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**ASSISTANCE  
TO THE NATIONAL  
AGENCY FOR EXPORT  
DEVELOPMENT (NAFED),  
MINISTRY OF TRADE,  
IN THE FIELD OF EXPORT  
PRODUCT ADAPTATION**

IS/IND/74/080

**INDONESIA .**

Technical report:  
**LEATHER GOODS**

E - AUG 1977

Prepared for the Government of Indonesia by the  
United Nations Industrial Development Organization,  
executing agency for the  
United Nations Development Programme



**United Nations Industrial Development Organization**

United Nations Development Programme

ASSISTANCE TO THE NATIONAL AGENCY FOR EXPORT  
DEVELOPMENT (NAFED), MINISTRY OF TRADE, IN  
THE FIELD OF EXPORT PRODUCT ADAPTATION

IS/INS/74/030

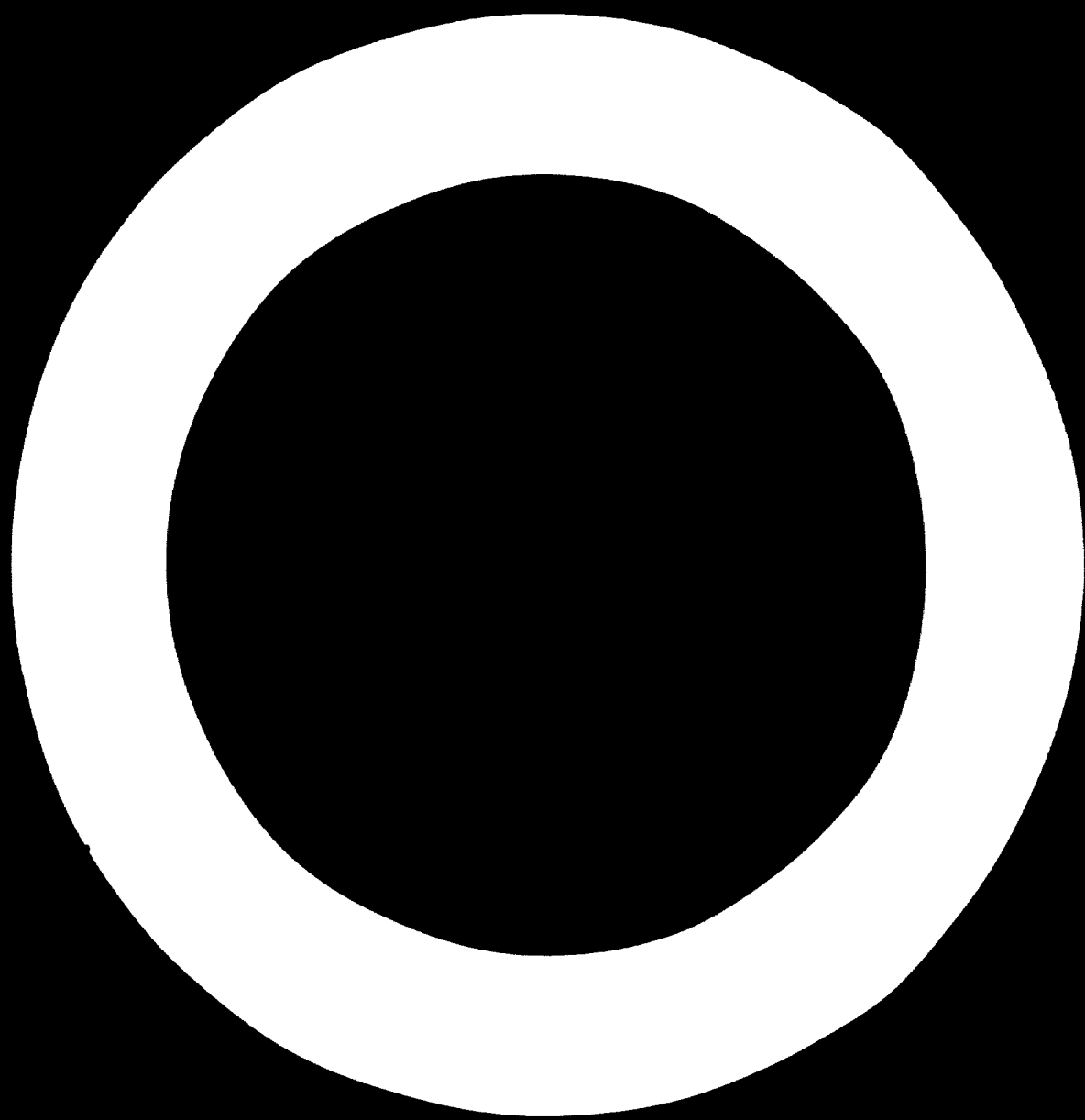
INDONESIA

Technical report: Leather goods

Prepared for the Government of Indonesia  
by the United Nations Industrial Development Organization,  
executing agency for the United Nations Development Programme

Based on the work of Mohamed Maher Abou El-Khair,  
leather goods expert

United Nations Industrial Development Organisation  
Vienna, 1977



ABSTRACT

The report covers a six-month mission carried out as part of United Nations Development Programme (UNDP) project IS/INS/74/030, Assistance to the National Agency for Export Development (NAFED), Ministry of Trade, in the Field of Export Product Adaptation", to assist the producers of leather goods in Indonesia. The United Nations Industrial Development Organisation (UNIDO) was the executing agency.

The consultation service provided was aimed at assessing the general situation of the industry and identifying problems that hindered exports.

It was found that leather-goods manufacturing in Indonesia has good prospects, despite several shortcomings due to technical and non-technical problems. In-plant step-by-step advice was extended to different manufacturers to help them adapt their products for export. The required improvements relate mainly to the raw materials used, the introduction of new designs, the up-grading of production methods, the equipping of enterprises with the proper machines and tools, and the provision of training facilities.

Recommendations were made for solving marketing problems, and suggestions were made for legislation to improve the export prospects of the industry.

Explanatory notes

The monetary unit in Indonesia is the rupiah (Rp). During the period covered by the report, the value of the rupiah in relation to the United States dollar was \$US 1 = Rp 413.

A full stop (.) is used to indicate decimals.

A comma (,) is used to distinguish thousands and millions.

References to "tons" are to metric tons.

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## INTRODUCTION

The Republic of Indonesia is anxious to assist the manufacturers of several categories of products with export potential to adapt their products and improve their production processes to meet world market competition. Leather goods are one of the categories involved.

The United Nations Industrial Development Organization (UNIDO), was requested to provide assistance under the United Nations Development Programme (UNDP) project "Assistance to the National Agency for Export Development (NAFED), Ministry of Trade, in the field of Export Product Adaptation" (IS/INS/74/030). The project was approved by UNDP in October 1974.

A UNIDO leather goods expert was assigned to the project for six months, from 19 November 1975 to 12 February 1976 and from 12 July 1976 to 9 September 1976.

Splitting the mission into two parts enabled the expert to get an overall view of the industry and provide preliminary technical advice to the manufacturers during the first part, with a view to upgrading the industry gradually. The second part was devoted to follow-up activities and the completion of consultation services.

Tanning is considered to be one of the oldest crafts in Indonesia. Eighty per cent of the country's wealth of hides and skins is exported in the semi-processed form. The tremendous supply of different types of hides and skins, coupled with the low labour cost in the country, encourages the development of leather-goods manufacture to meet world market demand. The anticipated added value from manufacturing and exporting such goods is quite beneficial to the country's economy when special attention is given to this sector. Because of the labour-intensive nature of leather-goods production, and the limited investment and machinery required, the benefits could be extended to the small-scale manufacturers and handicraft producers.

