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DEVELOPMENT OF EXPORT-ORIENTED INDUSTRIES IN
SELECTED SOUTH-EAST ASIAN COUNTRIES

VS/RAS/75/011

REGIONAL: Asia and the Pacific

Technical reports:

- I. Round Table Discussion on industrializing and modernizing traditional technology in the leather industry sector
- II. Regional aspects of the leather goods for export industry
- III. The leather goods for export industry in Thailand

Prepared for the participating Governments in an intercountry project
by the United Nations Industrial Development Organization

Based on the work of Mohamed Maher Abou El-Khair,
consultant in leather and leather goods

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ABSTRACT

The project for the "Development of Export-oriented Industries in Selected South-East Asian Countries" (VS/RAS/75/011), sponsored by the Government of Japan, studied the leather industry sector with the aim of assisting the participating countries (Indonesia, Malaysia, the Philippines and Thailand) to accelerate the export-oriented growth of the leather industry in these countries.

In this connection, a Round Table Discussion (RTD) on the subject was organized by the United Nations Industrial Development Organization (UNIDO) and co-sponsored by the National Agency for Export Development (NAFED), Djakarta, Indonesia where the RTD was held from 5-8 April 1977.

According to the original Terms of Reference, the consultant's services were required for a duration of six weeks starting 21 February 1977. Before the RTD, the consultant made an exploratory visit of one week to each participating country to assess the situation of the leather industry.

The RTD was attended by governmental and private sector representatives from the participating countries. Deliberations of the meeting were to centre on measures to assist the small- and medium-scale manufacturers to improve their production level and export capability.

After the completion of the RTD, the consultant's services were extended for an additional six weeks, till 15 May 1977, for follow-up activities in Thailand and the Philippines in the specific area of the leather industry, and to attend the UNIDO/ESCAP Regional Preparatory Meeting for Consultations on Leather and Leather Products held at Bangkok on 2-6 May 1977. The extension was approved by the project manager and authorized by UNIDO by cable dated 7 April 1977.

The main recommendations were:

- (a) To improve the quality of raw hides and skins;
- (b) To cease exporting raw hides and skins;
- (c) To provide incentives for the export of leather and leather products;
- (d) To issue standards for finished leather and introduce quality control;
- (e) To carry out a survey of the leather goods industrial sector;
- (f) To organize training courses;
- (g) To encourage the establishment of leather goods associations;

(h) To encourage interregional co-operation among the participating countries;

(i) To seek assistance from international organizations;

(j) To assist the small- and medium-scale manufacturers to obtain capital.

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INTRODUCTION

The project for the "Development of Export-oriented Industries in Selected South-east Asian Countries" (VS/RAS/75/011), sponsored by the Government of Japan, studied the leather industry sector with the aim of assisting the participating countries (Indonesia, Malaysia, the Philippines and Thailand) to accelerate the export-oriented growth of the leather industry in these countries.

In this connexion, a Round Table Discussion (RTD) on the subject was organized by the United Nations Industrial Development Organization (UNIDO) and co-sponsored by the National Agency for Export Development (NAPED), Jakarta, Indonesia where the RTD was held from 5-8 April 1977.

According to the original Terms of Reference (annex I), the consultant's services were required for a duration of six weeks starting 21 February 1977. Before the RTD, the consultant made an exploratory visit of one week to each participating country to assess the situation of the leather industry.

The RTD was attended by governmental and private sector representatives from the participating countries. Deliberations of the meeting were to evaluate measures to assist the small- and medium-scale manufacturers to improve their production level and export capability.

After the conclusion of the RTD, the consultant's services were extended for an additional six weeks, till 15 May 1977, for follow-up activities in Thailand and the Philippines in the specific areas of the leather industry, and to attend the UNIDO/ESCAP Regional Preparatory Meeting for Consultations on Leather and Leather Products held in Bangkok on 2-3 May 1977. The extension was approved by the project manager and authorized by UNIDO by cable dated 17 April 1977.

I. ROUND TABLE DISCUSSION ON INDUSTRIALIZING AND MODERNIZING
TRADITIONAL TECHNOLOGY IN THE LEATHER INDUSTRY SECTOR

A. Organization

An aide memoire (annex II) was prepared jointly by the respective substantive section of UNIDO and the project manager and made available to the Governments concerned prior to the starting date of the consultant's services.

The exploratory round trip of one week in each participating country included meetings with the officials in charge of the leather industry sector as well as visits to selected manufacturing units (annex III). During the round trip, the Governments were given assistance, when required, to select participants in the RTD. The participants were then briefed on the preparation of papers for the RTD.

The Agenda of the meeting was prepared including the presentation of the general situation of the industry by the consultant and the participants followed by discussions on all aspects of the subject as well as a study tour in Djakarta. Co-ordination of discussions in each session was handled by a participant from each country.

All countries participated in the meeting with representatives of the industry, particularly from the export section, from both governmental and private sectors (annex IV). Papers were also presented (annex V) and made available to participants.

B. Findings

The priority to be given to the leather goods sector was discussed taking into consideration conditions in the participating countries. The availability of cheap labour as well as the simple machinery and limited capital required encourage the expansion and organization of this sector for export.

Extensive discussions took place on whether traditional designs or imitative ones should be used for the leather goods export market.

It was agreed that, in the earlier stages of the industry, international designs should be copied with slight amendments to fit local production and to meet consumer expectations. Later, traditional designs could be gradually introduced. Copying international designs requires close contact with the buyers and international trends. This could not be achieved by small-scale producers without representation in associations in each country. It was also agreed that the traditional local designs have better saleability in the domestic markets for tourists. In the Philippines and Thailand, the exporters of leather goods are copying designs required by the buyers. The importance of co-operating with the overseas buyers was emphasized and selling products under their brand names was found to contribute to this.

In Malaysia and the Philippines there is no supply of hides and skins; in Indonesia they are in the semi-processed state, and in Thailand they are in both the raw and semi-processed state. This presents the possibility of co-operation between the participating countries in the trade of raw or semi-processed hides and skins. Such co-operation did not take place in the past owing to the lack of contact between the countries. The problem of the lack of supply of raw hides in Malaysia and the Philippines was tackled by such methods as conversion of buffalo hides into uppers, splitting the thick hides and discouraging the production of sole leather. In Indonesia the supply of raw hides and skin is only 60% of the tanneries capacity, which will lead in the very near future to the import of raw hides. It was suggested that an increase in the animal population would help to overcome this problem and the International Development Bank should be asked to assist with this and with improving the standards of processing of the available hides to increase their value.

It was agreed that diseases of hides and skins as well as flaying and curing defects are common problems in all the participating countries and constitute serious shortcomings in the quality of leather. There is a need for governmental support to solve these problems and for action to be taken to establish slaughtering floors in the rural areas to improve the flaying operation and to provide incentives for the slaughterhouses to minimize damage to hides.

Views were exchanged on curing methods (wet salting, dry salting, air drying etc.) particularly concerning the time required before processing for

the preservation of the hides and skins.

