stay in this city.

Santiago, 6 June 1977

UNIDO OPENING STATEMENT AT THE ECLA/UNIDO  
REGIONAL PREPARATORY MEETING ON LEATHER  
AND LEATHER PRODUCTS

Santiago, 6 to 10 June 1977.

Gentlemen,

It is a pleasure for me to welcome you to this Meeting on behalf of UNIDO. I am from the Negotiations Section which is responsible within UNIDO for establishing and implementing this new activity entitled the system of consultations. Mr. Hacini, the Head of this Section, is sorry that he is unable to attend this important preparatory meeting in Latin America personally but sends you through me all his good wishes for a successful outcome.

As one of the UNIDO representatives, Mr. Succar has been detained and will hopefully join us soon and Dr. Reddy who participated in the ESCAP Regional Meeting on this subject and will brief you later on the outcome himself, I would like to thank ECLA for the excellent arrangements they have made for this meeting. I am sure the papers which the consultants have prepared for this meeting will make an important contribution to the successful outcome. UNIDO is very pleased that you accepted to attend this meeting as consultants or expert participants.

Although you are all, I hope, aware from the note for participants distributed in advance, of the background to this meeting, it is perhaps important that we should be clear from the outset what are the objectives. The overall purpose is to prepare for the First Consultation Meeting on Leather and Leather Products to be held in Innsbruck from 7 - 11 November and hosted by the government of Austria. This consultation meeting will be preceded by the First Consultation Meeting on Vegetable Oils and Fats to be held in Madrid 12 - 16 December and hosted by the government of Spain. These industrial consultations will be attended by representatives of both developed and developing countries. The participants will include representatives of Government, industry, labour and perhaps consumer groups. At the First Consultation Meeting on the Fertilizer Industry held in January this year, 66 countries

/and 28

and 28 international organizations were represented, there were over 200 participants of whom about one-third were from industry. The attendance at the First Consultation Meeting on the Iron and Steel Industry was about the same. At these Consultation Meetings a number of issues to ensure the growth in developed and developing countries in these sectors were identified and the constraints faced examined in preparation for the Second Consultation in 1978 a number of specific issues are to be examined in depth by UNIDO with the assistance of working groups composed of a small number of interested partners from both developed and developing countries for negotiation between the developed and developing countries concerned at these consultations; in accordance with their continuous action-oriented nature; the continuation and fruitful conclusion of this dialogue will depend crucially on the political will of the partners involved.

In order to prepare for the consultation Meeting on Leather and Leather Products Industry, the International Centre for Industrial Studies, part of the UNIDO Secretariat is presently preparing a world-wide study of this sector. Conference Room Document No 2, distributed provides a summary indication of what it will contain. Mr. Succar is in charge of this work and will be able to tell you more about it when he will join us. The main aim of this study is to present an overall global picture based on the present situation of the industry, that is a background against which developing countries could formulate their own plans and projects. The study will also examine the main constraints on the development of the industry in developing countries in a long-term perspective, and the principal factors which condition the growth of this industry in developing countries.

On the basis of the conclusions of this study, the conclusions of the Regional Preparatory Meetings at ECA, ESCAP and ECLA due to the political uncertainty in Beirut, ECWA could not be covered. Similarly, contacts with selected representatives from developed countries, chambers of commerce etc. an issue paper, synthesizing the main conclusions requiring follow-up action will be submitted to the actual Global Consultation Meeting.

/As you



As you know, the aim of consultations is to facilitate the achievement of the goals which developing countries establish for their industrialization, including an examination where applicable of the redeployment of existing non-productive capacities from developed countries and the creation of new capacities in developing countries. This was made clear at the Lima Conference and was subsequently endorsed by the General Assembly at its Seventh Special Session in its Resolution 3362. The emphasis at all times being on increased processing of the respective natural resources within the developing countries. Bearing this in mind, UNIDO felt that for this important sector it would be useful to organise informal regional meetings at which the countries could discuss:

- a) The present stage of development of the industry and their plans for future expansion;
- b) The constraints or difficulties they face individually and collectively in establishing new capacities or in operating established ones;
- c) The potential for the redeployment of some existing capacities from developed countries to developing countries in the region;
- d) The areas in which increased co-operation among countries in the region is necessary and feasible;
- e) The problems and areas of co-operation with developed countries that should be considered at the global level consultation meeting.

