



TOGETHER
for a sustainable future

OCCASION

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



TOGETHER
for a sustainable future

DISCLAIMER

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

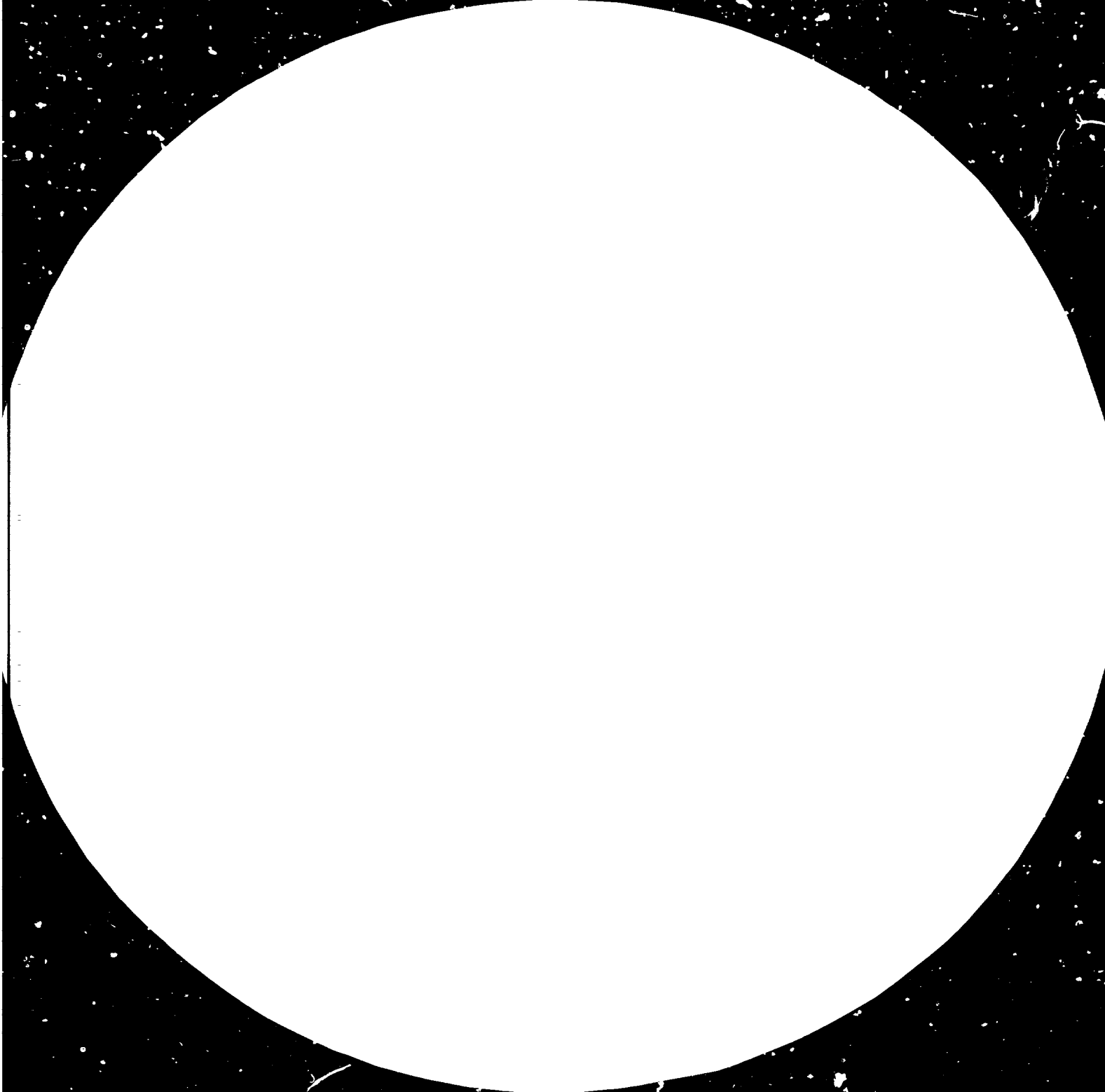
FAIR USE POLICY

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

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org





28



30



10

11

12

13

14



09910



Distr.
LIMITED

ID/WG.319/4
22 April 1980

ENGLISH

United Nations Industrial Development Organization

Leather and Leather Products Industry
Second Consultation
Cologne, FRG, 23 - 27 June 1980

INTERNATIONAL TRADE IN HIDES, SKINS, LEATHER,
LEATHER PRODUCTS AND FOOTWEAR*

prepared for
the UNIDO secretariat

by
UNCTAD - Manufactures Division

000193

* This document has been reproduced without formal editing.

80-38598

Table of content

List of tables

Part I. Patterns of international trade

1. Imports by the 21 developed market economy countries from the world and developing countries
 - (i) Hides and skins
 - (ii) Leather
 - (iii) Manufactures of leather
 - (iv) Travel goods, hand bags and similar articles
 - (v) Leather clothing and accessories
 - (vi) Leather footwear
2. Exports by the 21 developed market economy countries to the world and to the developing countries
3. Trade between developing countries and their exports to the socialist countries
4. The scope for further processing in hides, skins and the leather sector
5. The least developed countries' trade in hides and skins, leather and leather products

Part II. Tariff and non-tariff barriers

1. Tariffs and tariff structures in selected developed market-economy countries
 - A. European Economic Community
 - (i) Raw hides and fur skins
 - (ii) Semi-manufactures of leather and fur
 - (iii) Manufactured articles of leather and fur
 - (iv) Footwear
 - (v) Travel goods and handbags
 - B. Japan
 - C. United States
2. Escalation of tariffs
3. Non-tariff barriers
4. Multilateral trade negotiations and developing countries
5. Growing protectionism and developing countries' exports of leather, leather products and footwear

List of tables

Table 1: Imports of hides and skins (SITC 211) into 21 developed market-economy countries (DMEC), 1977

Table 2: Major flows of trade in hides and skins (SITC 211) between developing countries (DC) and developed market-economy countries (DMEC) in 1977

Table 3: Imports of hides and skins, leather, leather products and footwear by 21 developed market economy countries from the world and developing countries and territories (DC), 1970 and 1977

Table 4: Imports of leather (SITC 611) into 21 developed market-economy countries (DMEC), 1977

Table 5: Major flows of trade in leather (SITC 611) between developing countries (DC) and developed market economy countries (DMEC) in 1977

Table 6: Imports of manufactures of leather (SITC 612) into 21 developed market-economy countries (DMEC), 1977

Table 7: Imports of travel goods and handbags (SITC 831) into 21 developed market-economy countries (DMEC), 1977

Table 8: Major flows of trade in travel goods and handbags (SITC 831) between developing countries (DC) and developed market economy countries (DMEC) in 1977

Table 9: Imports of leather clothing and accessories (SITC 841.3) into 21 developed market economy countries (DMEC), 1977

Table 10: Major flows of trade in leather clothing and accessories (SITC 841.3) between developing countries (DC) and developed market economy countries (DMEC) in 1977

Table 11: Imports of leather footwear (SITC 851.02) into 21 developed market economy countries (DMEC), 1977