Animal population and the supply and quality of raw hides and skins are the basis of the leather industry and are handled by the Ministries of Agriculture in the participating countries. Problems in this sector should be solved at the national level by governmental bodies. The Food and Agriculture Organization of the United Nations (FAO) should also be approached to provide assistance. To supply the proper material for leather products the tanning industry will encounter technological problems mainly in the finishing stages. The proper finishing of leathers suitable for manufacture of high quality products requires sophisticated machinery and advanced know-how that cannot easily and quickly be made available to the industry. The establishment of finishing plants in close co-operation with overseas leading companies is the quickest way to provide the leather products industry with leather suitable for manufacture.

The leather required for the manufacture of leather goods is not subject to such severe stresses as that required for the production of shoes - which encourages the giving of priority to the former sector - while the quality of finishing is of the utmost importance.

A lack of national standards for finished leather was found to be common in all participating countries with the exception of Thailand where issued standards are based on Indian standards of leather. In Indonesia, tentative standards have been prepared for semi-processed leather as a step to the standardization of finished leather. The need for a wide application of quality control systems during leather processing is an important factor in the improvement of the final quality.

The participating countries expressed the need for co-operation in the standardization of products to facilitate an interchangeability of goods among themselves as well as to improve quality. Standardization of leather goods is limited because of the wide diversification of the products. Standards of quality should be made according to buyers' specifications and manufacturing methods.

The high duties on imported metal accessories for leather goods and on imported chemicals for leather tanning and finishing are serious drawbacks to the improvement of the quality of products as well as to price competitiveness.

In this respect, the Governments of India and the Philippines have supported the industry by taking effective measures to increase exports.

To upgrade manufacturing methods of leather goods requires the introduction of simple machinery and tools that are essential for consistent and improved quality. Small- and medium-scale manufacturers are not in a financial position to equip their plants with the required machinery as bank interest is relatively high. It was suggested that the Governments should facilitate loans with reasonable interest to assist such producers to overcome this problem.

New techniques for the organization of production should be introduced to divide the work into specialized stages and to adopt the system of sub-contracting. To solve the technological problems requires in-plant guidance to improve manufacturing methods and to use the proper tools. International assistance should be sought to upgrade the industry and remodel small- and medium-scale production units.

Training facilities in the participating countries are limited to the Leather Research Institute in Indonesia. There is a need for co-operation among the countries for utilization of training facilities, and new training centres should be established.

Combined efforts to solve the lack of training facilities are to be made through:

(a) Training abroad in specialized institutes to provide the necessary background, followed by training and practical experience in the factories;

(b) Utilizing training facilities in the participating countries and other developing countries;

(c) Seeking the assistance of international organizations to provide experts for training in the country and to contribute to the establishment of training and demonstration centres.

Opportunities to increase trade among the participating countries are available and should be taken. Also, efforts should be made to market products internationally.

The tanning industry in each country participates in a leather association, but the leather goods sector does not. It is essential to strengthen the existing association to cover all sectors of the industry and to intensify their contacts

about the participating countries to facilitate possible export promotional efforts at the national, interregional and international levels.

There is a need for assistance from international organizations on the identification of market requirements.

The lack of information on the leather goods sector is common to all the participating countries and is a serious obstacle in organizing this sector. The participating Governments should carry out a survey to cover this industrial sector and, if required, should seek the assistance of international organizations with this.

It is essential that Government policies support the export of leather goods so that prices are competitive in the overseas markets. In India, a high incentive is paid to the exporters of shoes and leather goods and a somewhat lower one to the exporters of finished leathers. In Indonesia, no incentives are given to the exporters and an export tax has to be paid which increases price. In Thailand, a drawback system is applied.

In Malaysia, an advisory council is established to solve such problems for the textile industry on a consultation basis.

In the Philippines, tax credit, tax holidays of 1-5 years and bonded warehouses are applied as incentives to the exporters.

Interregional co-operation is essential to accelerate the growth of the industry and to cover different aspects, such as:

- (a) Transfer of technology;
- (b) Exchange of views regarding markets;
- (c) Training facilities;
- (d) Joint promotional activities.

Such co-operation should start in the private sector through the associations, and be developed at a governmental level. Assistance should be requested from international organizations in the formulation of the envisaged regional leather association.

The possibilities were discussed of international co-operation for the relocation of the leather industry from developed to developing countries to increase the share of developing countries in world industrial production.

C. Recommendations

The Round Table, realizing the importance and potential of the leather and the leather products sector and the benefits to the participating countries, including increased employment opportunities, recommends that the participating Governments should:

(a) Support, whenever possible, the improvement of the quality of raw hides and skins by the elimination of **ante-mortem defects**; the improvement of flaying and curing processes through training, education and modernization of equipment; and the planning of a long-term programme to increase the animal population, protect wild life and encourage the farming of reptiles. Assistance should be requested from international organizations;

(b) Take the necessary measures for the gradual cessation of the export of **leather in the earlier stages of tanning and for the improvement of the whole tanning process**, particularly the finishing operation, by **updating** machinery and technology through co-operation with leading overseas firms;

(c) Issue standard specifications for finished leathers and introduce quality control equipment **at the national and company levels** to ensure compliance with these **standards**;

(d) Carry out a survey of the leather goods industrial sector in all the countries concerned to provide a base for future development studies;

(e) Adopt the sub-contracting system and division of labour in the leather goods industry to improve labour skill and extend its benefits to small-scale manufacturers;

(f) Encourage close contact between the tanning industry and the leather goods industry through participation of the latter in tanning associations in all the countries concerned, and support the establishment of annexed leather goods units to the tanneries as well as expand existing units;

(g) Provide incentives for the export of leather and leather products and ensure through **intergovernmental negotiations** that the product will be competitive in the world market;

(h) Encourage interregional co-operation among the participating countries with a target of forming a leather and leather products association in the region to achieve the following objectives:

- (i) To increase trade contacts from raw materials up to the finished products;
- (ii) To exchange views on technological, standardization and marketing aspects;
- (iii) To utilize the training and research facilities available in the region;
- (iv) To improve the managerial and technological level of personnel;
- (v) To co-operate in joint promotional activities.

A tentative plan of action would consist of:

- (i) Specifying the bodies to be contacted;
- (ii) Exchanging newsletters and bulletins;
- (iii) Seeking the assistance of international organizations with the formulation of a leather and leather product community in the region;

(i) Support the leather associations to assist small- and medium-scale manufacturers with the export promotion of their products through participation in international leather fairs and by the establishment of contacts with the buyers; and seek assistance from international organizations to carry out updated market research in potential importing markets to identify requirements, marketing methods and major buyers;

(j) Assist the small- and medium-scale manufacturers to obtain capital to modernize their plants and to finance export orders at reasonable interest rates;

(k) Make the maximum utilization of assistance provided by international organizations in the form of expertise, common facilities centres, training centres and fellowships for training abroad;

(l) Participate in the system of continuing consultations between the developed and developing countries and among the developing countries themselves in the leather and leather products industry in which UNIDO serves as a forum for negotiations with the objective of increasing the share of the developing countries in total world industrial production.

II. REGIONAL ASPECTS OF THE LEATHER GOODS FOR EXPORT INDUSTRY

The leather industry sector comprises several divisions highly varied in their nature, production technology, size and potential. Production starts with raw hides and skins which go through different processes and end up as skins of leather, which are subsequently manufactured into various leather products.

The developing countries traditionally supplied the leather industry, concentrated in the highly industrialized countries, with raw hides and skins. However, the last few decades have shown a marked change in this situation owing to the development of the industry in the developing countries. Export of hides and skins has ceased in the raw form and they are now entering the world market as pickled, wet-blue, crust and finished leathers as well as leather products.