### Project activities

The project activities were centred mainly on the following:

(a) Assessment of the current general situation in the leather-goods industry and related sectors (tanning and shoe industries), identification of areas with export potential and of technical problems, through visits to enterprises and contacts with governmental bodies, institutes and associations;



(b) The provision of general advice to the manufacturers visited, followed by directions for specific adaptation to meet specific market requirements;

(c) The identification of the non-technical problems hindering the export promotion of leather goods, with suggestions for possible solutions and co-operation with ITC/UNCTAD/GATT projects in the follow-up work;

(d) Participation in specialized seminars and discussions with interested national bodies, and lectures on different aspects of the subject;

(e) Training of the national counterpart recruited by NAFED;

(f) Assistance in the formulation and implementation of a subsequent UNIDO project "Export Promotion and Development of Leather Goods" (VS/RAS/75/011).

## I. RECOMMENDATIONS

### A. General recommendations

1. The UNIDO technical assistance provided through the tanning expert should be directed to finishing the leather to satisfy the requirements of the leather-goods industry. Special attention should be given to the following:

- (a) Finishing of reptile leathers;
- (b) Finishing of light chrome-tanned leathers;
- (c) Softening of the vegetable-tanned leather used by leather-goods manufacturers in the region of Yogyakarta;
- (d) Checking the treatment of buffalo hide for the production of wayang (kayu);
- (e) Improving sole leather for the production of cut soles. Tanneries in urgent need of this assistance are listed in annex II.

2. Special attention should be given to the development and export adaptation of classic and traditional leather goods, starting with diversified designs for small and simple products. In-plant technical advice is required by the small manufacturers in different regions of the country (Jakarta, Yogyakarta, Magetan, Solo, Surabaya, Bandung). Short courses and demonstration facilities should be organized in these regions for the adaptation of designs, production methods and equipment to export requirements. The continuous government support is needed to continue the activities of the current project.

3. Consideration should be given to possible legislative action based on an integrated study to be carried out in co-operation with the ITC/UNCTAD/GATT projects. The aim of the study is to decide on the best draw-back or bonus system for the export of leather goods to reduce the effect of high import duties on raw materials and machinery and to support the finished product with a competitive price. Solving the problem of high freight rates from Indonesia to importing countries should also be included in the study.

4. Exporting factories should be given loans to finance the importation of machinery and equipment and the manufacture of export consignments.

5. A complete survey should be made by the Department of Industry of all Indonesia, so as to provide reliable and precise information on the manufacturers of leather goods in the country.

6. Contacts between the tanners and leather-goods manufacturers should be strengthened by frequent seminars and workshops, and by the active participation of the leather-goods manufacturers or their representatives in the Leather Association (A.K.I.). Continuous participation by Indonesian producers and officials in international fairs and marketing missions is beneficial and is recommended as a way to intensify contacts throughout the world.
7. The national counterpart should receive training abroad, in a specialized institute for leather goods, in marketing techniques and fundamentals of production. The proposed duration of training is one year with emphasis on the practical aspects of different stages of manufacture, and information on machinery and tools. The Cordwainers Technical College (Mare Street, Hachney, London, United Kingdom) might be a suitable choice.
8. The Leather Research Institute in Yogyakarta should be modernized as quickly as possible to improve its ability to provide technical assistance and training facilities to manufacturers.
9. The establishment of common services and demonstration centres should be encouraged in the region of Yogyakarta, within the framework of the Leather Research Institute.

B. Specific recommendations for specific producers<sup>1/</sup>

Wayang (kulit)

Producers: Moeljosoehardjo, Yogyakarta  
Pucung, Central Java  
Bantul, Central Java

1. The hides should be properly washed to get rid of residual blood, which causes spots on the product.
2. The hides should be stretched evenly and symmetrically on the frame (not only from top to bottom, which would cause the hide to dry in a long narrow shape).
3. Hides should be predried to drain the water from them.
4. In Indonesia, where the relative humidity is high, it is not possible to dry the hides sufficiently to ensure their keeping quality. The keeping quality

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<sup>1/</sup> For background see chapter II.

is of great importance, because putrefaction seriously affects quality, smell and colour. The hides should be treated with commercial salt after draining. The frame containing the hide should be laid up at an angle to allow further draining and then spread evenly with approximately 30%-40% of the hide weight of dry common commercial salt. The application of salt has two purposes:

(a) It removes water from the hide;

(b) When the salt is absorbed by water in the fresh hide, it improves keeping quality. The hide will usually take up 15%-25% salt.

The hide should be left in this state for two to three days and should then be shaken free of wet salt. In this partly dehydrated condition, the hides are fully dried by air movements and the sun. The salt should not be re-used for another hide because it becomes infected with various bacteria during curing.

5. The skins should be sprayed with a solution of 0.2% sodium arsenite. The solution is prepared by dissolving 5 kg of white arsenic (arsenic trioxide) and 5 kg soda (or 15 kg washing soda) in 45 liters of water. The solution is then made up to 225 liters (50 gallons) with water. This treatment should be carried out after the hides have been scraped for food purposes. Much care should be taken when applying this method, because arsenic is highly poisonous. A 5% suspension of sodium siliconfluoride (one gallon for 10-15 hides) could also be used safely.

6. The method of cutting, punching or manufacturing wayang should never be affected by the modern technology, because otherwise wayang will lose its unique character of a hand-made product that attracts both tourists and importers.

7. Since the selling price of wayang is relatively high, because of the labour cost and hide price, it is worth using better quality fast colours. The whole piece of wayang should not be covered with colour, because otherwise it will lose the feature of true skin and might look like cardboard, which will reduce its value.

8. The proposed salting, arsenation and better colouring materials should be tested in the Leather Research Institute before they are used in production.

9. Advice and assistance to this industry should be given through collective centres in each area that provide the producers with materials and collect the production for marketing.

Working gloves

Producer: Natraco (national tannery), Jakarta

The tannery can use its reject (grades 3 and 4) unfinished (crust) chrome-tanned sheepskin to manufacture for export working gloves to the reference samples submitted by an importer in the Federal Republic of Germany. White nylon thread should be used for stitching. The importer submitted samples of (see also figure I):

- (a) Leather working gloves;
- (b) Leather and textile protection gloves, with the leather parts on the grain side;
- (c) Leather and textile protection gloves, with the leather parts on the shaved flesh side.

1. The leather should be stretched to take all the stretch possible out of the leather in the head-tail direction. The other sides should be left without stretching. This stretch is necessary to prevent the stitches breaking after lock-stitching.
2. The sample pattern should be drawn on paper and then copied on hard cardboard or zinc sheets.
3. The pattern should be placed on the leather with the fingers parallel to the head-tail leather direction. The defective portions of the leather should be avoided. The leather should be cut only with a special sharp leather knife, not with scissors.
4. Stitching should be done with a lock-stitching machine, or better still with an overlock stitching machine. A flat-bed machine could be used for making samples, but the above-mentioned machines are necessary for production.
5. The glove pieces should be stitched on the back-side with three stitches/cm to avoid stitches breaking.
6. The excess threads should be cut, the edges trimmed, and the glove reversed.