It will be clear from this list of objectives, that this meeting is different from an expert group meeting or seminar. Its task is to prepare the position and views of Latin American countries for the global level meeting and to decide what priority topics Latin American countries should raise in this forum. It is of course, envisaged that the consultations will be continuing; bearing in mind that in order to obtain results a specific time-span is observed i.e. an interval of no more than twelve months between each Consultation Meeting. Therefore, it may be appropriate to select only a few of the topics discussed here as those which should be raised at this, the First Consultation Meeting; other topics could be taken up at a later date.

/In these

In these two sectors of agro-based industries, UNIDO expects Latin American countries to identify specific obstacles to the expansion of the industry and, if possible, to do this on the basis of specific projects. I emphasize this because the Lima Declaration clearly indicated that the ultimate goal of consultations is to "result in concrete proposals for inclusion in the development programme of participating developing countries". It is our view that to be practical and realistic, consultations must be based on specific examples and concrete cases of particular difficulties.

I would now like to offer some preliminary observations, as an indication of our thinking on some issues to be considered in examining leather and leather products, it being understood that UNIDO's technical experts are doing all the substantive preparation.

As you may know, the Lima Declaration and Plan of Action on Industrial Development and Co-operation adopted in 1975, stated that consultations should in particular relate to industries processing raw materials exported by developing countries. At the present time the developing countries have a potential to produce 60 per cent of the world's production of leather. Yet, we find that 60 per cent of the production of leather goods is carried out in industrialized countries. Production of leather goods is a labour intensive industry and there are many countries in Latin America which have already demonstrated their ability to compete strongly in international markets.

If we take the shoe industry as the major user of leather we find that developing countries produce about 18 per cent of world production and account for only 12 per cent of world trade. Clearly in the future these proportions can be increased if developing countries improve the quality of their products and if they obtain access to the markets of developed countries. This is in fact, an industry in which some redeployment has already taken place and in which further redeployment can be expected in the years ahead.

UNIDO therefore expects this meeting, on the basis of the experience of Latin American countries who are well advanced in developing this industry, to make a major contribution to the Consultation

/Meeting at

Meeting at the global level. This contribution will be more valuable if it is based not on general conclusions, but on specific examples of the difficulties which Latin American countries face in expanding this industry and increasing their exports to developed countries.

Success in this industry undoubtedly depends on the production of high quality leather and leather goods. You may therefore wish to consider what steps could be taken at national and regional levels to improve the quality of Latin American products, but these actions the Latin American countries can be expected to initiate themselves. Therefore, the major issue in this area that should be raised at the Consultation Meeting is what co-operation should be sought from industrialized countries and what form this might take.

Of course, if this industry is to continue to expand in developing countries and to contract further in some developed countries, there must be mutual advantages for both sides. In the industrialized countries the consumer is well aware of the advantages of being able to purchase a cheap and good quality imported product but there will be other interests represented at the Consultation Meeting including the industry itself and labour represented by trade-unions. Therefore, it will be necessary for developing countries and Latin American countries in particular, to demonstrate the mutual advantages that can be obtained by increasing production for world markets in Latin America. I do not wish to pre-judge what the specific problems are in this industry in Latin America. The purpose of this meeting is to do just that. You are the experts and UNIDO and ECLA are looking forward with great interest to your discussions and your findings.

We expect this meeting to identify in a clear and precise fashion the topics which Latin American countries would like to discuss at the global level meeting in Innsbruck in November this year. Furthermore, if the countries which you represent feel these issues are important we expect them to send participants to this meeting and to state the points of view of Latin American countries in this international forum. It is clear then that your discussion will not be the same as that of a seminar or expert group meeting. You have a more specific and perhaps more challenging task ahead. I wish you every success in your deliberations.