This trend is growing and is encouraged by many difficulties encountered, such as pollution and high labour costs, by this industrial sector in the developed countries. However, it is far from reality to state that this sector is going to be abolished in the highly industrialized countries since it is supported by advanced technology, market intelligence and highly specialized research. But in spite of the keen competition there is a good chance for developing countries to share this market.

For several reasons, including the expansion of world trade and specialization in the leather industry and the promotional nature of the present project for export-oriented products, it was decided to focus the efforts of this Round Table on leather products that have high priorities for export and that require manufacturing conditions suited to the developing countries of the region.

A. Classification of leather and leather goods

Leather goods represent a special category of articles, excluding footwear, made mainly of leather (see annex VI). Gloves, garments and sporting goods are not classified as leather goods since the leather used in their manufacture as well as the production processes and machines are substantially different from those used for leather goods. This classification is necessary

in order to manufacture economically goods for export and to obtain by specialization a standard of workmanship. However, such specialization should not limit the flexibility of the production units.

B. Priority for leather goods

There has been a rapid increase in the international trade of leather goods during the past decade. However, plans for the export of finished leather are unlikely to be implemented in small- or medium-scale units as much capital investment, updated machinery and advanced technology are required to meet market requirements, especially for finishing the leather. The customs duties on finished leather in the importing markets are higher than those on semi-processed leathers in the pickled, wet-blue or crust state. Therefore, production of finished leather for subsequent manufacture into leather products seems to be the best course for the tanning industry. Furthermore, the added value of the leather by manufacturing into finished goods is quite attractive as indicated below.

<u>State of production</u>	<u>Added value</u>
Raw hides and skins	100
Pickled	15
Wet-blue	137
Crust	151
Finished leather	200
Footwear and other leather products	300

The high ratio of added value for footwear and other leather products encourages their production for export. Footwear for export should be produced on a large scale in mechanized units to reach the high and consistent quality expected by the consumer in the importing market, conditions that cannot be furnished by small- and medium-scale producers. Analogous to the tanning industry in this respect, the footwear sector is capital intensive. However, the European Economic Community countries - which are large importing markets for footwear and leather goods - have expressed their preference for leather goods rather than shoes. This preference might lead to the treatment of leather goods exports in the European Economic Community countries as handicrafts which means they will have lower customs duties.

The leather goods sector is only partly mechanized and cannot be fully mechanized owing to the wide variety of articles which differ in components, accessories, styles and methods of construction, a situation that probably does not exist in any other industry. Many operations are still done by hand and this labour intensive production enables the high added value to the end product to be extended to the small- and medium-scale manufacturers and artisans. The average labour wages in the region are \$1.25 - \$2.10 per day, which is from one eighth to one quarter the labour wages in leather goods producing countries in Europe. However, for several reasons, worker productivity is much lower than in Europe. An average leather goods factory in the region has a worker capacity for assembling 12-15 handbags a week, although the average worker output a week should not be less than 20-25 handbags. A higher capacity is easy to achieve by training, some machinery and tools and careful technological preparations for each article. Increased mechanization would lower labour cost and raise efficiency, but although mechanization has been in use in the tanning and footwear industries, it is still very limited in the leather goods sector.

6. Technology

The scope for development of the leather goods industry in the participating countries is considerable based on the existing tanning industry, available cheap labour and overseas market demand. The volume of this sector will increase with migration, skills, designs and contact with markets which flow from one country to another. Lack of precise information, co-ordination in the leather associations and lack of adequate training facilities are general problems.

Design of products

Leather goods designs are traditional, classic or fashionable. The traditional designs originate in the participating countries and are not liable to sudden changes and therefore their export could be planned over a long period. The traditional embossing, carving, hand-stitching and assembling could be better organized and proper tools introduced to increase capacity. However, the overseas market for such products is limited and better sales could be effected in the domestic markets for visitors.

The classic designs are the most suitable for export. The consumer abroad expects goods similar to those available in his market. In the early stages, designs should be based on models copied according to buyers' requests and from specialized leather goods catalogues as well as goods displayed at international fairs. Designs should be adapted to local production conditions. Adaptations should be made according to specific factors in the importing markets, i.e., suitability of dimensions and partitions of wallets to the different sizes of bank-notes. Adaptations should also be made to minimize leather waste during cutting which is the most important factor in reducing costs and increasing the profit margin.

The leading countries in the design of leather goods are France, Italy and the United States of America. New designs are unlikely to be created in the earlier stages of the industry for export, thus indigenous designers should be adaptive rather than creative. Close contact with the buyers is essential for updating designs according to consumer needs. However, individual designing on a company level could also be considered.

The production of fashionable designs for export should be reduced because fashions, colours and accessories change so fast it is difficult for producers in the region to make deliveries on time. The consumers of such designs are quality and fashion conscious and their demands are not easily met by the manufacturers in the region within the fashion season of from three to four months.

Raw material

Leather

As finished leather is the main component in leather goods, its supply and quality are the major limiting factors for the development and expansion of this sector. Indonesia and Thailand are relatively self-sufficient in the supply of raw hides and skins and export a good portion in semi-processed form, but their tanneries are not working to full capacity. In Malaysia and the Philippines the tanneries lack sufficient local raw material and depend to a great extent on imports.

Necessary measures should be taken to improve the supply of raw hides and skins. Interregional co-operation is needed to improve their quality, especially

at the finishing stage, thus increasing the value of the products rather than the volume. Changing the production lines from sole leather to uppers is advisable to increase the value. Maximum utilization of the thick buffalo hides by splitting and conversion into more valuable chrome-tanned grain and flesh splits for subsequent manufacture into different leather products has been achieved in the Philippines and Thailand and this practice should be encouraged. Also, gradual cessation of the export of hides and skins in the earlier stages of tanning should be considered on the basis of careful studies supported by reliable figures. Subsequently, the establishment of modern finishing units in co-operation with overseas firms specializing in top quality finishing is advisable. Such units would act as the consumer for pre-finished leather supplied by the existing tanneries with the benefits of providing the developing leather products sector with high quality finished leather. These units with their advanced know-how could give instructions on the production of their requirements to the supplying tanneries.

The average current prices for finished leather vary slightly in the region from one country to another, but in general prices are relatively high considering the visual quality of the finished products. This is mainly due to the high customs duties on imported chemicals that range from 20% to 70%. In the Philippines, customs duties of 10% are imposed on imported raw hides.

Despite the fact that the leathers utilized by the leather goods industry are subject to fewer stresses than those used for footwear, the finished quality must be satisfactory. Specifications should be established to ensure compliance with the required standards, especially of stitch/tear resistance, flex resistance, resistance of the finish to rubbing, fastness to hot ironing and finish adhesion. Standardization in this field will facilitate the interchangeability of the leathers and give prestige in overseas markets. Compulsory standards could be issued at later stages when familiarity with the concept of standardization has been reached.

There is a lack of close association between the tanneries and the leather goods manufacturers. Close contacts and co-operation between tanneries and manufacturers will be needed in the development of the leather goods industry as the tanner should adapt his production to satisfy the leather goods requirements. Optimum conditions in this respect were found in all the participating countries that had integrated units comprising tanneries and annexed units for leather goods manufacture.