Leather neckties

Producer: Perusahaan Daerah Sandang, Magelang

Raw material

1. Full grain colour fast chamois tanned sheep skins should be used, not splits.

Figure I. Reference samples for working gloves



Production

2. Skins should be sorted by colour.
3. Attention should be paid to the straightness of stitching with normal machines.
4. The excess leather should be carefully trimmed after stitching. The edges should be glued, laid on both sides and hammered properly to avoid excess thickness.
5. After reversal, the neck-tie should be lightly ironed.
6. A plastic or very light metal mould should be used to keep the shape of the tie.
7. Elastic of suitable width and colour could be attached to the tie, with metal clips to facilitate wearing.
8. The finished tie should be properly brushed before packaging to get rid of the residues of shaving dust.
9. A small piece of crepe should be included in the package for the consumer to use for cleaning the tie. (Instruction could be printed on the package.)

Leather pouffes (see figure II)

Producer: Perusahaan Daerah Sandang, Magelang

Raw material

- Colour fast sheep-skin leather
- Sheets of foam plastic 15 mm thick for stuffing
- Suitable fabric for internal lining

Production

1. Patterns should be drawn for the various panels of the pouffe; different colour combinations should be kept in mind.
2. The leather cuts should be embossed or incised according to the required designs.
3. The disk and side units should be assembled by unreversed stitching with beading to join both the leather and fabric lining.
4. The units should be fitted with cuts of foam plastic.
5. The disk, sides and base should be assembled by hand sewing.

Figure II. Developed designs for leather pouffes





Assorted leather goods

Producer: C.V. Ramlie, Jakarta

Raw materials

1. The finishing quality of reptile leather, especially glazing and colour fastness, should be improved.
2. Soft, light and colour-fast leather should be used for lining. Suitable fabrics and batik textile could be used for lining several products.
3. The matching of the colours of the leather and the lining of the product should be considered.
4. Imported accessories of good quality should be used.
5. Foam plastic sheets should be used for stuffing when appropriate.

Production

6. Simple designs without many accessories should be chosen. A combination of reptile leather and upper leather in the product could be a way of dealing with the shortage of accessories.
7. The sample pattern should be drawn on normal paper, using drawing tools, and copied onto metal sheets or thick cardboard.
8. The leather should be cut on a special cutting bench, using a cutting knife that gives straight clean edges.
9. All the edges to be folded should be skived properly and evenly, using a skiving machine and folding bones.
10. The stitching rows should be straight and equidistant from the edges. The colour of thread should match the leather and lining colours.
11. Special attention should be given to hammering the folded parts: a special hammer for leather goods should be used.
12. The insides of the products should be cleaned of adhesive remnants and the excess threads cut. Special attention should be given to the finishing of the products (staining, ironing of the edges, cleaning of spots etc.).

Suggested importers<sup>2/</sup>

For watch-bands: Marufuku Trading Co.

For ladies handbags: Seapcentre

For small leather goods (wallets, billfolds, belts, cigarette boxes, eye-glass cases, passport wallets etc.): Serco, Kromwell Technik, Rawson Trading Co. (For illustrations of typical goods see figure III.)

Expansion (see also figure IV)

Machines

- 1 guillotine for cutting cardboard
- 2 flat-bed sewing-machines (single needle)
- 2 column-bed sewing-machines (single needle)
- 1 skiving machine
- 1 band-knife splitting machine, working width 60 cm

Tools

- |                     |                           |
|---------------------|---------------------------|
| 15 cutting knives   | 15 hammers                |
| 15 folding bones    | 6 grinding stones         |
| 6 awls              | 3 frame-attaching devices |
| 7 steel rulers      | 3 edge-polishing irons    |
| 3 steel set-squares | 6 sets of punches         |
| 3 pr. scissors      | 6 brushes                 |
| 6 pr. compasses     | 6 stone plates            |

Workers

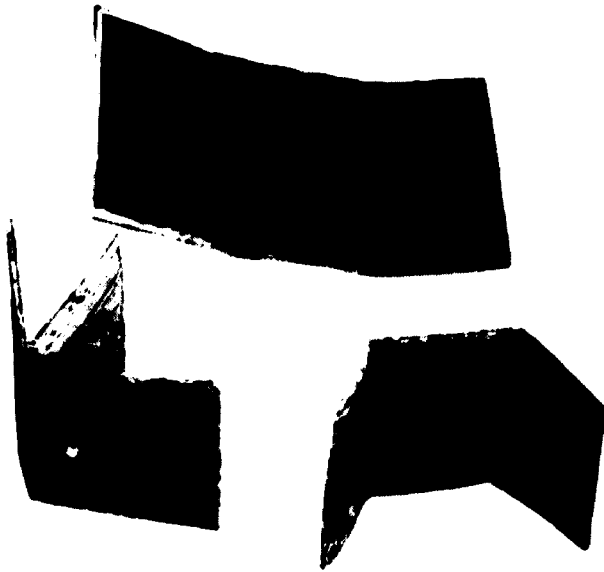
- 1 manager
- 1 technical assistant and supervisor
- 1 typist
- 3 sample makers
- 2 cutters
- 4 sewing and skiving hands
- 15 assemblers
- 3 finishers
- 3 packers
- 2 porters

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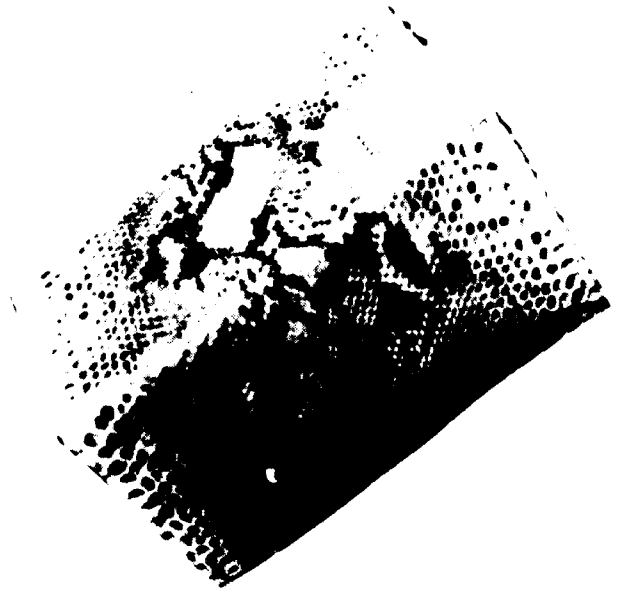
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<sup>2/</sup> For full names and addresses see annex III.

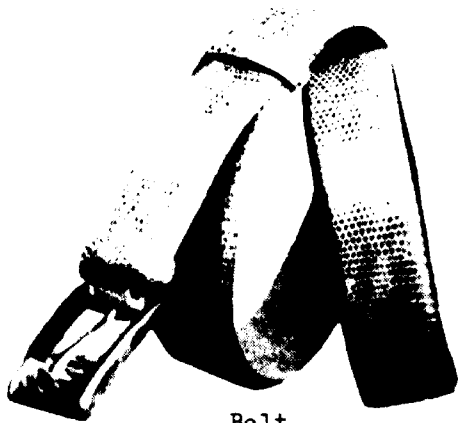
Figure III. Typical leather goods (Ramlie)