Table 12: Major flows of trade in leather footwear (SITC 851.02) between developing countries (DC) and developed market economy countries (DMEC) in 1977

Table 13: Exports of hides and skins, leather, leather products and footwear by 21 developed market economy countries from the world and developing countries and territories (DC), 1970 and 1977

Table 14: Exports to world from selected developing countries of hides and skins, leather, leather products and leather footwear, 1976

Table 15: Exports of hides and skins, leather, leather products and footwear to 21 DMEC from developing Africa and from other developing regions in 1977

Table 16: Imports of hides and skins, leather, leather products and footwear by 21 developed market economy countries (DMEC) from the least developed countries (LDC) and from other developing regions in 1977

Table 17: The range and average rates of tariffs according to MFN and GSP status of imports by EEC of hides and skins, leather, leather products and footwear classified according to the stage of processing

Table 18: The range and average rates of tariffs according to MFN and GSP status of imports by Japan of hides and skins, leather, leather products and footwear classified according to the stage of processing

Table 19: The range and average rates of tariffs according to MFN and GSP status of imports by the United States of hides and skins, leather, leather products and footwear classified according to the stage of processing

Table 20: Range and weighted average rates of tariffs by stages of processing for selected developed market economy countries, 1976

Table 21: Non-tariff barriers on imports of hides and skins, leather, leather products and footwear in developed market-economy countries

PART I. Patterns of international trade

Patterns of international trade is examined in Part I by means of a world trade matrix. Broadly, the world is classified into the three major groupings: developed market economy countries (labelled A), developing countries (B), and socialist countries (C). Then a world trade matrix will consist of the following trade flows:

Destination Provenance	A	B	C
A	AA	AB	AC
B	BA	BB	BC
C	CA	CB	CC

The trade flow AA is the intra-trade of developed market economy countries; BA, imports of developed market economy countries from developing countries; and AB, imports of developing countries from developed market economy countries or exports of developed market economy countries to developing countries, and so forth. Because of the differences in the availability, coverage, and up-to-datedness of international trade data, it is, in general, difficult to make a complete world trade matrix of any product.

In section 1, the discussion of the trade flow is based upon import data of the 21 developed market economy countries (see table 1 for countries included), which provides the data on trade flows of AA, BA, and CA. Section 2 is based upon export data of the 21 developed market economy countries and examines trade flows of AB and AC. The data base of section 3 which deals with exports of developing countries to the world is export statistics of developing countries and the section examines trade flows of BA, BB (intra-trade of developing countries) and BC.

Hence, the trade flows enumerated above cover a very large segment of world trade flows of a product in question - trade flows not covered in this study are those of CB and CC, namely, socialist countries' exports to developing countries and trade between socialist countries.

1. Imports by the 21 developed market-economy countries from the world and developing countries

(i) Hides and skins (SITC 211)

The value of imports of hides and skins from the world by the 21 developed market economy countries rose from \$119 million in 1970 to \$1720 million in 1977 at an average rate of 16 per cent a year during the period 1970 to 1977. The value of their imports from developing countries rose during the same period from \$151 million to \$235 million at an annual rate of 7 per cent. Hence, the market share of developing countries fell from 24 per cent in 1970 to 14 per cent in 1977.

In 1977, two-thirds of imports of hides and skins by the 21 developed market economy countries were taken by EEC countries: important markets were Italy (\$511 million), France (\$224 million), the United Kingdom (\$127 million), and the Federal Republic of Germany (\$113 million). Imports by the EFTA countries were valued at \$124 million. Japan was a large importer of hides and skins worth \$324 million in 1977 (see table 1).

On the supply side, the EEC countries shipped about one-third of the value of imports of hides and skins by the 21 developed market economy countries - the main suppliers in 1977 were: France (\$146 million) ^{and} the United Kingdom (\$129 million). The increase in supply from the Common Market sources was rapid, particularly from the United Kingdom between 1970 and 1977. The other large suppliers were the United States (\$340 million), Australia (\$234 million), and New Zealand (\$118 million).

In respect of imports from developing countries, the largest single market was Italy which took almost \$100 million worth of hides and skins in 1977, followed by the United States (\$45 million) and France (\$32 million). The largest developing country supplier was Iran whose shipment rose from \$16 million in 1970 to \$ 58

Table 1
211)
Imports of hides and skins (SITC/ into 21 developed market-economy countries
(DMEC), 1977

(Value in million US dollars)

Importing country or region	Italy	Japan	France	United Kingdom	Fed. Rep. of Germany	United States	Netherlands	Belgium/Luxembourg	EEC	EFTA	21 DMEC		
											1977	1970	Growth rate b/ 1970-77
World	511	324	224	127	113	97	84	66	1147	124	1720	619	16
21 DMEC	370	305	183	111	94	45	76	65	921	107	1405	414	19
EEC (9)	229	16	41	66	51	2	65	45	515	63	596	133	24
Fed. Rep. of Germany	37	1	7	2	-	0	16	6	71	12	84	27	18
France	117	1	-	5	15	1	2	4	142	2	146	32	24
United Kingdom	29	0	16	-	8	1	27	23	118	10	129	20	31
EFTA	25	1	2	8	15	1	1	1	54	15	70	24	17
Australia	50	37	102	8	15	0	3	1	181	15	234	89	15
New Zealand	30	10	16	17	2	20	4	15	84	3	118	51	13
United States	29	236	20	8	9	-	3	2	72	6	340	101	19
Other MEC ^{c/}	25	1	7	4	4	6	0	1	42	4	53	38	5
Socialist count.	16	3	0	0	3	0	1	0	21	1	25	15	8
Developing countries (DC)	99	15	32	12	12	45	7	1	163	11	235	151	7
DC market share per cent	19	5	14	9	11	46	8	2	14	9	14	24	

Source: Special tabulations by the UNCTAD secretariat. a/ They are member countries of EEC, EFTA, Australia, Canada, Japan, New Zealand and the United States. Those countries whose imports from the world were valued at \$50 million in 1977 are listed individually as importing countries. b/ Per cent annual average compound rate of growth. c/ Other market-economy countries, consisting of Greece, South Africa, Spain and Turkey.

million in 1977. Imports from Argentina, however, fell from \$31 million in 1970 to \$22 million in 1977. The value of imports from two of the other suppliers, Ethiopia and Nigeria, grew rather slowly during the period. Table 2 summarizes major flows of trade in hides and skins between the main developing country suppliers and the importing developed market economy countries.

It is worth noting that there were many developing countries from which the value of imports of hides and skins by the developed market economy countries actually fell between 1970 and 1977 - they include: Madagascar, Uganda, Argentina, Brazil, Colombia, Uruguay, Lebanon, India and Yugoslavia. The precipitous fall were most noticeable in the case of Brazil (from \$18 million in 1970 to \$2 million in 1977), Uruguay (from \$5 million to less than \$1 million), and Argentina as noted before.