Reptiles skins such as lizards, snakes, frogs and crocodiles for the manufacture of fancy leather goods are considered to be the most precious raw material in the leather trade. However, little attention is given to the processing of the skin either in the raw form or after processing notwithstanding their attractive commercial value and the increasing demand for them in overseas markets. The price of one medium-weight cattle hide is approximately from one fifth to one quarter the price of a 15-inch wide crocodile skin. In Indonesia, Malaysia and Thailand, crocodiles are reared on a very limited commercial scale. However, the feasibility of farming them for commercial production should be investigated.

Other raw material

The quality of metal accessories to be attached to the leather goods is the most serious drawback to the export of these products. Long experience is required to achieve high quality in accessories and the domestic manufacturers in the participating countries do not have this. Accessories must, therefore, be imported as they affect, to a great extent, the consumer's judgement of the quality of the whole product. However, such importation is hampered by the relatively high customs duties on accessories in all the participating countries; in some cases these reach 70% although in Malaysia they are only 10%. Such alternatives as covering poor quality accessories with leather, producing designs with minimum or no accessories or creating new designs to utilize substitutes of locally available material, would not solve the problem. Governmental support to reduce import duties is urgently required. The feasibility of establishing in the region a modern large-scale plant for metal accessories in close co-operation with an overseas firm should be investigated.

The qualities of other raw materials, such as the strength of adhesives, their suitability for the surfaces to be glued and the subsequent treatment of pressing or hammering, should also be considered. Choice of cardboard of proper hardness, suitable lining of high quality and colour shades in harmony with the leather colours are essential as is the quality of threads and their tensile strength to provide the stitched parts with the required durability.

D. Production

The use of proper machinery and tools varies from one factory to another. The development of small machines with reasonable prices is successful but small-scale manufacturers are not able to afford such necessary equipment despite the limited capital required particularly as bank interest is relatively high (12-15%).

There is a lack of modern training facilities in leather goods technology in the region. The training of workers is carried out in plants and their level of skill varies considerably. The technology of this industrial sector could be modernized through careful preparations and detailed division of the stages of production to increase capacity and facilitate the training of workers. Also, the establishment is advisable of a subcontracting system in the form of a central, equipped unit with qualified management that would feed the small-scale manufacturers with parts ready to be assembled then returned as finished goods for final inspection, finishing and packaging. The introduction of a simple quality control system to inspect each stage of production in addition to the final inspection is essential.

Because of the wide diversification of leather goods, standardization could not be applied in this field. The requirements of the buyers and the quality levels in the highly industrialized countries are the main guidelines. To be considered are the proper making of the pattern; attractive cutting edges; skiving; linings; cutting, folding and turning over; straightness and evenness of stitching; creasing-edge polishing; final finishing; and attractive packaging.

E. Marketing

The international trade in leather goods is expanding rapidly and there is a big demand for such goods providing that the quality of the product is satisfactory, the price is competitive and delivery is made on time. There is a demand not only from such well-known markets for leather goods as Australia, Europe, Japan and the United States of America, but also from countries with centrally-planned economies. Such markets are quite attractive to the leather goods industry especially during the earlier stages of development. The orders are usually large, of a uniform quality and limited number of classic rather than fashionable designs. Thus, production could be planned

over a long period to overcome the problems of distance. Acceptance or rejection of goods is made by experts acting for the buyers at the plants. These conditions would be of great assistance to the small- and medium-scale export manufacturers with the organization of mass production.

F. Policy

In India, Pakistan and some Latin American countries the Government launched and supported a systematic programme for developing the leather and leather products industries and achieved marked progress. In the Sudan, on the other hand, the development of this sector has been slow as the Government has not supported it.

Development of technology in the leather industry for export products requires, among other things, upgrading market research, product adaptation, contacts with potential buyers and promotional activities. Small-scale or even medium-scale manufacturers could not afford the costs of such upgrading without governmental support.

G. Recommendations

It is recommended that governmental support be given:

- (a) To carry out a survey of the industry and to provide information for further development studies;
- (b) To encourage the establishment of a leather goods association in conjunction with the existing leather associations;
- (c) To assist the small- and medium-scale manufacturers to obtain capital grants with reasonable interest for the modernization of their plants and for financing export orders;
- (d) To simplify export procedures;
- (e) To assist in the establishment of a practical system for refunding import duties paid on imported chemicals and accessories when the product is subsequently exported;
- (f) To encourage interregional co-operation in the leather industry with studies for the possible establishment of leather and leather products manufacturing in the region;
- (g) To seek, and make full use of, assistance from the international organizations in the form of expertise, common facilities centres, training centres and fellowships for training abroad;
- (h) To contribute to the UNIDO system of continuing consultations between the developed and developing countries and among the developing countries themselves in the leather and leather products industries.

III. THE LEATHER GOODS FOR EXPORT INDUSTRY IN THAILAND

One of the aims of the project for the "Development of Export-Oriented Industries in Selected South-East Asian Countries" (VS/RAS/75/011), sponsored by the Government of Japan, was to study the leather industry sector which is of importance to the participating countries (Indonesia, Malaysia, the Philippines and Thailand).

In connexion with the project "Development of Export-Oriented Industries in Selected South-East Asian Countries", the consultant carried out two missions in Thailand each for a duration of one week (1-27 March and 23-29 April 1977). The aim of the first mission was to explore the export situation of the leather industry in preparation for the Round Table Discussion, held at Djakarta 5-8 April 1977.

The second mission, an extension of the first, was to advise the Government of Thailand on the best approach for organizing the leather goods for export sector. This is the subject of the present report. During this mission, contacts were made with governmental bodies and entrepreneurs and visits made to selected production units (see annex VII). The figures given below are rough estimates for tentative presentation.

A. The leather and leather goods industry

Livestock population

Animal population of interest to the leather industry is estimated to be:

Buffalo	7,000,000
Cattle	6,000,000
Pigs	5,000,000
Sheep and goats	Negligible

Additionally, crocodiles and snakes are reared on a large scale (e.g., 20,000 crocodiles on a farm), but their skins are not available to the leather industry in commercial quantities.

Hides and skins

There are approximately one million cattle and buffalo hides available per annum for the tanning industry of which an estimated 65% (650,000) are cattle hides and 35% (350,000) are buffalo hides. Pig skins are not utilised

by the tanning industry because of their consumption as food stuff. Limited quantities of crocodile back skins are tanned in the country while the bellies are exported in wet-salted form. Snakes, frogs and lizard skins are also available in very limited quantities.

Tanning

The utilization of buffalo and cattle hides is as follows:

Exported in the raw	25%	(250,000)
Exported as crust	35%	(350,000)
Processed and finished in the country for subsequent manufacture	40%	(400,000)

The tanneries vary considerably in size and are tentatively divided into large-, medium- and small-scale categories. The government-owned Thai Tanning Organization is the largest tannery in the country with a daily production capacity of 500 hides. It is an integrated unit comprising a tannery and footwear and leather goods sub-units and production mainly fulfils army requirements. As the tannery has been established since 1957, production lines are equipped with old machines and tend to be fed gradually by updated machinery. There is a quality control laboratory and quality is considered to be satisfactory for the types of products required by the army which are not sophisticated. The leather goods sub-unit is encouraged and production is partially of ladies handbags for export, a trend that seems to be promising for the diversification of the integrated unit.