Wallets



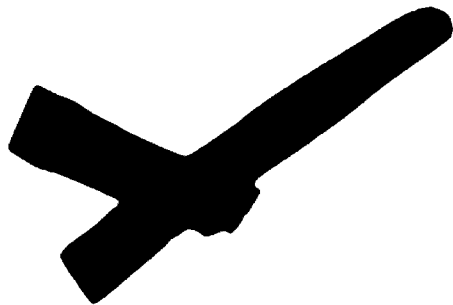
Passport wallet



Belt



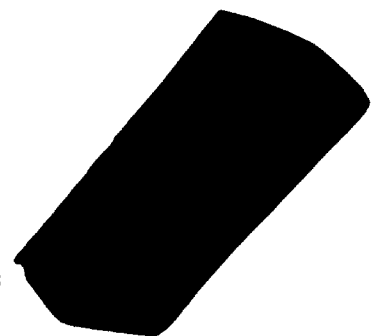
Bill folder



Match-  
band

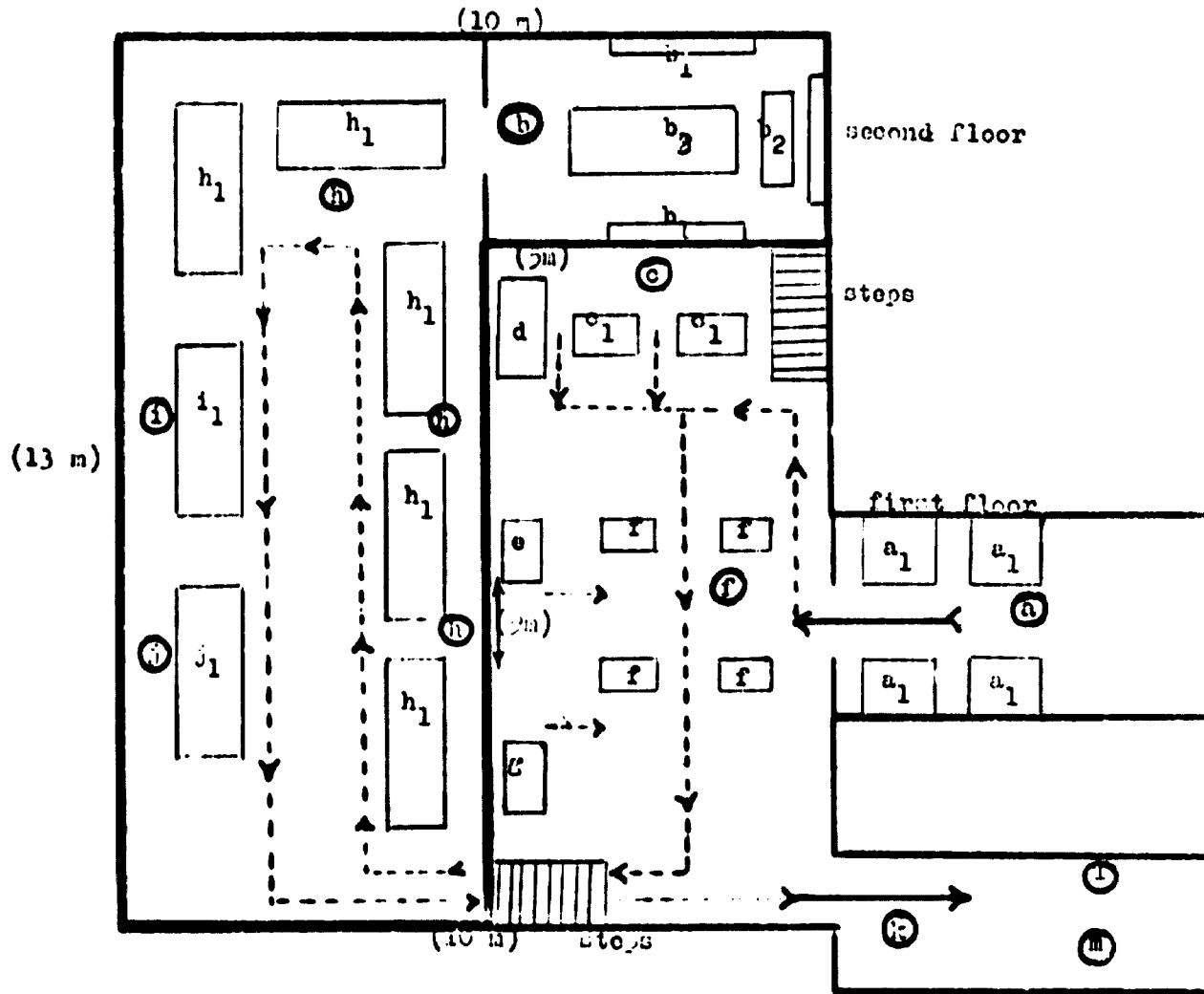


Eyeglasses  
case



Cigarette box

Figure IV. Organization of production in the projected Ramlie factory  
(available area on two floors)



Divisions and equipment positions

- |                |                                |                |   |
|----------------|--------------------------------|----------------|---|
| a.             | raw-material store             | f              | sewing machines                                 |
| a <sub>1</sub> | shelves                        | g              | splitting machine                               |
| b              | sample making                  | h              | assembly  |
| b <sub>1</sub> | shelves                        | h <sub>1</sub> | working tables for assembly                     |
| b <sub>2</sub> | drawing table                  | i              | finishing                                       |
| b <sub>3</sub> | working table                  | i <sub>1</sub> | working table for finishing and quality control |
| c              | cutting                        | j              | packaging                                       |
| c <sub>1</sub> | cutting benches                | j <sub>1</sub> | working table for packaging                     |
| d              | cardboard cutting (guillotine) | k              | finished-goods store                            |
| e              | skiving                        | l              | office  |
|                |                                | m              | show room                                       |

Assorted leather goods (2)

Producer: Genuine Leather, Yogyakarta

Raw materials

1. Soft vegetable-tanned leather should be used for the production of ladies' handbags, belts and men's bags. Medium softness is required in the leather for the manufacture of dice cups and items for office decoration.

Production

2. The factory should be equipped with cutting benches and working tables to provide workers with the right position.
3. Simple designs should be produced, and items introduced to utilize the leather scraps (e.g. joined belts).
4. Production should be split into specialized stages (sample making - cutting - carving - skiving - sewing - assembly - finishing).
5. Cutting patterns of thick cardboard or zinc sheets should be used.
6. Catalogues should be obtained to diversify products.
7. Special modern tools should be used to improve leather carving.
8. Imported accessories should be used.
9. Special attention should be given to cutting the leather of open-edge products and to finishing the edges.
10. Special attention should be given to the straightness of the stitching rows.

Some typical products are shown in figure V. Suggested importer<sup>3/</sup> for dice cups: Kromwell Technik.

Cut soles

Producer: Civic Shoes, Bandung

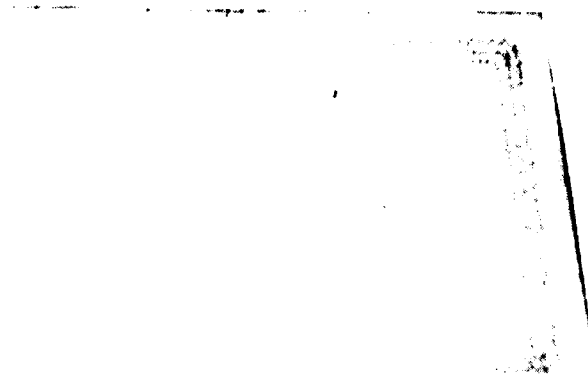
Raw material

1. Good quality vegetable-tanned or vegetable/synthetic-tanned sole leather is required. Only bends and butts should be used, with full penetration of the tannage through the leather section. Thickness and degree of firmness should conform with the importer's requirements.