Provisional List of Participants

ANNEX II

REUNION REGIONAL PREPARATORIA SOBRE CUEROS Y PRODUCTOS DE CUERO

(Santiago, 6 - 10 de junio de 1977)

Lista Provisional de Participantes

Sr. Flavio A. Lucchese  
Diretor - Escola Tecnica  
de Curtimento  
Rua Gregorio Matos 111  
Estancia Velha  
Rio Grande do Sul  
Brasil

Sr. Valentín Molina Urrea  
Asesor del Comité Sectorial  
de la Industria del cuero y  
del calzado y sus productos  
Carrera 13 / 27-00 Piso 10  
Bogotá, Colombia

Sr. Julio A. Villa  
Ingeniero  
Ediciones Cuerecon S.R.L.  
Ituzaingo 117 - San Isidro  
Bs. As. Rep. Argentina

Sr. Fuad Bechara Maluf  
Presidente,  
Asociacion Latino-Americana de  
la Industria de Curtidoria  
Viaduto Dona Paulina 80 - 14° andar  
Sala 1418 - Sao Paulo  
Brasil

---

Nota: Cualquiera corrección a la presente Lista se ruega comunicarla  
a la Sra. Marta Montt, Asistente de Conferencias.

Sr. Raúl Boccone  
Jefe, Sector Industrias del Cuero  
Laboratorio Tecnológico del Uruguay  
Galicia 1133  
Montevideo - Uruguay

Sr. Freddy Brenes G.  
Profesor Asociado  
Universidad Costa Rica  
Escuela de Química, Universidad de  
Costa Rica  
San José, Costa Rica

Sr. Mauricio Duclos G.  
Gerente, ASINCAL  
Asociación Industriales Calzado  
Teatinos 248 - 2° piso  
Santiago - Chile

Sr. Alberto Ilharreborde  
Presidente,  
Asociación de Curtidores  
Teatinos 220  
Santiago - Chile

Sr. Luis Pous Rosas  
Presidente Cámara Nacional de la  
Industria de la Curtiduría  
Netzahualcoyotl 198  
México 14, D.F.

Sr. Isidro Schwartzman  
Coordinador Depto. Cueros  
Instituto Tecnología y Normalización  
Casilla 967  
Asunción, Paraguay

Sr. Patricio Silva del Campo  
Gerente - Abogado  
Industriales de Curtidurías de Chile  
Teatinos 248 - 2° piso Of. 21  
Santiago - Chile

Sr. Alberto Sofia  
Director, Centro de Investigación  
de Tecnología del Cuero (CITEC)  
Av. 52 y 121 - 1900 La Plata  
Rep. Argentina

Observadores

Sr. Gustavo Contesse P.  
FAO, Regional Food & Agricultural  
Industries Officer  
FAO  
Avda. Providencia 871  
Santiago - Chile

Sr. Dietrich von Graevenitz  
PNUD  
Oficial Auxiliar de Programas  
Bandera 341 - 9° piso  
Santiago - Chile

Secretaría

Miss. Liana Masans  
Negotiations Section  
UNIDO  
Vienna - Austria

Mr. H.G.R. Reddy  
Regional Industrial Adviser  
ESCAP/UNIDO  
Division of Industry, Housing  
and Technology  
United Nations Building, Sala Santitham  
Bangkok 2, Thailand

Mr. Jorge Succar  
Head, Sectoral Study Section - ICIS  
ONUDI  
Vienna - Austria

Sr. Roberto Matthews  
Director, División Conjunta  
CEPAL/ONUDI de Desarrollo Industrial  
CEPAL  
Santiago - Chile

Sr. Carlos Salazar  
Asesor Regional ONUDI  
CEPAL  
Santiago - Chile

Sr. Dauno Tótoro  
Div. Conjunta CEPAL/ONUDI  
de Desarrollo Industrial  
CEPAL  
Santiago - Chile

Sr. Rafael Villalba  
Div. Conjunta CEPAL/ONUDI  
de Desarrollo Industrial  
CEPAL  
Santiago - Chile