The medium-scale units are some 10 tanneries owned by the private sector, each with an average daily production capacity of 125 hides. Equipment in this category enables the tanneries to produce full grain and corrected grain splits as well as chrome tanned flesh splits of reasonable quality. In such tanneries, locally developed splitting machines are used with satisfactory results. It is estimated that there are 30 small-scale tanneries, each with an average daily capacity of 30 hides or less. They are poorly-equipped and most operations are done by hand.

Approximately 12%, 38% and 50% of the available raw hides are processed by the large-, medium- and small-scale tanneries respectively. There is considerable scope for the development of this sector, especially as their location is concentrated in one area.

Footwear

Visits to shoe factories were not scheduled, but it seems that most footwear is produced in non-mechanized or poorly-mechanized units, with the exception of the Rama Factory which is fully mechanized.

Displays in shops give the impression of numerous shoe factories attempting to copy fashion designs although quality varies considerably. The price of shoes appears to be high, probably because of the low capacity of the production units. However, information on the size of the industry, volume of production and national consumption is not available. Detailed investigation of this sector should be carried out before attempts are made to improve production for export.

Leather Goods

Leather goods production is carried out in small-scale units widely scattered in Bangkok and probably in other parts of the country. One exception is the leather goods sub-unit in the Thai Tanning Organization which is considered to be of a medium-scale. Data on these manufacturers of leather goods are non-available, which is the first obstacle in the way of their development.

The leather goods sub-unit in the Thai Tanning Organization is fairly-well equipped, although additional tools, improved organization of the production into specialized stages and better finishing will improve quality and capacity.

Other units visited were ill-equipped because of lack of knowledge of the required types of simple machines and tools, although very limited capital is needed in this respect.

However, the capability of developing equipment to facilitate production was noticed, coupled with an eagerness for information on the proper types of machines to improve production and increase capacity.

Methods of manufacture and the level of skill are hampered by the lack of equipment as well as the lack of guidance on quality throughout the different stages of production. Some factories tended to specialize in specific items, such as wallets or belts, a trend which should be encouraged as it improves quality.

Types of leather goods produced by the factories contacted utilize upper leather as well as crocodile, snake, lizard and frog skins. The designs are mainly copies of classic types which have good potential for export but seem to be limited and monotonous and should be diversified to increase the buyers' choice.

Leather goods bearing the Thai traditional designs by leather carving or embossing are not produced despite their anticipated high saleability in the domestic market for tourists which requires the introduction and development of such items. Marketing of presently produced leather goods is mainly oriented towards domestic consumption and promoted by the Government through local exhibitions organized by the Department of Industrial Promotion, Ministry of Industry or the Export Service Centre, Ministry of Commerce. Some manufacturers have issued simple catalogues of their products and some have registered brand names which is considered to be a good step towards export promotion.

Training on the manufacture of leather goods is carried out by two vocational schools under the supervision of the Ministry of Education. The Department of Industrial Promotion is extending training services in several sectors in urban as well as in rural areas, but such services have not been extended to the leather goods sector owing to the lack of expertise.

B. Scope for development for export

Market requirements for finished leather and footwear are unlikely to be met by the small- or medium-scale units because of the need for capital investment, modern machinery and advanced technology.

Leather goods for export could be manufactured but only on a modest scale since the required capital and machinery are limited and many operations still done by hand. Upgrading and organizing this sector would be beneficial to many manufacturers since the nature of the industry is labour intensive rather than capital intensive. There are available a wide base for the industry and cheap labour (average \$1.25 per day). The results would be available finished leather of a reasonable quality and price and a high added value to the leather.

Additionally, the expansion and development of this industry would be a catalyst for improving the tanning industry to fulfil the anticipated demand for improved quality leather as well as processing the exported raw hides in the country into finished leathers.

C. Recommendations

In order for the Department of Industrial Promotion, Ministry of Industry to develop and organize the leather goods sector for export, it is recommended that:

- (a) Priority be given to the development of leather goods for export;
- (b) A detailed survey of the leather goods sector be carried out to provide the proper foundation for rendering government assistance to manufacturers and furnishing information to the national planners and foreign buyers;
- (c) Leather goods manufacturers **be encouraged to form an association**, preferably within the framework of the existing tanning association, to strengthen the sector and facilitate the introduction of a sub-contracting system for production;
- (d) Technical in-plant assistance be afforded manufacturers with the remodeling of their units and to provide guidance for upgrading their production methods and adaptation of designs for export markets;
- (e) Training courses on the modernization of leather goods manufacture be organized in the production centres;
- (f) Assistance be given in the design of items of leather goods bearing traditional designs and oriented to the domestic tourist market;
- (g) International expertise be sought, for a duration of 12 man-months, to assist in carrying out the above-mentioned activities as well as to provide simple demonstration facilities for the recommended training courses;
- (h) Measures be taken to forbid the export of raw hides, unless partly processed;
- (i) Joint ventures with other countries should be encouraged in order to establish modern plants to provide the leather products industry in Thailand with high-grade finished leather and to assist in processing raw hides that are presently being exported;
- (j) Contacts be increased between the manufacturers/exporters of leather goods and overseas buyers through participation in trade fairs and marketing missions;
- (k) Detailed studies be made of the leather and footwear industries to identify their problems and means for development.

Annex I

Terms of Reference

Considering the importance of export orientation in industrial development a promotional project sponsored by the Government of Japan is being implemented in the South-East Asian Subregion to foster the development of industrial export potential of participating developing countries, particularly through promoting international co-operation.

It is within this context that assistance is being offered to participating countries to promote selected traditional sectors of manufacturing industries by modernizing and "industrializing" technology and adopting up-to-date techniques in design, production, quality control and management. The consultant is expected to render advisory services in the area of leather industries to help to attain these objectives.

After having been briefed by the respective substantive section of UNIDO and the project manager, the consultant will undertake a round trip to participating countries (Indonesia, Malaysia, the Philippines and Thailand). The purpose of this trip is to review and assess the present stage and level of production in the respective industrial sector by visiting selected manufacturing facilities and collecting experience on the spot about availability of infra-structural facilities and technology as well as skills of, and training possibilities for, the labour force etc.

The visits to manufacturing plants will also be used as far as possible to advise industrialists, on the spot, of possible immediate improvements in the production process, management and quality control as well as upgrading product quality, design and competitiveness.

After having completed the round trip and explored the present situation, the consultant will participate in a round table discussion organized by the project manager and attended by Government officials in charge of or being engaged in promoting industrial development of the leather industry as well as technicians and manufacturers engaged or interested in this branch. Foreign manufacturers interested to enter into company level co-operation may also participate in the meeting.

Deliberations of the meeting will centre on the findings and recommendations of the consultant on possible measures to improve production and management methods as well as upgrade the standards, quality and competitiveness of products utilizing technological skills and cultural heritage e.g. in design etc.

The meeting should result in the formulation of guidelines and practical measures to attain substantial progress in the manufacture of selected product groups particularly those having good export prospects. The suggestions and recommendations of the meeting should be consolidated by the consultant in a "Record of Round Table Discussion" that will be submitted to the Governments concerned.