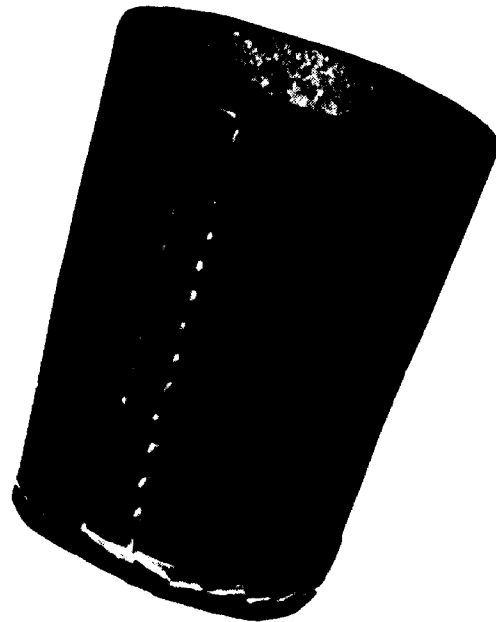
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<sup>3/</sup> For full name and address see annex III.

Figure V. Some developed goods (Jeauins Leather)



Carved piece for  
office decoration



Dice cup



Men's bag



Joined belt



Ladies' shoulder bag

Production

2. The following machinery should be acquired:
  - 1 cutting press with press knives for different sizes and shapes
  - 1 sole-evening machine or simple fixed-knife splitting machine, working width 60 cm
3. Cutting patterns and sizes should be obtained from the importer.
4. The leather should be sorted into grades according to weight and thickness.
5. The cutting positions should be organized so as to minimize the waste of leather and avoid brands and other leather defects.
6. The thickness of the cut soles should be evened by the evening or splitting machine.
7. Soles should be waterproofed: this could be done after cutting and evening by dipping the cuts in a special solution. A five-minute dip in 15 per cent solids of "syl-mer" in perchlorethylene is suggested. "Syl-mer" is supplied by the Daw Corporation, Midland, Michigan, United States of America. Other suppliers of chemicals for the leather industry could also be contacted. Waterproofing should be carried out in consultation with the tanning expert on the project.

Shoe uppers (see figure VI)

Producer: Civic Shoes, Bandung

Raw materials

1. The raw materials for the various components of the shoe uppers should be chosen in conformity with the prototype provided by the importer for the upper leather, lining leather and lining fabrics. The leather should be of a good wearing quality, free from defects, and the lining leather should be colour-fast for dry and wet rubbing.

Production

2. The following machinery and tools should be purchased:

Cutting knives, with curved-point blade for cutting leathers and straighter blade for cutting fabrics

Zinc plates for the cutting patterns

Simple sewing-machines (flat-bed and column-bed) to be used at the beginning. Special-purposes sewing-machines to be introduced, according to the importer's requirements, for large orders

Skiving machine

3. Cutting patterns and grades should be provided by the importers.
4. Zinc plates and proper cutting knives should be used for cutting the leather and the linings.
5. Simple designs (sandals and moccasins, for example) should be used initially.
6. Cutting should be so planned as to minimize waste and avoid defects in the leather.
7. Cutting position for different shoe-upper components should vary according to fatigue requirements: vamps from the strongest parts, caps from good-appearance light parts, and wings and tongues from inferior material.
8. Special attention should be given to the straightness and cleanliness of the stitching rows.

Suggested importers<sup>4/</sup>

Brown Shoe Company, Salamander A.G., Raznoexport, Skorimpex, Exico.

Figure VI. Shoe upper types developed for starting samples preparation



<sup>4/</sup> For full names and addresses see annex III.



## II. THE LEATHER GOODS INDUSTRY

### A. Type of establishment

In Indonesia, leather goods are produced on a home scale, and the production units are widely scattered in different regions of the country. The establishments are quite small (average 1 - 5 workers) and capacity is very low. The workers in such establishments are not usually specialized leather workers, because they could not rely on their profession as a main source of income. Most are seasonal workers. In some regions the manufacturers are organized in groups, and a few exporters act as collectors of the goods and production coordinators. Some of the exporters organize the manufacturers into a unit equipped and managed by them. Investigations to identify the areas showed that the Jakarta, Yogyakarta, Magetan, Solo, Surabaya, and Bandung regions could be of interest as producing areas with export potential. Annex IV contains a list of leather industry enterprises visited during the first part of the mission. The lack of general information on the manufacturers of leather goods is the first obstacle to their development.

### B. Products

The term "leather goods" is used here to describe articles, other than footwear, made mainly of leather that satisfy a consumer's personal requirements. Gloves and garments, which are a special category of leather products, are considered tentatively as leather goods.

The traditional leather goods produced by most manufacturers fall into two categories: wayang (kulit), and other traditional goods.

#### Traditional leather goods

##### (a) Wayang (kulit)

A unique traditional product, which is produced on a very small scale and is considered to be a home industry. In Central Java, there are 183 widely scattered producers. The raw material used is the hide of the water buffalo, which is sun dried after being stretched tightly on a bamboo frame. The hair and flesh sides are scrapped off with a knife; the scrapings are collected, dried, crushed, and salted to be used as a very popular food

called kerupuk kulit or krecek. The hide is then smoked to remove the remaining fats. A design is then painted on the dried hide, either by free-hand sketching or with the help of a special instrument, after which the pattern is cut out. The cut pattern is finally painted in many colours by children. Lampshades, fans, book-covers, Christmas cards and wayang puppets are made in this way. Some puppets are painted with real gold.

The main problems associated with this product are blood spots, corrugation, and deterioration of the final products, caused by improper washing, stretching and drying of the raw hides. The colours applied are not fast, and they cover the whole product. As a result the feature of true skin is lost, and this lowers the value of the product. The drying procedure is also very lengthy (six months), and this helps to make the price of the product relatively high.

Because of the narrow range of uses to which wayang can be put, however, demand for it in the importing countries is quite limited. The packaging of such products as wayang lampshades and wayang puppets is quite difficult and their large volume is a cause of additional freight expenses. Recommendations for the improvement of the product could mainly favour domestic marketing for tourists visiting the country. Most of the wayang is produced in Central Java around Yogyakarta (the villages of Pucung and Pantul); so there are possibilities of improving and developing production and marketing through specialized centres.

(5) Other traditional goods

Most of the leather goods currently produced in the country belong to this category. A very limited range of ladies' handbags, shoulder-bags, belts, wallets, and travelling bags are produced in small units. The products are made of very solid vegetable-tanned leather, which is hand carved with traditional designs using primitive tools. Although the carving techniques and designs are quite attractive to consumers, the stiffness, density and heaviness of the leather used makes the final products impractical in use. Attempts by the producers to soften the leather by treatment with oils seem to be unsuccessful and give the product an unpleasant smell. Adaptation of the raw material for these products requires changes and improvements in the production method used in the supplying tannery.

Most of the traditional leather goods are produced in Central Java around Yogyakarta, where there is skilled labour for leather carving. This

area attracts a considerable number of tourists, who visit the famous historical temples. It was noticed that much of the money spent by tourists (see annex V) is spent on the batik traditional textiles, because of their fine quality. The traditional leather goods could also attract considerable tourist spending; so the marketing possibilities of these products are encouraging, provided manufacturing methods are improved. Improved production methods would also be the first step towards the export promotion of such goods.

#### Fashion and classic leather goods

The term fashion and classic leather goods means the wide range of goods that satisfy the everyday needs of the consumer, and certain special requirements. Such goods include ladies' hand-bags, wallets, purses, briefcases and attaché cases, belts, and watch-bands. Despite the big demand for these goods on overseas markets, they are produced in the country on a very limited scale.