Regarding imports by types of hides and skins, bovine and equine hides other than calf and kip skins (SITC 211.1) valued at \$932 million accounted for more than one half of imports from the world by the developed market economy countries in 1977. Imports of this product from developing countries, however, fell between 1970 and 1977 and the market share of developing countries fell from 17 per cent to 4 per cent during the period. Other important items in world trade of hides and skins include sheep and lamb skins, with the wool on (SITC 211.6) valued at \$253 million, sheep and lamb skins, without the wool (SITC 211.7) valued at \$225 million, and calf skins and kip skins (SITC 211.2) worth \$184 million - imports of the second item above from developing countries were worth \$78 million in 1977 and accounted for one-third of the value of imports of hides and skins from developing countries

Table 2
Major flows of trade in hides and skins
(SITC 211) between developing countries (DC)^{a/} and
developed market economy countries (DMEC)^{b/} in 1977

(Million US dollars)

Exporting country <u>a/</u>	Importing country <u>b/</u>							21 DMEC	
	Italy	United States	France	Japan	Fed. Rep. of Germany	United Kingdom	Other DMEC	Value	Growth rate 1970-77
Iran	18	12	1	0	5	1	1	58	20
Argentina	9	0	5	2	1	0	5	22	-5
Ethiopia	7	1	2	1	1	5	1	18	7
Indonesia	4	1	1	5	2	0	4	17	16
Nigeria	9	3	1	-	0	2	1	16	7
Sudan	1	3	4	0	0	0	4	12	22
Kenya	6	0	0	0	0	1	1	8	22
Syria	7	0	0	0	-	-	0	7	32
Iraq	5	-	1	-	-	-	0	6	29
Mozambique	5	-	-	-	-	-	0	5	14
Other DC	28	5	17	7	3	3	3	66	0
Total DC	99	45	32	15	12	12	20	235	7

Source: Special tabulations by the UNCTAD secretariat

a/ Developing countries and territories whose exports to 21 DMEC were valued at \$5 million or more in 1977.

b/ DMEC whose imports from DC were valued at \$10 million or more in 1977.

into the 21 developed market economy countries. Items in which the market share of developing countries was high were goat skins and kid skins/at 63 per cent and hides and skins, n.e.s. (SITC 211.4) (SITC 211.9) at 57 per cent (see table 3).

(ii) Leather (SITC 611)

The value of imports of leather from the world by the 21 developed market economy countries rose from \$550 million in 1970 to \$1869 million in 1977 at an annual average rate of 19 per cent. The value of their imports from developing countries rose from \$171 million to \$596 million during the period at about the same rate of imports from the world. Hence, the market share of the developing countries remained at a little over 30 per cent.

EEC countries took in 1977 almost 70 per cent of imports of leather from the world by the 21 developed market economy countries - the largest single market was the Federal Republic of Germany with imports worth \$392 million, followed by Italy (\$296 million), France and the United Kingdom with imports of almost \$200 million each. Imports of EFTA countries were worth \$240 million, or 13 per cent of the total; imports by the United States, \$176 million or 9 per cent, (see table 4).

On the supply side, EEC countries supplied one-half of the imports of leather into the 21 developed market economy countries. EFTA countries supplied 5 per cent of the total, and the United States, less than 5 per cent.

Most of the remaining import requirements of leather of the 21 developed market economy countries came from the developing countries. The largest developing suppliers in 1977 were India with shipments of \$190 million and Argentina (\$121 million), followed by Brazil (\$79 million) - the rate of increase in shipments was more rapid in the case of Brazil (27 per cent a year) and Argentina (23 per cent) than for India. Other main suppliers in this trade

Table 3 Imports of hides and skins, leather, leather products and footwear by 21 developed market economy countries from the world and developing countries and territories (DC), 1970 and 1977

(Value of imports in million dollars)

SITC code	Products	1970			1977			Growth rate ^{a/} 1970-1977 (per cent)	
		Value of imports from:		DC market share (per cent)	Value of imports from:		DC market share (per cent)	World	DC
		World	DC		World	DC			
211	Hides and skins	619	151	24	1720	235	14	16	7
211.1	Bovine and equine hides other than calf and kip skins	282	48	17	932	38	4	19	-3
211.2	Calf skins and kip skins	40	2	5	184	1	1	24	-9
211.4	Goat skins and kid skins	40	25	63	68	43	63	8	8
211.6	Sheep and lamb skins, with the wool on	131	29	22	253	45	18	10	6
211.7	Sheep and lamb skins, without the wool	93	30	32	225	78	35	13	15
211.8	Waste and used leather	3	0	0	5	0	0	8	0
211.9	Hides and skins, n.e.s.	30	18	60	53	30	57	8	8
611	Leather	550	171	31	1869	596	32	19	20
611.2	Reconstituted or artificial leather	9	0	0	18	0	0	37	..
611.3	Calf leather	73	17	23	210	28	13	16	7
611.4	Leather of other bovine cattle and equine leather	193	61	32	920	308	33	25	26
611.9	Leather, n.e.s.	275	22	33	721	261	36	15	16
611.9(1)	Leather of sheep and lamb skins	90	25	28	294	73	25	13	17
611.9(2)	Leather of goat and kid skins	86	51	59	198	133	67	13	15
611.9(3)	Chamois-dressed leather	15	0	0	45	0	0	17	0
611.9(4)	Parchment-dressed leather	0	0	0	1	0	0	-	0
611.9(5)	Patent and metallized leather	31	2	6	23	3	13	-4	6
611.9(9)	Other leather	50	14	28	160	51	32	18	20
612	Manufactures of leather	104	13	13	411	103	25	22	14
612.1	Machine leather belting, etc.	7	0	0	13	1	8	9	..
612.2	Saddlery, etc.	16	3	19	63	12	19	22	22
612.3	Uppers, legs and other prepared parts of footwear	64	7	11	274	70	26	23	39
612.9	Manufactures of leather, n.e.s.	18	3	17	61	20	33	19	31
831	Travel goods, handbags & similar art.	274	60	22	1216	441	36	24	33
841.3	Apparel and clothing accessories of leather	214	48	22	1094	543	50	26	41
351.0(2)	Footwear with soles of leather, etc.	1191	80	7	4466	836	19	21	40

Source: Special tabulations by the UNCTAD secretariat.
a/ Annual average compound rate of growth.

Table 4
Imports of leather (SITC 611) into 21 developed market-
economy countries a/ (DMEC), 1977

(Value in million US dollars)

Country or region of provenance	Importing country or region	Fed. Rep. of Germany	Italy	France	United Kingdom	United States	Canada	Netherlands	Austria	EEC	EFTA	21 DMEC		Growth rate b/ 1970-77
												1977	1970	
World		392	296	199	197	176	93	91	63	1296	240	1869	550	19
21 DMEC		290	113	119	104	81	81	77	52	808	207	1203	367	18
EEC		252	77	107	71	63	29	68	47	661	157	930	300	18
Belgium/Lux.		22	1	13	3	3	0	6	2	46	4	53	27	10
Fed. Rep. of Germany		-	8	34	2	4	0	31	13	86	34	129	53	14
France		60	29	-	8	15	1	11	3	122	14	154	71	12
Ireland		2	3	0	46	0	0	2	0	56	2	58	14	23
Italy		116	-	42	6	5	1	6	19	175	33	217	39	28
United Kingdom		24	33	13	-	35	26	11	7	124	55	251	66	21
EFTA		18	2	0	10	2	0	4	4	47	42	92	26	20
Sweden		6	0	0	7	0	0	2	0	21	15	37	11	19
Austria		8	0	0	0	1	0	2	-	15	16	32	5	30
Australia		2	14	0	1	0	0	1	0	18	1	20	2	39
New Zealand		0	7	5	7	1	0	0	0	20	0	23	1	57
Japan		12	8	3	1	2	1	2	0	29	3	36	7	26
United States		6	4	3	11	-	50	3	0	31	3	87	23	21
Other MEC ^{c/}		10	12	5	3	7	0	0	1	32	4	47	7	31
Socialist countries		3	8	6	1	1	0	1	1	19	2	22	5	24
Developing count. (DC)		88	162	70	88	88	11	13	9	436	27	596	171	20
DC market share (%)		22	55	35	45	50	12	14	14	34	11	32	31	