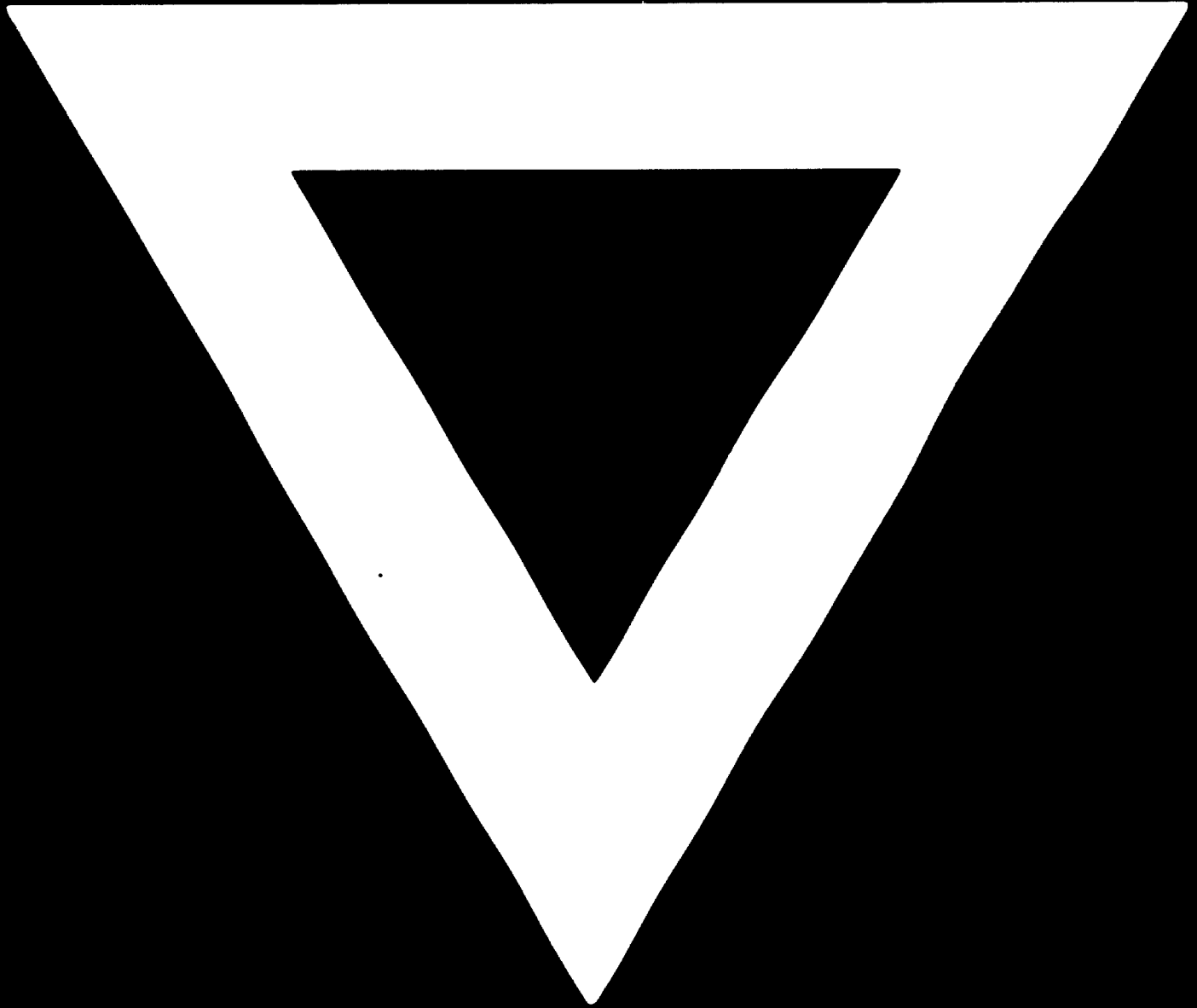
ANNEX III

List of documents  
=====

- Document No. 1 - Provisional agenda of the meeting
- Document No. 2 - The leather sector and the Lima targets:  
a summary report by D. Winters (UNIDO)
- Document No. 3 - The leather and leather products industry  
in Latin America - Joint ECLA/UNIDO Industry  
Division
- Document No. 4 - Preliminary study on the leather and leather  
products industry: its actual situation in  
Latin America and prospects for the future  
by Julio A. Villa
- Document No. 5 - Development of the leather industry in Brazil  
by Flavio Alberto Lucchese
- Document No. 6 - The leather and leather products industry by  
Valentin Molina Urrea
- Document No. 7 - Panorama of the leather industry and leather  
products in Uruguay by Raul Boccone
- Document No. 8 - Latin America facing the challenge of research  
on leather by Dr. Alberto Sofia and  
Mr. Victor D. Vera
- Document No. 9 - The leather industry in Costa Rica by  
Freddy Brenes.



**G-669**



**78.11.06**