It was noticed that some producers attempt to manufacture such goods to a standard of quality lower than that expected by the consumer abroad. Other manufacturers are already producing goods of reasonable quality, but their capacity is limited to cover only special individual orders. The former type of manufacturers required up-grading and improving of their production methods, while the latter type required better organization and equipment to increase capacity. In general, the production of fashion and classic items in the importing countries is quite costly, because it is labour intensive. Conditions in Indonesia for producing and exporting such goods are therefore favourable, because cheap labour and the main raw material, leather, are available in the country.

#### C. Raw materials

##### The leather

It is estimated that there are 114 tanneries in Java and other parts of the country; 60 of them are in Java. The tanneries use inherited traditional methods and also, modern techniques. They range from rural sole-leather tanneries to modern upper-leather establishments with up-to-date technology.

The exportable annual production of hides and skins in Indonesia is estimated to be as follows:

From farm animals

Cattle hides	900,000 pieces	(5,400 tons)
Buffalo hides	350,000 pieces	(2,100 tons)
Goat skins	2,700,000 pieces	(1,350 tons)
Sheep skins	1,400,000 pieces	(700 tons)

From reptiles

Lizard	300,000 pieces
Snake	450,000 meters
Crocodile	60,000 inches
Frog	300,000 pieces

The above figures represent approximately 30 per cent of the total production of hides and skins, which is exported in the semi-processed form as pickled, wet-blue and crust.

The export of raw hides and skins from Java was prohibited in 1974, and this motivated the tanneries to produce semi-processed leather and to make serious efforts to produce finished leather. The tanners attempted to finish the export rejects of semi-processed leather for local consumption by the leather products industry, with the result that poor quality leather was made available to the leather products manufacturers. It is likely that the development of a finished leather products industry, for the export or domestic market, will encourage the tanners to improve the quality of their finished leather to meet the market requirements as soon as they realize the profit to be made from high quality production.

Visits to six tanneries as a cross-section of the tanning industry showed an urgent need for technical assistance for finishing light and reptile leathers properly to meet the demand resulting from the predicted development of the leather goods and shoe industries. Some tanneries producing vegetable-tanned sole leather are having problems with the local and export marketing of tanned leather.

The general impression left was that the domestic supply of raw hides and skins that can be successfully semi-processed for export provides the basis for an expansion of the leather goods industry for export, if serious steps are taken to finish the leather in the country. It was also noticed that the prices of finished leathers displayed and sold on the domestic market were relatively high. This was because of the high rates of customs duty levied on imported finishing chemicals, which could make it difficult to produce leather goods at competitive prices.

A lack of contact between the leather goods manufacturers and the tanneries is responsible for the very limited variety of finished leather, which does not meet the requirements of the leather goods industry. This factor also encourages the use of the wrong type of leather for the product (thick leather for lining wallets or stiff, dense leather for ladies' hand-bags, for example).

#### Other raw materials

Raw material other than leather required for the manufacture of leather goods (textile linings, threads, foam plastic adhesives and cardboard) are available on the domestic market at reasonable prices.

Such accessories as zippers, frames, fittings, and buckles of the required quality are not available on the local market. The import duties on metal and plastic accessories are very high (35 per cent), and accessories are therefore beyond the means of the small-scale manufacturers of leather goods. Local attempts to produce such accessories in the country were not successful; so accessories will have to be imported. They must be made available at a reasonable price, since they are a determining factor for the quality of the final product.

#### D. Production methods, tools and equipment

The manufacture of high-quality leather goods requires only simple equipment, use of the proper simple tools and machines, proper organization of production methods, and better trained labour. It was noticed that all the production units are having the same problems in this respect.

The manufacture of an item is the responsibility of one worker from beginning to end, without any division of the working process into operations.

The result of the lack of specialization is less skill at all stages of production.

The factories are not equipped with benches or working tables that enable the workers to sit in the right position. Most of the workers sit on the ground, and this hampers their skill and capacity. They have no cutting boards for cutting the leather or stone plates for hammering. The cutting knives, folding bones and many other simple tools that are essential for production are not provided and are not available on the local market. The tools used for carving the leather are locally developed and not convenient for the carvers.

Skiving machines are rare, and the sewing machines used in most enterprises are textile machines that are not the proper type for leather. Factories also lack the catalogues that are essential to keep abreast of the latest trends in the types of goods required.

The general impression given was that the production units lack the proper equipment, tools and machines that are essential for facilitating the task of the workers and ensuring consistent product quality.

#### E. Legislative and promotional problems

The non-technical problems hindering the export promotion of leather goods industry were identified through several visits to the production units and discussions with the bodies concerned. The problems may be summarized as follows:

- (a) The price of the products is relatively high because of the high rates of customs duty levied on the imported raw materials needed for production;
- (b) The price of finished leather on the local market is high because of the high rates of customs duty levied on finishing chemicals;
- (c) There are difficulties due to the high rates of customs duty on the importation of the machinery and tools needed to improve the quality;
- (d) Because of the high rates of transportation from Indonesia to its overseas markets (up to three times the freight rates from Singapore), buyers prefer to import the goods through ports offering lower freight rates;
- (e) There are difficulties in marketing the products in foreign markets, because of a lack of contact with those markets;
- (f) Because of financial limitations and marketing problems, producers do not respond promptly to suggestions on technical up-grading.

It was suggested during the first phase of the project that the producers' marketing obstacles might be overcome by publicizing Indonesian products on the international market through participation in specialized fairs. As a result, NAFED decided to participate in the Paris Leather Fair (Semaine du Cuir), held from 11 to 14 September 1976, with an Indonesian stand. NAFED also participated in other fairs, and leather goods were displayed with other handicraft products at the London Impo-Expo Fair, (October 1976) and the Utrecht Fair (August 1976).

To balance the high rates of customs duty on the imported machinery, tools and accessories required for high quality production, it was also suggested that a draw-back or bonus system should be devised to encourage export producers and make production at competitive prices possible.

#### F. Product adaptation

In the light of the project findings regarding the situation of leather goods manufacturing, the technical advice provided to the different firms was directed towards the following:

- (a) Introducing the production of simple, small leather goods, so that workers could be trained gradually and more easily and items would be easier to sell;
- (b) Giving directions for the production of specific goods to satisfy special market requirements. Information on buyers in those markets was provided through co-operation with the advisory team from the Federal Republic of Germany and the UNIDO promotional project for the export-oriented industries. Such markets are mainly Australia, the Federal Republic of Germany, Japan and Singapore;
- (c) Assisting in the preparation and choice of leather goods samples to be displayed by firms at international fairs, and the creation and introduction of simple new designs with good export prospects;
- (d) Suggesting the local production of certain leather goods to substitute for large-volume imports (leather saddles for bicycles or tricycles, the domestic market consumption of which is very high because of the extensive use of bicycles in the country as a means of transportation).

### III. THE SHOE INDUSTRY

The annual production of leather shoes is about six million pairs and by no means covers domestic demand. There is thus a need to expand the shoe industry to cover domestic demand before production is directed to exports.

The shoes are mainly manufactured by hand. The numerous technical problems of shoe production include the last shape and dimensions; the cutting patterns; the materials used for uppers, linings, soles and insoles; the adhesives; the tools used; and the finishing methods.

All these problems must be solved before any significant improvement can be made. The on-the-spot advice given to small-scale producers had very little to do with the export adaptation of their products because of problems of the shape and dimensions of lasts, manufacturing methods, tools and equipment, material and components, and machinery.