Annex II

Aide-mémoire

Round-Table Discussion on Industrializing and Modernizing
Traditional Technology in the Leather Industry Sector

Organized by the

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Co-sponsored by the

National Agency for Export Development

in the framework of the Promotional Project for Development
of Export-oriented Industries in Selected South-East Asian Countries

I. Background

Considering the importance of encouraging export-orientation in industrial development, repeatedly stressed in various resolutions of the Industrial Development Board and emphasized also in the Lima Declaration and Plan of Action, UNIDO is carrying out a project which is financed from the voluntary contribution of the Government of Japan, aimed at assisting the participating countries (Indonesia, Malaysia, Philippines, Thailand) in the development of export potential of manufacturers, particularly through fostering international industrial co-operation in selected industrial sectors.

Spectacular growth of manufactured exports attained in the past years by some of the countries in the South-East Asian and Pacific region proved that substantial progress towards this end can be achieved if co-ordinated and concerted efforts are made in identifying possibilities and still untapped resources in this field.

It is realized in this context that production in traditional sectors of industry and indigenous technology may be an important asset and can play a substantial role in manufactured export expansion if stimulation and assistance is provided to upgrade their technology and adapt their products. In an effort to exploit these possibilities and foster development towards this goal international industrial co-operation on company level among developing nations as well as with developed countries might be an important tool resulting in improved production conditions, productivity and competitiveness.

One of the industrial sectors selected as having not only natural endowments and traditional background but also good export prospects in the countries concerned is the production of leather goods. It is therefore suggested to carry out a round-table discussion within the framework of the project to assess the prevailing situation in this sector and explore further opportunities to foster export-orientation and increase the export capability for leather products.

II. Scope and objectives

The Round-Table Discussion is intended to serve as an appropriate opportunity to exchange views and investigate possibilities of further accelerated and export-oriented growth of the leather industry in the countries concerned. Beforehand a consultant will be appointed by UNIDO to undertake a mission to each country, the purpose of his visits being to review and assess the present stage and level of production in the respective industrial sector by visiting selected manufacturing facilities and collecting experience on the spot about availability of infrastructural facilities and technology as well as skills of and training possibilities for the labour force etc.

Deliberations of the meeting will centre around the report of the consultant presenting his findings and recommendations in respect of possible measures and actions to modernize and adapt production in the respective sector to improve production and management methods as well as upgrade standards, quality and competitiveness of products, utilising at the same time technological skills and available cultural heritage e.g. in design etc.

Strong emphasis should be given in both the report and the subsequent discussions to assisting specifically small- and medium-scale manufacturers and exploring measures to strengthen and improve their managerial skills and export capability.

Through analysis of the prevailing situation and investigation of existing deficiencies, obstacles and bottlenecks in export development, the discussions are expected to result in the formulation of guidelines and practical measures covering not only the strictly technological and production aspects but also problem areas in respect of government incentives, transfer and adaptation of technology, infrastructural facilities, organization of export etc. In

addition, the meeting of government officials concerned with and industrialists engaged in leather industry development may contribute to discovering opportunities and establishing contacts to promote international co-operation on the company level or among federations of industrialists. The suggestions and recommendations of the meeting should be consolidated by the consultant in a "Record of Round-Table Discussion" that will be submitted to the governments concerned and made available to participants in the discussion.

III. Programme

The Round-Table Discussions are planned for one working week, each day consisting of two sessions. Detailed programme and agenda of each session will be distributed to participants in advance.

IV. Date and place of the Round-Table Discussion

The Round-Table Discussion is scheduled to take place from 5-8 April 1977, at Djakarta, Indonesia, at the premises of the National Agency for Export Development (NAFED).

Participants are expected to arrive on 7 April 1977.

V. Participation

Senior government officials in charge of industrial and export development and particularly involved in leather industry development programmes in countries participating in the project VS/HAS/75/011 will be invited to attend the discussion. In addition, industrialists engaged in or intending to enter into leather goods production are welcome to attend the meeting. The intention being to promote the establishment of international industrial co-operation with companies outside the region as well. Invitations may also be extended to selected manufacturers from countries not participating in the project mentioned above to participate as observers.

VI. Language

Papers will be presented and discussions held in English. No translation will be made available.

VII. Documentation

The report of the consultant will be made available to participants prior to the discussions, at latest on their arrival.

In addition, participants are welcome to submit and present short (4-6 pages) "country papers" or "case studies" on the subject matter, which will then be incorporated in the report on the discussions. Should such papers be received by the co-sponsoring organization well in advance, efforts will be made to reproduce and distribute them before or at the first working session.

VIII. Organization

Conference facilities and services will be provided by the co-sponsoring organization.

A "Note to Participants" containing all information required and details of organizational arrangements will be sent to all participants in due time.

IX. Financial and administrative arrangements

(a) For two senior government officials from Malaysia, Philippines, and Thailand selected by the respective Governments the United Nations Industrial Development Organization will provide:

- (i) International travel (return air ticket economy class) from the home country to Djakarta, Indonesia;
- (ii) Subsistence allowance (per diem) as per the prevailing United Nations rate in Djakarta for the duration of the meeting;
- (iii) In addition UNIDO will provide subsistence allowance (per diem) as per the prevailing United Nations rate in Djakarta for the duration of the meeting for two industrialists or representatives of industries selected by the respective Governments.

All other expenses including expenses in the home countries incidental to travel abroad (such as costs of passports, visa, medical examination and inoculations, internal and local travel to and from the international airport etc.) as well as cost of international travel for the two industrialists mentioned above, will be borne by the Government concerned and the respective participants.

(b) The United Nations Industrial Development Organization and the co-sponsoring organization will not assume responsibility for the following expenditures:

- (i) Travel and any other costs incurred by dependants who might accompany the participants;
- (ii) Costs incurred by participants with respect to travel insurance;
- (iii) Compensation in the event of death or disability of participants in connexion with their attending the discussions;
- (iv) Loss of, or damage to, personal property of participants while attending the discussions;
- (v) Purchases or other expenses related to clothes or other personal effects due to climatic conditions.

Annex III

Persons contacted

Indonesia

UNIDO/UNDP

Hirata, Project Manager

Brown, Assistant Resident Representative

Government officials

Soekirman, Chairman, National Agency for Export Development (NAFED)

S. Swarmilah, Chairman, Craft Products Centre, NAFED

Rudy Lengkong, Secretary General, NAFED

Noor Indah, Chief, Miscellaneous Craft Division, NAFED

D. Raja, Miscellaneous Craft Division, NAFED

Yusof, Chief, Leather Production Division, NAFED

Arifin Moersalin, Director General of Light Industry, Department of Industry

Pietoyo Soekarbowo, Director, Leather Research Institute

Representatives of industry

Ishak Noor, Indonesian Leather Association

Sjarifudin Siregar, Indonesian Leather Association

The Philippines

UNIDO/UNDP

H. De Nie, UNIDO, SIDFA

Government officials

Cisan Maciya, Under-secretary and Chairman, Small- and Medium-Scale Industries, Department of Industry

Joseph Pernia, Executive Director, Small- and Medium-Scale Industries, Department of Industry

Hernando Santos, Acting Manager, Small Business Advisory Centre, Department of Industry

Conrado Sanchez, Supervising Governor, Board of Investment

Representatives of industry

Ricardo P. Hermoso, President, Hermoso Hermanos, Inc. (Tannery)