Source: Special tabulations by the UNCTAD secretariat.

a/ They are member countries of EEC, EFTA, Australia, Canada, Japan, New Zealand and the United States. Those countries whose imports from the world were valued at \$50 million in 1977 are listed individually as importing countries. b/ Annual average compound rate of growth (per cent).

c/ Other market economy countries, consisting of Greece, South Africa, Spain and Turkey.

flow include Pakistan (\$36 million), Bangladesh(\$28 million), Yugoslavia (\$20 million), Uruguay (\$20 million), Nigeria (\$18 million), Colombia (\$14 million), and Kenya (\$10 million) (see table 5). The most important market for leather from developing countries was the Common Market which took \$436 worth or almost three-quarters of the developing countries' leather shipped to the 21 developed market economy countries. The largest single market was Italy (\$162 million), followed by the United Kingdom, the Federal Republic of Germany, United States and France.

Table 5

Major flows of trade in leather
(SITC 611) between developing countries (DC) a/ and
developed market economy countriesb/(DMEC) in 1977

(Million US dollars)

Exporting country a/	Importing country b/	Italy	United Kingdom	Fed.Rep. of Germany	United States	France	Japan	Other DMEC	21 DMEC	
									Value	Growth rate 1970-77
India		47	47	21	25	23	14	13	190	18
Argentina		35	6	11	39	12	0	18	121	23
Brazil		6	16	18	9	10	0	20	79	27
Pakistan		21	1	1	0	3	8	2	36	..
Bangladesh		19	2	1	-	5	0	1	28	..
Yugoslavia		1	1	10	1	1	-	6	20	16
Uruguay		1	1	8	2	2	-	6	20	8
Nigeria		5	9	1	0	3	0	0	18	24
Colombia		4	0	6	1	1	0	2	14	25
Kenya		8	1	0	0	0	-	1	10	26
Mexico		1	-	1	4	0	0	1	7	13
Indonesia		1	0	0	0	0	5	1	7	..
Thailand		0	0	4	2	0	-	0	6	..
Other DC		13	4	6	5	10	2	0	40	19
Total DC		162	88	88	88	70	29	71	596	20

Source: Special tabulations by the UNCTAD secretariat

a/ Developing countries and territories whose exports to 21 DMEC were valued at \$5 million or more in 1977.

b/ DMEC whose imports from DC were valued at \$20 million or more in 1977.

(iii) Manufactures of leather (SITC 612)

The value of imports of manufactures of leather from the world by the 21 developed market economy countries rose from \$104 million in 1970 to \$411 million in 1977 at an average rate of 22 per cent a year. Imports from developing countries rose much faster from \$13 million to \$103 million during the period at an annual average rate of 34 per cent. Hence, the share of developing countries almost doubled from 13 per cent in 1970 to 25 per cent in 1977.

Imports into EEC valued at \$215 million accounted for more than one-half of the total, and EFTA, 20 per cent, and the United States, 15 per cent.

On the supply side, the EEC countries supplied more than one-half of the imports into the 21 developed market economy countries. The developing countries supplied one-quarter of the total (see table 6). The main developing suppliers in 1977 were the Republic of Korea (\$23 million), Mexico (\$14 million), Brazil (\$12 million), India (\$10 million), Yugoslavia (\$10 million), Colombia, Tunisia and Thailand, the last three countries with shipments of \$5 million, each. Increase in supply was particularly rapid from the Republic of Korea, Brazil, India, Tunisia and Thailand during the period 1970 to 1977.

Many products make up manufactures of leather - two-thirds of such imports from the world by the 21 developed market economy countries consisted of uppers, legs and other prepared parts of footwear (SITC 612.3) valued at \$274 million in 1977. Corresponding imports from the developing countries were worth \$70 million and were the most rapidly growing items among the shipments of manufactures of leather (39 per cent a year between 1970 and 1977).

Table 6

Imports of manufactures of leather (SITC 612) into 21 developed market-economy countries (DMEC), 1977

(Value in million US dollars)

Importing country or region Country or region of provenance	Fed. Rep. of Germany	United States	France	EEC	EFTA	21 DMEC		Growth rate <u>b/</u> 1970-1977
						1977	1970	
World	77	64	52	215	82	411	104	22
21 DMEC <u>a/</u>	57	25	33	156	70	279	84	19
EEC	44	17	31	131	59	221	59	21
Fed. Rep. of Germany	-	2	9	26	23	54	20	15
Italy	27	2	13	46	17	69	13	27
United Kingdom	6	10	5	26	6	49	7	32
EFTA	12	3	1	20	11	34	9	21
Austria	8	1	0	10	5	16	5	18
United States	1	-	1	3	1	14	6	13
Other MEC <u>c/</u>	4	1	12	17	2	23	5	24
Socialist countries	1	0	1	4	2	7	1	32
Developing countries (DC)	15	37	6	37	8	103	13	34
DC market share	20	58	12	17	10	25	13	

Source: Special tabulations by the UNCTAD secretariat.

a/ They are member countries of EEC, EFTA, Australia, Canada, Japan, New Zealand and the United States. Those countries whose imports from the world were valued at \$50 million in 1977 are listed individually as importing countries. b/ Annual average compound rate of growth (per cent).

c/ Other market-economy countries consisting of Greece, South Africa, Spain and Turkey.

(iv) Travel goods, hand bags and similar articles (SITC 831)

Not all of the products belonging to this product group are made of leather, but the conventional international trade statistics does not distinguish the product group by raw materials used. Hence, in this report, this product group covers all products irrespective of the materials used.

The value of imports of this product group from the world by the 21 developed market economy countries rose from \$274 million in 1970 to \$1216 million in 1977 at an average rate of 24 per cent a year. Imports from the developing countries rose faster at an annual rate of 33 per cent from \$60 million to \$441 million. Hence, the market share of developing countries doubled from 18 per cent in 1970 to 36 per cent in 1977.

The EEC countries' imports were worth \$562 million, somewhat less than one-half of the imports by the 21 developed market economy countries - large importers among them were the Federal Republic of Germany (\$218 million), France (\$105 million) and the United Kingdom (\$73 million). The EFTA countries took \$188 million worth. The United States were the largest single market with imports of almost \$300 million in 1977. Imports of Japan were valued at \$80 million (see table 7).