The first step towards the export of shoes could be the export of vegetable-tanned cut pieces of soles and insoles. This would solve the problem of marketing the considerable amount of vegetable-tanned sole leather produced. The producers could be provided (by the importers) with the proper cutting patterns of proper dimensions and possibly, the machinery and guidance needed.

This step could be followed by producing shoe uppers for export using patterns to be provided by the buyers. This approach would assist in the gradual introduction of the required standard for the construction of various shoe components.



#### IV. TRAINING

The national counterpart recruited by NAFED was made thoroughly conversant with the technical terms and principles of leather goods manufacture and required a full picture of the industry that enabled him to contribute to the in-plant training of workers. He also accompanied the expert on a study tour to several countries in Europe. His experience could be broadened by training abroad on the technology and marketing of leather goods at a specialized institute. NAFED would thus be provided with specialized personnel to act as a catalyst for the transfer of technology to the manufacturers.

Workers in several production units were given in-plant practical training on making samples of several items of leather goods. The prototypes were gathered by the expert from different overseas markets and were representative of the latest trends in the industry. Simple tools, such as knives, folding bones, and drawing tools were also demonstrated. Several lectures were given and discussions held on the subject (annex VI) which aimed at the publicity of different aspects of leather goods manufacture.

The Leather Research Institute (LRI) in Yogyakarta tries to provide assistance and technical directions to small-scale manufacturers in the surrounding areas (Palbapang and Manding) to help them solve their problems. Encouragement of the work done by the Institute would help the other efforts being made to up-grade the industry. A common facilities and demonstration centre for leather goods in the region of Yogyakarta, in co-operation with the LRI and similar in principle to the Leather Goods Demonstration Centre in Madras, India, would provide the best means for solving the problems of worker training and would help to increase the capacity and quality of production.

V. PROMOTIONAL ACTIVITIES

It was decided that Indonesian producers would participate in an important leather fair (Semaine du Cuir) to be held in Paris in September 1976. The services of a UNIDO consultant were provided as part of a project for the development of export-oriented industries in selected South Asian countries (VS/RAS/75/011).

Annex I

JOB DESCRIPTION

Title: Export product adaptation adviser/production engineer for leather goods

Duration: Six months

Date required: As soon as possible

Duty station: Jakarta, with travel within the country

Purpose of project: To assist the National Agency for Export Development (NAFED), Department of Trade, in offering technical advice to firms of the leather-goods industry to promote the adaptation and development of their production to meet the requirements of export markets.

Duties: The adviser will be attached to NAFED. During his stay he will, as advised by NAFED, advise Indonesian manufacturers of leather goods with export potential in developing and adapting their products and improving the production methods to meet the world market competition. The adviser will be required to work closely with ITC/UNCTAD/GATT project staff and an advisory team from the Federal Republic of Germany. Specifically, the expert will be expected to:

- (a) Participate in in-plant visits to various enterprises providing direct on-the-spot consulting services;
- (b) Identify and recommend the necessary adaptations of products as well as improvements of the production process for the individual plants;
- (c) Assist NAFED in identifying the external and internal factors influencing the performance of the industrial sector concerned and take part in discussions on the subject;
- (d) Train Indonesian counterparts in the above-mentioned duties;
- (e) Prepare a report to be handed over to UNIDO at the end of the assignment.

Qualifications: Production engineer experienced in the manufacture of leather products e.g. travel goods. He should be able to advise on the establishment of new plants.

Language: English

Background information: As part of an export plan aimed at the promotion of all Indonesia's product groups and the diversification of its export markets, a National Institute for Export Development

(NIFED)<sup>1/</sup> was established by Presidential Decree in May 1971 under the jurisdiction of the Minister of Trade. The main functions of the Institute are: marketing and market research, product development, trade promotion, advisory functions and training. The Indonesian Government is particularly anxious to assist manufacturers with export potential to adapt products and to improve production processes to meet world market competition. Many of the plants that have an export potential have urgent problems in organizing their management, production and production development to export needs. It is expected that the main emphasis should be, in the first instance, on in-plant improvement of industries and up-grading and adapting the products specifically to knock-down designs as well as giving advice on production lines of such furniture. NAFED is presently receiving assistance through a large-scale project executed by the International Trade Centre UNCTAD/GATT financed by UNDP and the Norwegian Agency for International Development and through a project of assistance from the Government of the Federal Republic of Germany.

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<sup>1/</sup> Subsequently renamed "National Agency for Export Development" (NAFED).

Annex II

TANNERIES IN NEED OF THE ADVICE OF A TANNING EXPERT

C.V. Ramlie, Jakarta  
(Reptile skins)

Natraco, Jakarta  
(Pickled, wet-blue, sheep and goat skins)

P.T. Cakung Leather Factory, Jakarta  
(Pickled, wet-blue, vegetable-crust, nappa, sheep and goat skins)

Mertoyudan, Magelang  
(Pickled, wet-blue and crust)

Binda Tannery, Magetan

Haka Surabaya Leather, Surabaya  
(Pickled, wet-blue, goat, sheep, and cow hides and skins)

Pagina Cita, Malang  
(Pickled, wet-blue and soles)

Rachibini Leather, Surabaya

Annex III

NAMES AND ADDRESSES OF POTENTIAL IMPORTERS

Brown Shoe Company  
3300 Maryland Avenue  
St. Louis, Missouri  
United States of America

Exico  
Prague 1  
Panska 9  
Czechoslovakia

Kromwell Technik G.m.b.H.  
D 35 Nürnberg  
Thumenberger Weg 26  
Federal Republic of Germany

Marafuku Trading Co.  
Daichi Kyogyo Building  
No. 45, 2-chome, Awazaminami-Dori, Nishi Ku  
Osaka  
Japan

Rawson Trading Co.  
204 Clarence Street  
Sydney, New South Wales  
Australia

V/O Raznoexport  
ul. Kalyaevskaya 5  
Moscow K-6  
Union of Soviet Socialist Republics

Salamander A.G.  
7014 Kornmestheim  
Stammheimer Str. 10  
Federal Republic of Germany

Seap centre  
9, Aoi-chu Akaska  
Minato-Ku  
Tokyo, Japan

Serco  
Mariahilferstrasse 89  
A-1060 Vienna  
Austria

Skorimpex  
22 Lipca 74  
Lodz  
Poland

Annex IV

LIST OF PRODUCTION UNITS VISITED

A. Leather goods

<u>Firm</u>	<u>Activity</u>
Toko Hasmore Jl. Ahmad Yani 52 Magelan	Producer and collector
Wreksosantoso Kusuma Jl. Sosrowijayan 37-39 Yogyakarta	Exporter
Genuine Yogya Leather Jl. Ngasem No. 10 Yogyakarta	Collector
Santi Surabaya	Exporter
Kusuma Yogyakarta	Exporter
H. Ramli Jakarta	Producer and exporter Reptile products
Amber Malang	Producer and exporter
Budi Makmur Jl. Sukonandi Yogyakarta	Producer and exporter
Ishak Noor Jakarta	Producer and exporter
Moch. Salim B. Sc.	Producer and collector
Kusuma Kauman 43, Yogyakarta	Producer and collector
<u>Wayang producers</u>	
Leather Handicrafts (Wayang) Mooljosoehardjo Jl. Taman Sari 37B	Collector and exporter
183 wayang producers in Pucung and Bantul	

Other small units  
(Representative sample was visited)

Yogyakarta (Palbapang)