Os mundo de Guzman, Chairman, Marikina Shoes Commission

Domingo Antonio, Executive Secretary, Marikana Shoes Commission
Benjamin Munoz, Mecauayan, Bulacan (Tannery)
Roberto S. Chua, Century Manufacturing Corporation (Leather goods)
John Andrews, RIU Enterprises, Inc. (Leather goods)
Ramona R. Ramos, Rame's Leathergoods (Hand-tooled leather goods)
Mario Tayag, Our Tribe (Shoes, handbags)
Henry Kornfeld, Phi Gloves, Inc. (Gloves)
Rodolfo Racasa (Leather goods)
Federico N. Menardo, Menaro's Footwear (Leather goods)
Rodolfo Antonio, Antonio's Leathercraft (Leather goods)
Laurito Josef (Leather goods)
Walfredo Zarate, Zarate Brothers Leather Quality Craft (Leather goods)
Carlos Gruela and V. Saldana Gruela, Saldanas House of Reptiles and Handicrafts (Reptile leather goods)
Adoracion Saldana-Gruela (Reptile tannery)
Nicolas Raymundo, Raysal Reptile Products (Reptile tannery)
Lorenzo S. Rojas, Casuals Industries (Leather goods)
Athanasius L. Chua, Quality House, Inc. (Leather goods)
Manolo Cruz, Conching Hermoso Inc. (Tannery)
Cora Cruz Jacob (Leather goods)

Malaysia

UNIDO/UNDP

F. Ossella, Assistant Resident Representative

Government officials

Iskandar Astar, Deputy Director, Ministry of Trade and Industry

Faisal Ibrahim, Assistant Director, Industries Division, Ministry of Trade and Industry

Rai, Co-ordinator, Ministry of Trade and Industry

Lee Sum Tung, Director Industrial Studies Section, International Fund for Agricultural Development (IFAD)

G. Jayanathan, Director, Evaluation Unit, IFAD

Tan Kim Chong, IFAD

Tan Choon Heng, IFAD

Representatives of industry

H. Vas, Manager, Malaya Leather Co. (Tannery)
Ho Chang, Sharikat Freedom Industries (Leather goods)
Wong Ngan Yee, Syarikat Tenlit Concord (Leather goods)
Sandy K. Boey, Carnaby Enterprises (Synthetic leather goods)
Ghazi H. Ramli, General Manager, Kulitkraft Sdn. Berhad (Tannery shoes and leather goods)
Wong Kee Seong, (Leather goods)

Thailand

UNIDO/UNDP

A. Garcia, UNDP Regional Representative
H. Reddy, UNIDO/ESCAP Industrial Adviser
Dong, UNDP

Government officials

Piriyadis Diskul, Director Industrial Economics and Planning, Ministry of Industry
Charmroon Malaigrong, Industry and Planning Division, Ministry of Industry
Vichit Arnachanakarn, Industry and Planning Division, Ministry of Industry
Surangrut Tosree, Industry and Planning Division, Ministry of Industry
Pairote Gesmonkit, Chief, Project Development, Board of Investment

Representatives of industry

The Thai Tannery Organization (Tannery, shoes and leather goods)
Suraphongse Thiradharma, Manager
Sunantha Jettasena, Chief, Testing Analysis
Boonluck, Director, Leather Association (Tannery)
Surasak Sritangsirikul, Thong Tannery
Utai Youngparpakarn, Crocodile farm and reptile leather goods
B. Charnnarong (Leather goods)

Annex IV

Participants

Indonesia

Government participants

J. Pitoyo Sockarbowo, Director, Leather Research Institute, Department of Industry

Noor Indah, Head, Miscellaneous Craft Division, Department of Trade, NAFED

Sharif, Department of Industry

Private sector participants

Ishak Noor, Indonesian Leather Association

Syarifuddin Siregar, Indonesian Leather Association

Special guests

F. Samaan, UNIDO Tanning Expert

J. Wolter, German Marketing Advisory Team

T. Robinson, ITC Marketing Adviser

Malaysia

Government participants

Faisal Ibrahim, Assistant Director Industries Division, Ministry of Trade and Industry

Tan Choon Heng, Economist, IFAD

Private sector participants

Ghazi Haji Ramli, Managing Director, Kulitraf Leather Goods Manufacturer

Teh Han Sui, Assistant General Manager, Taipeing Leather Company Limited

The Philippines

Government participants

Hernando C. Santos, Senior Industry Development Specialist, Commission on Small and Medium Industries, Department of Industry

Line Bueno, Senior Analyst, Board of Investments

Thailand

Government participant

Charmroon Malaigrong, Chief, Engineering Section, Industrial Economics and Planning Division, Ministry of Industry

Private sector participants

Sunantha Jettaseno, Chief Testing Analyst, Thai Tanning Organization
Surasuk Sritangsirikul, Thong Thai Sin Tanning Factory