On the supply side, the largest single supplier was Italy with a shipment of more than \$300 million, followed by the Federal Republic of Germany (\$92 million) and the United Kingdom (\$50 million). Japan supplied \$48 million worth. Imports from the socialist countries were valued at \$59 million in 1977.

The two largest developing suppliers were the Republic of Korea with a shipment of \$172 million and Hong Kong, \$144 million. Imports from the Republic of Korea rose ^{from} \$2 million in 1970 at a very high rate of 89 per cent a year. Other main developing suppliers

Table 7

Imports of travel goods and handbags (SITC 831) into 21 developed market-economy countries (DMEC), 1977

(Value in million US dollars)

Country or region of provenance	United States	Fed. Rep. of Germany	France	Japan	United Kingdom	Switzerland	Belgium/Luxembourg	EEC	EFTA	21 DMEC		Growth rate 1970-77
										1977	1970	
World	296	218	105	80	73	65	61	562	188	1216	274	24
21 DMEC ^{a/}	84	136	10	66	35	56	48	354	141	687	187	20
EEC	55	126	60	63	28	53	46	323	123	581	133	2
Fed. Rep. of Germany	5	-	9	4	3	19	11	43	39	92	32	16
France	6	9	-	18	3	5	9	28	7	60	17	20
Italy	36	97	38	38	15	26	20	187	48	317	52	30
United Kingdom	7	4	5	2	-	1	2	26	10	50	11	24
EFTA	0	4	1	0	2	2	1	10	12	24	11	12
Japan	24	5	2	-	3	1	1	13	3	48	36	7
United States	-	2	2	2	2	0	0	7	1	28	5	28
Other MEC ^{c/}	5	6	6	1	3	1	2	20	3	29	9	18
Socialist countries	2	10	8	1	7	2	5	42	12	59	11	2
Developing countries ^{b/}	206	66	25	13	28	6	5	146	33	441	60	3
DC market share (per cent)	70	30	24	16	38	9	8	26	18	36	22	

Source: Special tabulations by the UNCTAD secretariat.

^{a/} They are member countries of EEC, EFTA, Australia, Canada, Japan, New Zealand and the United States. Those countries whose imports from the world were valued at \$50 million in 1977 are listed individually as importing countries. ^{b/} Annual average compound rate of growth (per cent).

^{c/} Other market-economy countries, consisting of Greece, South Africa, Spain and Turkey.

in 1977 were Mexico (\$23 million), Brazil (\$16 million), India (\$12 million), Colombia (\$10 million), Uruguay, Philippines, the Dominican Republic, Morocco, Argentina, Yugoslavia and Lebanon, the last seven countries with shipments of \$6 to 9 million, each (see table 8). It is noteworthy that there were practically no exports of this product group from many of these developing suppliers in 1970.

The most important market of this product group for the developing countries in 1977 was the United States which took \$206 million worth or almost one-half of the total, followed by the Federal Republic of Germany with such imports of \$66 million. The EEC countries took \$146 million. The market share of the developing countries was 70 per cent in the United States, 26 per cent in EEC as a whole, 18 per cent in EFTA, and 16 per cent in Japan.

Table 8
Major flows of trade in travel goods and handbags
(SITC 831) between developing countries^a(DC) and
developed market economy countries^b(DMEC) in 1977

(Million US dollars)

Exporting country <u>a/</u>	Importing country <u>b/</u>	United States	Fed. Rep. of Germany	United Kingdom	France	Canada	Australia	Sweden	Japan	Nether- lands	Other DMEC	21 Value	DMEC Growth rate 1970-77
Korea, Rep. of		88	14	8	13	15	4	6	8	3	13	172	89
Hong Kong		50	30	12	7	6	12	8	3	5	11	144	18
Mexico		22	0	0	0	1	0	0	0	0	0	23	34
Brazil		9	4	1	0	1	0	0	0	0	1	16	..
India		1	3	4	1	0	1	0	1	1	0	12	29
Colombia		8	1	0	0	0	0	0	0	1	0	10	..
Uruguay		4	2	0	1	0	0	0	0	0	2	9	..
Philippines		6	1	0	0	0	0	0	1	0	0	8	..
Dominican Rep.		7	-	-	-	0	-	0	-	-	0	7	..
Morocco		2	2	0	1	0	0	0	0	0	1	7	20
Argentina		4	1	0	0	0	0	0	0	0	1	7	..
Yugoslavia		1	4	0	0	0	0	0	0	0	1	6	17
Lebanon		1	2	0	0	0	-	0	-	1	2	6	10
Other DC		3	2	2	2	0	2	2	0	1	0	14	32
Total DC		206	66	28	25	24	19	16	13	12	32	441	33

Source: Special tabulations by the UNCTAD secretariat

a/ Developing countries and territories whose exports to 21 DMEC were valued at \$5 million or more in 1977.

b/ DMEC whose imports from DC were valued at \$50 million or more in 1977.

(v) Leather clothing and accessories (SITC 841.3)

The value of imports of leather clothing and accessories from the world by the 21 developed market economy countries rose from \$214 million in 1970 to \$1094 million in 1977. The value of their imports from developing countries rose more than ten-fold from \$48 million to \$ 543 million at annual rate of 41 per cent during the period. The market share of developing countries, therefore, rose from 22 per cent in 1970 to 50 per cent in 1977.

Almost one-half of the imports into the 21 developed market economy countries was taken by the EEC countries, of which the imports by the Federal Republic of Germany were valued at \$289 million in 1977. The largest single market was the United States with imports valued at \$332 million. The EFTA countries' imports amounted to \$173 million.

On the supply side, the EEC countries supplied less than one-third of the total - Italy was the largest supplier with a shipment of \$141 million in 1977. Other sources of supply include Turkey (\$41 million) and the socialist countries with a shipment of \$74 million, of which \$27 million worth came from China (see table 9).

The largest developing suppliers in 1977 were the Republic of Korea which sent \$252 million worth, ^{having become} the largest single supplier of this product group in the world far ahead of Italy, followed by Hong Kong which shipped \$92 million worth. Other main suppliers were Uruguay (\$39 million), Argentina (\$27 million), Mexico (\$24 million), Yugoslavia (\$23 million), Philippines (\$20 million), Israel (\$13 million), Pakistan (\$10 million), Brazil, Thailand and India (see table 10).

Table 9

Imports of leather clothing and accessories (SITC 841.3) into 21 developed market-economy countries a/ (DMEC), 1977

(Value in million US dollars)

Country or region of provenance	Importing country or region	United States	Fed. Rep. of Germany	Netherlands	Sweden	United Kingdom	EEC	EFTA	21 DMEC		Growth rate b/ 1970-7
									1977	1970	
World		332	289	74	62	50	523	173	1094	214	26
21 DMEC		45	138	32	19	17	254	83	408	132	18
EEC		25	130	30	10	13	233	60	336	78	23
France		3	24	3	1	1	35	7	47	20	13
Italy		12	81	7	6	3	106	15	141	25	28
United Kingdom		9	9	4	1	-	31	21	67	9	33
EFTA		2	5	2	8	3	14	20	36	15	13
Canada		13	0	0	0	1	1	0	15	8	9
Japan		6	3	0	0	0	5	2	15	29	-9
Other MEC ^{c/}		10	34	6	2	1	49	9	70	12	29
Spain		7	8	2	1	0	13	3	25	8	18
Turkey		3	22	4	1	.1	32	6	41	2	54
Socialist countries		2	27	6	13	2	43	22	74	14	27
China		0	11	1	6	0	15	9	27	3	37
Developing countries (DC)		275	90	29	28	30	177	60	543	48	41
DC market share (per cent)		83	31	39	45	60	34	35	50	22	

Source: Special tabulations by the UNCTAD secretariat.

a/ They are member countries of EEC, EFTA, Australia, Canada, Japan, New Zealand and the United States. Those countries whose imports from the world were valued at \$50 million in 1977 are listed individually as importing countries. b/ Annual average compound rate of growth (per cent).

c/ Other market-economy countries, consisting of Greece, South Africa, Spain and Turkey.