Mudakir  
Humari  
Moch Djazim  
Djawas  
Sudiro  
Moertijan  
Mortado  
  
Soeparman  
Naini  
Aris  
Moeljosuharja  
Suprpto  
Soerjadi  
Slamet  
Waringin  
Parjo  
Surat  
Muji  
Mugi

Yogyakarta (Manching)

Siswaya  
Sosrowiyoto  
Praptosudarmo  
Yataharjana  
Ratnosuhardjo  
Rejahartono  
Sissumiarsono  
Mantautama  
Widarsumarto  
Pujisutrisno  
Mujosuwarno  
Bowoutama  
Suparman  
Wagimin  
Sumardiana  
Seno  
Giman  
Widartosarjana  
Wagiman  
Gediisnaryo  
Yudiana  
Subekti Indarto  
Wiyoso  
Siswasumarno  
Indriyanto  
Siswadarmaja  
Sekti

Bandung

Garuda  
Antonius  
Mie Lia



Bandung (continued)

Moe Tjoen Kei

Mukti

Bali

A. Rahyat

O. Han

Bai Nurjaman

Moh. Toha

Endung

Enjoh

Lili

Rosid

B. Shoe factories

Oi Rantjak

Barkak: H. Zaini Meki

Exotic Shoes Factory

Magelang

Perusahaan Daerah Sandang

Mertoyudan

Army shoes

H. Ibrahim

Jl. Imam Bonjol 23a

Magetan

Soyati, shoe and sandal factory

Darmo Kademun

Jl. Sawo

Magetan

Mangun Maun

Jl. Sawo

Magetan

Perusahaan Saratu Handayani

Jl. Patimura 8

Magetan

Askum

Jl. Tidar 7

Magetan

Binda, Aneka Group Carma

Jl. Manggis

Magetan

Famous shoes factory  
Jl. Mpu Tantular 55  
Semarang

Amor Ahadi  
Jl. Platik 6  
Semarang

Genawan Nugroho  
Jl. Astina  
Bandung

Cangkuang  
Cibadoyot  
Bandung

Comodore  
Cibadoyot  
Bandung

H. Gonayni  
Cibadoyot  
Bandung

H. Ahmed  
Cibadoyot  
Bandung

Minardi  
Cibadoyot  
Bandung

Olympic "Shoe Factory"  
Yogyakarta

C. Tanneries

Binda Tannery  
Jl. Tengomar  
Magetan

Amor Abadi  
Jl. Radon Ratah 205  
Semarang

Amigo Leather  
Jl. Kedungsari 19  
Surabaya

Rachbini Leather  
Jl. Raya Gedangan No. 288/290  
Surabaya

H. Ramlie  
Jakarta

Annex V

TOURIST EXPENDITURE ON DIFFERENT HANDICRAFT  
PRODUCTS IN YOGYAKARTA (1975)

<u>Type of product</u>	<u>Expenditure (rupiah)</u>
Textile batik	44,114,041
Silver work	11,106,231
Bone and horn work	5,011,898
Bamboo work	940,000
Copper work	3,758,814
Leather work	-

Annex VI

LECTURES AND DISCUSSIONS

Lecture on "Quality, technological and standardisation aspects of leather-goods manufacture", at Leather Seminar, Jakarta 24 - 27 November 1975.  
Number of participants 44.

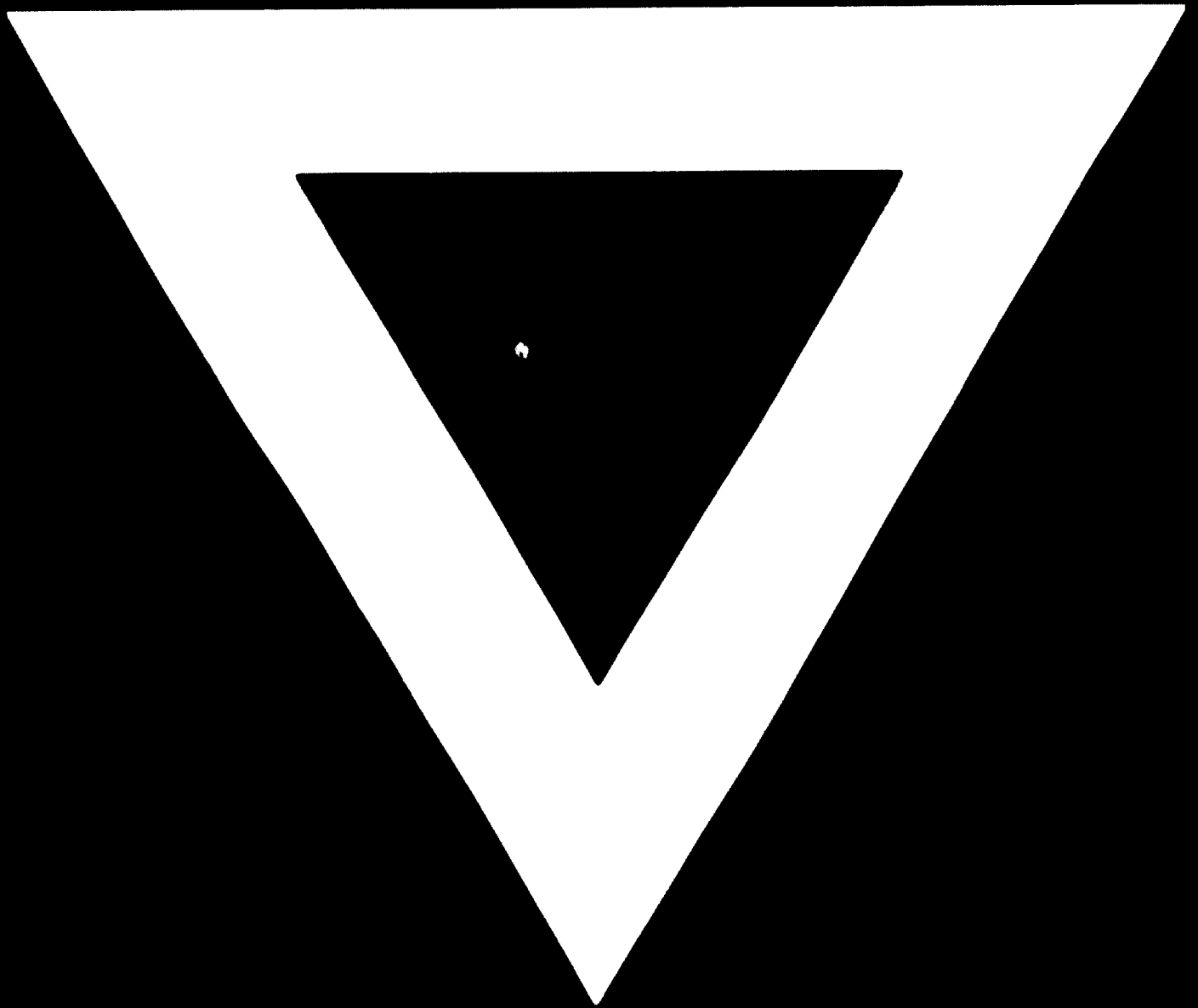
Discussion in the Regional Government (Bupati), Magetan, on 14 January 1976.  
Number of participants 22.

Discussion in the Leather Research Institute, Yogyakarta, on 16 January 1976, on the technical problems of the industry in the region.  
Number of participants (representing governmental bodies and producers) 26.

Lecture on "Different trends in the classification of leather goods", in the Academy of Leather Technology, Yogyakarta, on 4 August 1976, preceded by the film "Looking at leather".  
Number of participants 40.



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