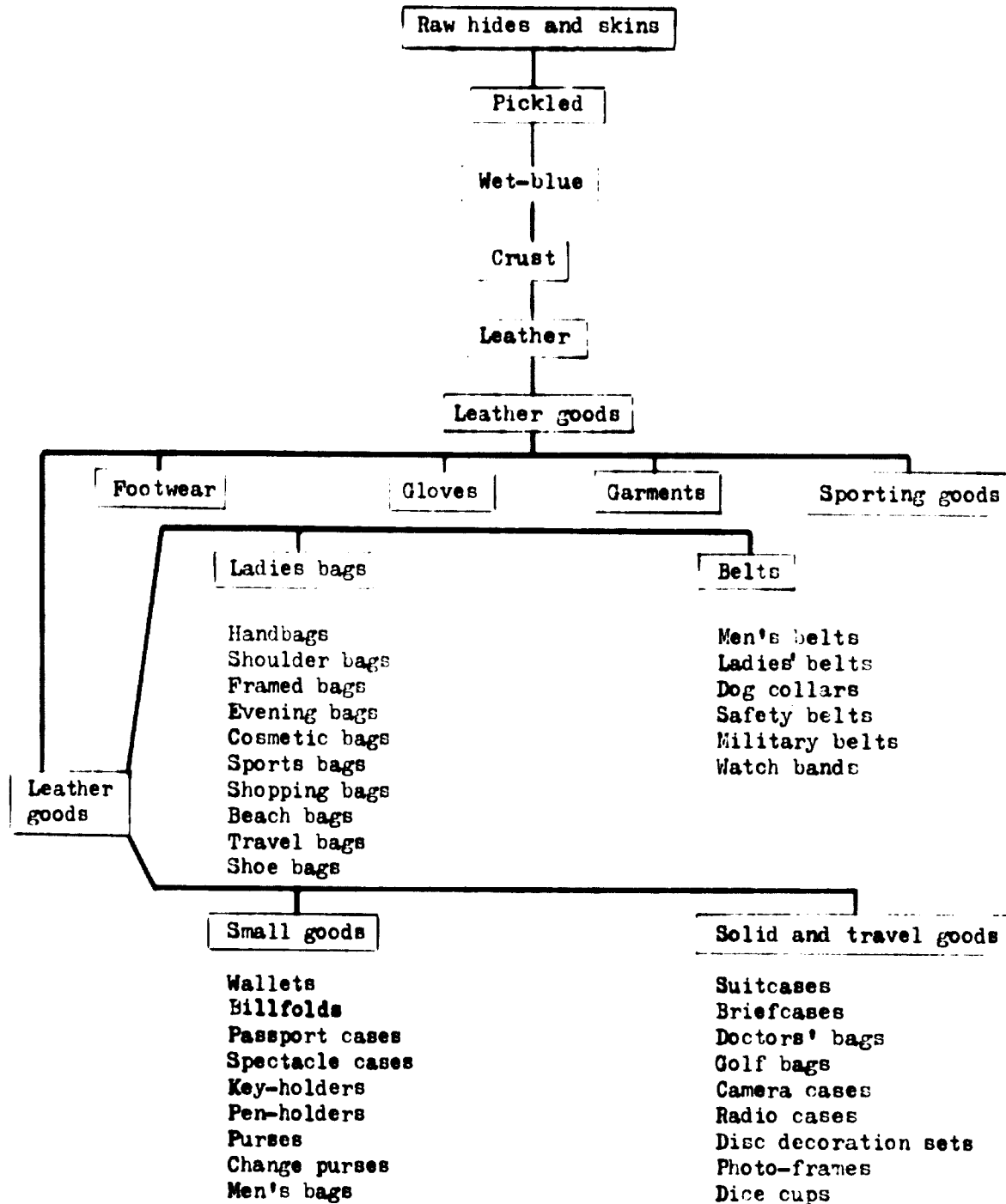
Annex V

Papers presented to the Round Table

<u>Author</u>	<u>Title</u>
UNIDO consultant	Regional aspects of leather goods industry for export
Government participants from Indonesia	Leather and leather products in Indonesia; hopes, problems and promises
Indonesian Leather Association	The problems facing the export-oriented leather and leather goods industries of Indonesia
Government participants from Malaysia	Leather industry in Malaysia
Private sector participants from Malaysia	Special case study
S. Sritangsirikul	Leather industry in Thailand
Sunantha Jottaseno	Basic problems of leather industry in Thailand
H. Santos and L. Bueno (the Philippines)	Leather industry in the Philippines

Annex VI

Classification of leather and leather goods



Annex VII

Persons contacted in Thailand

Governmental officials

Piriyadis Diskul, Director, Industrial Economics and Planning,
Ministry of Industry

Prasas Chakkaphak, Director General, Department of Industrial Promotion,
Ministry of Industry

Charmroon Malaigrong, Industry and Planning Division, Ministry of Industry

Crabin Werawut, Planning Division, Department of Industrial Promotion

Somsak Kuptakanchanakul, Handicraft Promotion Division, Department of
Industrial Promotion

Bhothong Keowsuddhi, Handicraft Design and Development, Department of
Industrial Promotion

Surapol Chivasutho, Handicraft Promotion Division, Department of
Industrial Promotion

Sukon Kanchanalai, Director, Export Service Centre, Ministry of Commerce

Representatives of industry

The Thai Tannery Organization (Tannery, Shoes, and Leather Goods)
Suraphongse Thiradharna, Manager

Sunantha Jottaseno, Chief Testing Analyst

Poonluck, Director, Leather Association (Tannery)

Surasak Britangsirikul, Thong Tannery

Utai Youngparapakarn, crocodile farm and reptile leather goods

B. Charumarong (leather goods)

Somsak Watanasutisas, Royal Worldwide Marketing (leather goods)

Leather Handicraft Ltd. (leather goods)

Patana Trading Ltd. (leather goods)

The Union Mercantile Agencies (leather goods)

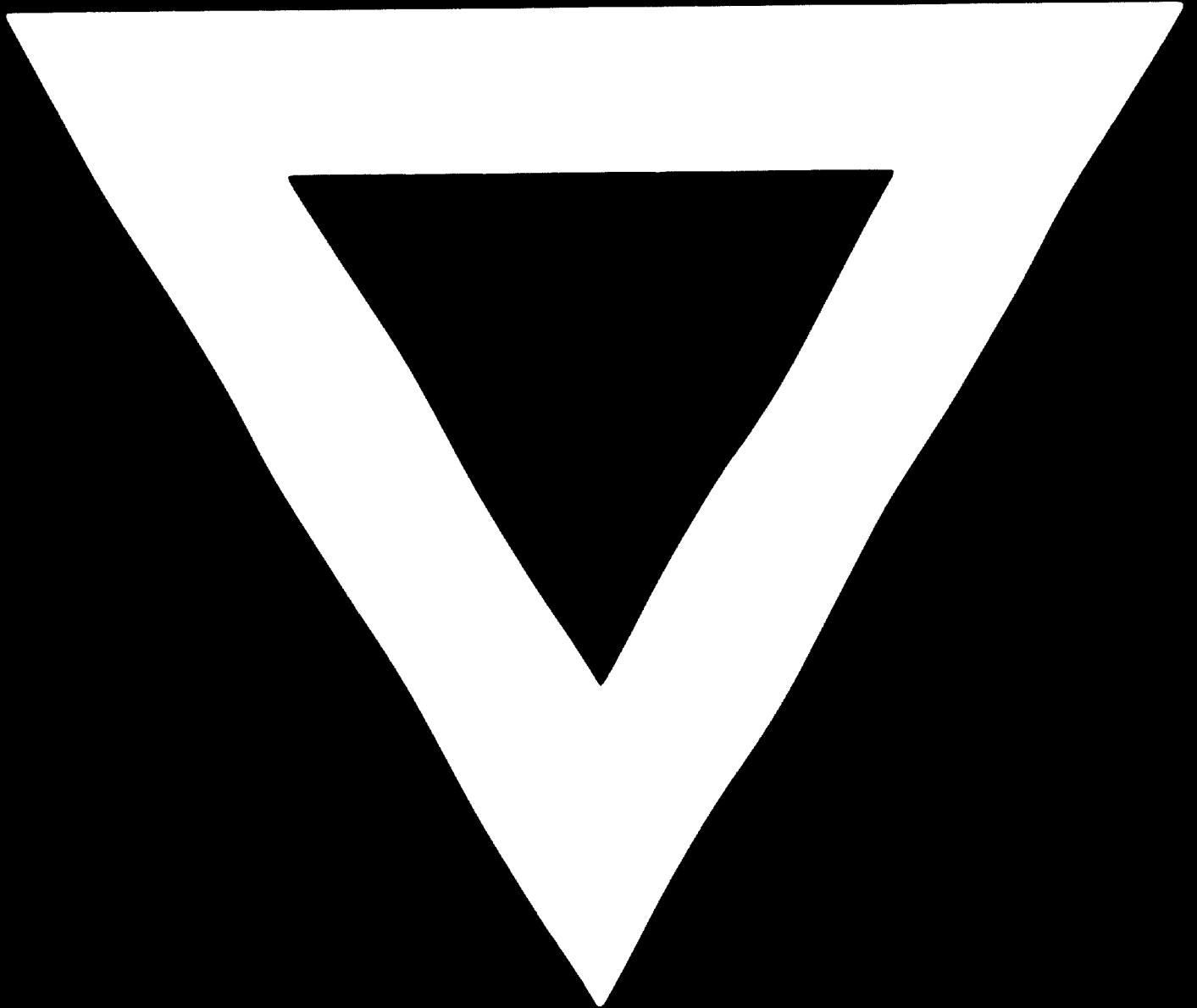
V.S. Greater (leather goods)

House of Leather, Jacob (leather goods)

The Universal Industries, Champion (leather goods)

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

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