- Table 10

Major flows of trade in leather clothing and accessories
(SITC 841.3) between developing countries^{a/}(DC) and
developed market economy countries^{b/}(DMEC) in 1977

(Million US dollars)

Exporting country a/	Importing country b/	United States	Fed.Rep.of Germany	United Kingdom	Nether- lands	Sweden	Other DMEC	21 DMEC	
								Value	Growth rate 1970-77
Korea, Rep.of		130	33	4	16	22	47	252	88
Hong Kong		25	17	17	5	3	25	92	30
Uruguay		32	5	0	1	0	1	39	..
Argentina		23	2	0	0	0	2	27	..
Mexico		24	0	0	0	0	0	24	22
Yugoslavia		1	15	0	3	3	1	23	28
Philippines		17	0	0	0	0	3	20	8
Israel		6	2	1	1	0	3	13	18
Pakistan		0	5	1	1	0	3	10	39
Brazil		6	1	1	0	0	1	9	..
Thailand		0	5	0	0	0	1	6	..
India		0	3	1	1	0	1	6	..
Other DC		11	2	5	1	0	3	22	33
Total DC		275	90	30	29	28	91	543	41

Source: Special tabulations by the UNCTAD secretariat.

a/ Developing countries and territories whose exports to 21 DMEC were valued at \$5 million or more in 1977.

b/ DMEC whose imports from DC were valued at \$20 million or more in 1977.

As in the case of travel goods and handbags, many of these countries had virtually no exports of leather clothing and accessories in 1970. The developing countries' market share was particularly high in the United States with 83 per cent and the United Kingdom with 60 per cent. Their market share in EEC was 34 per cent and in the case of EFTA, 35 per cent.

(vi) Leather footwear (SITC 851.02)

The product corresponding to SITC 851.02 is defined in SITC, Revised, as "Footwear with soles of leather; footwear with soles of rubber or plastic material, not included in 851.01". This product is often referred to as "leather footwear", which certainly is an unsatisfactory designation.

The value of imports of "leather footwear" from the world by the 21 developed market economy countries rose from \$1.2 billion in 1970 to \$4.5 billion in 1977 at an annual average rate of 21 per cent. The value of their imports from developing countries rose more than ten times from \$80 million to \$836 million at a rate of 40 per cent during the same period. The share of developing countries, hence, rose from 7 per cent in 1970 to 19 per cent in 1977.

Imports into the EEC countries valued at \$2.3 billion accounted for more than one-half the imports of leather footwear from the world by the 21 developed market economy countries - the largest importers among them in 1977 were the Federal Republic of Germany (\$911 million), followed by France (\$370 million), the United Kingdom (\$308 million), Belgium/Luxembourg (\$289 million), and the Netherlands (\$273 million). Imports by the EFTA countries amounted to \$591 million, led by Switzerland (\$160 million) and Sweden (\$156 million) and followed by Austria (\$125 million) and Norway (\$116 million). The largest single market was the United States which took \$1.2 billion worth, or more than one-quarter of

the total imports of the 21 developed market economy countries.

On the supply side, the EEC countries supplied \$2.6 billion worth, almost 60 per cent of the total - the largest single supplier in this trade flow was Italy with a shipment of \$1.8 billion; other large suppliers were France (\$255 million), the United Kingdom (\$219 million), and the Federal Republic of Germany. The EFTA countries supplied \$269 million, Austria leading with \$114 million. Other important supplier in this trade was Spain with a shipment of almost \$400 million. Imports from the socialist countries amounted to \$200 million, led by Romania (\$66 million) and Poland (\$50 million), (see table 11).

The largest developing country suppliers of leather footwear in 1977 were the Republic of Korea with a shipment of \$389 million and Brazil, \$177 million. Increases in supply from both countries were rapid, the first country at an annual rate of 86 per cent, and the second, at 58 per cent during the period 1970 to 1977. Other large developing suppliers were Yugoslavia (\$81 million) and Hong Kong (\$42 million), followed by Mexico (\$26 million), Uruguay (\$23 million), India (\$22 million), Argentina (\$21 million), and Malaysia (\$14 million). The shipment from Hong Kong hardly increased between 1970 and 1977. In the case of Uruguay and Argentina there were practically no shipments of leather footwear in 1970 (see table 12).

In respect of the market for leather footwear from developing countries, the United States was the most important market which took more than \$500 million, accounting for more than 60 per cent of developing countries' shipment to the 21 developed market economy countries. The EEC countries took a little over \$200 million, of which the Federal Republic of Germany (\$65 million) and the United Kingdom (\$60 million) were large importers from developing countries. Imports by the EFTA countries amounted to

Table 11
Imports of leather footwear (SITC 851.02) into 21 developed
market-economy countries^a(DMEC), 1977
(Value in million US dollars)

Country or region of provenance	Importing country or region	United States	Fed. Rep. of Germany	France	United Kingdom	Belgium/Luxembourg	Netherlands	Canada	Switzerland	Sweden	Austria	Norway	Denmark	Japan	Australia	21 DMEC					
																Ireland	EEC	EFTA	1977	1970	Growth rate b/ 1970-77
World		1236	911	370	308	289	273	188	160	156	125	116	87	68	60	55	2317	591	4466	1191	21
21 DMEC		467	715	286	178	272	219	120	142	134	112	108	72	20	31	51	1811	522	2977	958	18
EEC		411	639	268	155	267	209	94	123	101	106	65	55	15	26	50	1659	413	2623	819	18
Denmark		1	7	1	1	0	2	0	0	23	0	17	-	0	0	0	11	43	55	8	32
Fed. Rep. of Germany		19	-	20	3	28	51	4	22	6	27	5	9	2	1	0	112	63	201	63	18
France		37	59	-	19	68	23	8	12	7	3	4	4	2	3	0	178	28	255	87	17
Ireland		21	0	0	26	0	0	7	0	1	0	1	0	0	0	-	26	3	56	9	30
Italy		311	545	239	102	135	107	52	83	40	73	15	26	11	12	4	1158	220	1765	562	18
Netherlands		0	14	0	2	31	-	0	0	0	0	0	1	0	0	0	48	1	50	16	18
United Kingdom		22	11	5	-	5	15	24	4	22	2	22	15	1	10	45	104	55	219	58	21
EFTA		17	71	17	20	5	8	6	19	31	7	41	16	1	1	0	139	104	269	83	18
Austria		1	48	1	7	1	2	2	16	10	-	13	7	0	1	0	68	42	114	32	20
Switzerland		9	17	6	3	3	3	1	-	2	4	2	2	1	0	0	34	9	54	24	12
Japan		19	4	0	1	0	0	1	0	1	0	0	0	-	1	0	6	2	30	41	-4
United States		-	1	1	2	0	1	18	0	1	0	1	0	4	1	0	6	2	30	5	29
Other MEC ^{c/}		213	88	32	31	9	22	23	8	6	6	2	4	1	5	1	188	23	453	102	24
Spain		194	70	32	28	9	17	19	7	6	5	1	3	1	4	1	161	21	399	97	22
Greece		18	18	1	2	0	5	3	1	0	1	0	0	0	0	0	27	2	50	5	39
Socialist countries		45	44	17	39	4	7	14	2	3	2	2	1	3	9	1	115	14	200	38	27
Poland		14	7	4	16	0	1	3	1	0	0	1	0	0	2	0	29	3	50	7	32
Romania		20	22	7	5	1	3	4	0	0	1	0	0	0	0	0	39	2	66	8	35
Developing count. (DC) ^{d/}		511	65	34	60	4	24	31	7	14	4	5	11	44	14	3	202	32	836	79	40
DC market share (X)		41	7	9	19	-	9	16	4	9	3	4	13	65	23	5	9	5	19	7	

^aSources: Special tabulations by the UNCTAD secretariat.
^bFor footnotes see table 9.

Table 12
Major flows of trade in leather footwear
(SITC 851.02) between developing countries^a(DC) and
developed market economy countries^b(DMEC) in 1977

(Million US dollars)

Exporting country <u>a/</u>	Importing country <u>b/</u>									21 DMEC	Growth rate 1970-77
		United States	Fed.Rep. of Germany	United Kingdom	Japan	France	Canada	Nether- lands	Other DMEC	Value	
Korea, Rep. of		278	6	16	42	8	11	8	20	389	86
Brazil		119	8	8	-	7	8	7	18	175	58
Yugoslavia		32	33	1	1	0	3	4	7	81	33
Hong Kong		4	7	17	0	1	2	2	9	42	4
Mexico		23	0	0	0	1	1	0	1	26	16
Uruguay		20	0	0	-	0	2	0	0	23	..
India		7	1	4	0	2	2	2	4	22	18
Argentina		16	1	2	0	0	1	1	0	21	..
Malaysia		1	1	6	-	1	0	0	5	14	46
Morocco		0	0	0	-	7	0	0	0	8	35
Philippines		5	0	0	0	0	0	0	2	7	32
Pakistan		0	2	3	-	1	-	0	1	7	20
Other DC		6	6	3	0	6	0	0	0	21	32
Total DC		511	65	60	44	34	31	24	67	836	40

Source: Special tabulations by the UNCTAD secretariat.

^{a/} Developing countries and territories whose exports to 21 DMEC were valued at \$5 million or more in 1977.

^{b/} DMEC whose imports from DC were valued at \$20 million or more in 1977.

\$32 million. The market share of developing countries was high at 41 per cent in the United States, whereas the share was 9 per cent in EEC and only 5 per cent in EFTA in 1977. The market share of developing countries was high at 65 per cent in Japan. The per capita import of leather footwear of Japan from the world, however, was very low.

2. Exports by the 21 developed market economy countries to the world and/developing countries

to the
(i) Hides and skins

Exports of hides and skins to the world from the 21 developed market economy countries amounted to \$1826 million in 1977, of which exports to developing countries were valued at \$268 million or 15 per cent of the total exports to the world, and exports to socialist countries were worth \$159 million, or 9 per cent of the total. Exports to the developing countries consisted almost entirely of bovine and equine hides other than calf and kip skins (SITC 211.1) (see table 13) and similarly in respect of exports to socialist countries. The most important supplier to developing countries of hides and skins among the 21 developed market economy countries in 1977 were the United States with exports of \$176 million (more than one-half of which was taken by the Republic of Korea), followed by Australia. These two countries were also main suppliers of hides and skins to socialist countries.

(ii) Leather

Exports of leather to the world from the 21 developed market economy countries were valued at \$1543 million in 1977, of which exports to developing countries amounted to \$246 million, and to socialist countries \$114 million. Main items of leather exported to developing countries in 1977 consisted of leather of other bovine cattle and equine leather (SITC 611.4) valued at \$149 million, leather of goat and kid skins (SITC 611.92) worth \$32 million, and "other leather" (SITC 611.99). The bulk of exports to socialist countries was leather of other bovine cattle and equine leather. Main suppliers of leather to developing countries in 1977 were Japan with exports of \$122 million (the bulk of which was exported to the Republic of Korea) and the United States

Table 13
Exports of hides and skins, leather, leather products and footwear by 21 developed
market economy countries from the world and developing countries and territories
(DC), 1970 and 1977 (value of imports in million dollars)

SITC code	Products	1970			1977			Growth rate 1970-1977 (per cent)	
		Value of imports from:		DC market share (per cent)	Value of imports from:		DC market share (per cent)	World	DC
		World	DC		World	DC			
211	Hides and skins	500	54	11	1826	268	15	20	26
211.1	Bovine and equine hides other than calf and kip skins	304	42	14	1217	234	19	22	28
211.2	Calf skins and kip skins	47	4	9	170	4	2	20	0
211.4	Goat skins and kid skins	3	0	0	8	0	0	15	0
211.6	Sheep and lamb skins, with the wool on	79	5	6	221	12	5	16	13
211.7	Sheep and lamb skins, without the wool	56	1	2	154	3	2	16	17
211.8	Waste and used leather	3	1	33	9	6	67	17	29
211.9	Hides and skins, n.e.s.	9	1	11	45	10	22	26	39
611	Leather	468	50	11	1543	246	16	19	26
611.2	Reconstituted or artificial leather	27	4	15	70	11	16	15	16
611.3	Calf leather	71	5	7	161	12	8	12	13
611.4	Leather of other bovine cattle and equine leather	179	24	13	838	149	18	25	30
611.9	Leather, n.e.s.	204	18	9	513	76	15	14	23
611.9(1)	Leather of sheep and lamb skins	78	8	10	237	32	14	17	22
611.9(2)	Leather of goat and kid skins	33	1	3	55	5	9	8	26
611.9(3)	Chamois-dressed leather	18	1	6	44	2	5	14	10
611.9(4)	Parchment-dressed leather	0	0	0	1	0	0	..	0
611.9(5)	Patent and metallized leather	34	3	9	40	3	8	2	0
611.9(9)	Other leather	39	4	10	135	34	25	19,	36
612	Manufactures of leather	112	18	16	409	97	24	20	27
612.1	Machine leather belting, etc.	12	4	33	20	8	40	8	10
612.2	Saddlery, etc.	12	0	0	42	3	7	20	..
612.3	Uppers, legs and other prepared parts of footwear	68	11	15	298	78	26	24,	32
612.9	Manufactures of leather, n.e.s.	20	3	15	49	8	16	14	15
831	Travel goods, handbags & similar art.	214	27	13	752	96	13	20	20
841.3	Apparel and clothing accessories of leather	131	9	7	435	27	6	19	17
351.0(2)	Footwear with soles of leather, etc.	1067	55	5	3255	186	6	17	19

Source: Special tabulations by the UNCTAD secretariat.

(\$49 million). The EEC countries' exports to developing countries amounted to \$65 million. Exports to socialist countries came mainly from EEC countries, largely from Italy to the Soviet Union.

(iii) Manufactures of leather

Exports of manufactures of leather to the world from the 21 developed market economy countries were valued at \$409 million in 1977, of which exports to developing countries amounted to \$97 million, and to socialist countries \$36 million. Exports to the two country groupings consisted mostly of uppers, legs and other prepared parts of footwear (SITC 612.3).

(iv) Travel goods, handbags, and similar articles

Exports of this product group to the world from the 21 DMEC in 1977 amounted to \$752 million, mostly shipped to other developed market economy countries. Exports to developing countries were valued at \$96 million, mostly supplied by EEC countries (\$52 million) and the United States (\$33 million). Exports to socialist countries were very small.

(v) Leather clothing and accessories

Exports of leather clothing and accessories to the world from the 21 developed market economy countries amounted to \$435 million in 1977, most of which was sent to other DMEC. Exports to developing countries were worth \$27 million and exports to socialist countries were insignificant. Developed market economy countries' import surplus in this product group was \$659 million in 1977.

(vi) Leather footwear

Exports of leather footwear to the world amounted to close to \$3 billion in 1977, most of which was sent to other developed market economy countries. Exports to developing countries were worth \$186 million, mostly supplied by the EEC countries, notably

France (\$54 million), Italy (\$48 million), and the United Kingdom. Main importing developing countries were Nigeria (\$21 million), Algeria (\$15 million), Libya (\$14 million), Hong Kong (\$12 million), and Singapore (\$10 million).

3. Trade between developing countries and their exports to socialist countries

As was mentioned earlier this section is based upon export statistics of developing countries for 1976.^{1/} Those individual developing countries are included whose 1976 export statistics are available in SITC code by destination any whose exports in any one of the six product groups listed in table 14 were valued at \$1 million or more in 1976.

(i) Hides and skins

Table 14 shows more than 70 per cent of hides and skins exports by the 33 developing countries in 1976 were sent to the 21 DMEC whereas less than 5 per cent, each, was exported to other developing countries and socialist countries, respectively. The rest was mostly shipped to Spain. The decline in exports of hides and skins of several developing countries was not confined to their exports to developed market economy countries but also noticeable in their exports to socialist countries. Argentina's exports to socialist countries fell from \$35 million in 1962 to \$22 million in 1967 and to practically nil in 1976. In the case of India, its exports to socialist countries fell from \$12 million in 1967 to nothing in 1976. Of the 33 developing countries listed in the table, only Iran (\$5 million) and Cyprus (\$1 million) shipped \$1 million worth or more to socialist countries in 1976. Similarly, only three out of the 33 developing countries exported hides and skins worth \$1 million or more to other developing countries in that year - they were Argentina, Jordan and Indonesia.

^{1/} Export statistics for 1977 in detailed SITC code were available only for a small number of developing countries at the time when this study was being prepared.

Table 14 Exports to world from selected developing countries^{a/} of hides and skins, leather, leather products, and leather footwear, 1976 (Value in million dollars)

DMEC - Developed market economy countries
 DC - Developing countries
 SC - Socialist countries

Product & SITC No.	Hides & skins (SITC 211)				Leather (SITC 611)				Leather manufactures (SITC 612)				Travel goods & handbags (SITC 831)				Leather clothing & accessories (SITC 841.3)				Leather Footwear (SITC 851.02)							
	World	DMEC	DC	SC	World	DMEC	DC	SC	World	DMEC	DC	SC	World	DMEC	DC	SC	World	DMEC	DC	SC	World	DMEC	DC	SC				
Exporting country	b/				b/				b/				b/				b/				b/							
Developing																												
Africa																												
Algeria	0	0	-	-	7	7	0	0	-	-	-	-	0	0	-	-	0	0	0	-	-	-	-	-	-	-	-	-
Morocco	0	0	-	-	0	0	-	-	1	1	0	-	8	7	0	-	3	3	0	-	9	6	2	-	-	-	-	-
Tunisia	2	2	0	0	0	0	-	-	2	2	0	-	0	0	0	-	0	0	0	-	2	2	0	-	-	-	-	-
Egypt	0	0	-	0	0	0	-	0	1	0	0	1	6	1	0	5	7	0	0	7	11	0	0	11	-	-	-	-
Cameroon	3	2	0	-	0	0	-	-	0	0	0	-	1	-	1	-	0	-	0	-	1	0	1	-	-	-	-	-
Mali	1	0	0	-	0	0	0	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nigeria	14	13	-	-	29	29	0	-	-	-	-	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dev. America																												
Argentina	19	12	2	0	137	99	9	28	4	3	1	0	4	3	0	-	16	14	2	0	7	6	1	0	-	-	-	-
Brazil	9	2	-	-	99	86	2	0	8	7	0	-	19	19	1	-	9	9	0	0	182	179	3	-	-	-	-	-
Colombia	0	0	-	-	9	7	1	-	3	3	0	-	10	9	0	-	1	1	1	-	5	4	1	0	-	-	-	-
Mexico	0	0	-	-	2	2	0	-	2	2	0	-	2	1	0	0	4	4	0	-	11	11	0	-	-	-	-	-
Uruguay	2	2	-	0	32	20	5	4	1	1	0	-	8	8	0	0	30	29	0	-	15	14	0	1	-	-	-	-
Costa Rica	0	0	0	-	4	2	1	-	0	0	0	-	0	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-
Nicaragua	0	0	0	-	1	0	1	-	0	-	0	-	0	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-
Barbados	-	-	-	-	-	-	-	-	0	0	-	-	0	0	0	-	2	2	0	-	-	-	-	-	-	-	-	-
Middle East																												
Bahrain	0	-	0	-	0	-	0	-	-	-	-	-	6	-	6	0	9	-	0	-	-	-	-	-	-	-	-	-
Cyprus	1	0	0	1	0	0	0	-	0	0	0	-	2	2	0	-	0	0	0	-	11	1	9	1	-	-	-	-
Iran	32	27	0	5	0	0	0	0	0	0	0	-	0	-	0	-	-	-	-	-	5	1	0	4	-	-	-	-
Jordan	1	0	1	-	0	0	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-	-	-	-
Saudi Arabia	1	0	0	-	1	0	1	-	1	0	1	-	0	-	0	-	0	-	0	-	0	-	0	-	-	-	-	-
Yemen	2	1	0	-	-	-	-	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Israel	0	0	-	-	1	1	-	-	0	0	0	0	1	1	0	-	14	14	0	0	2	2	0	-	-	-	-	-
Dev. Asia & Other																												
Hong Kong	1	0	0	0	0	0	0	-	4	3	1	0	154	134	17	0	90	88	2	0	42	36	3	-	-	-	-	-
India	0	0	0	0	319	245	7	65	7	4	1	3	8	7	1	0	3	3	0	1	0	0	0	-	-	-	-	-
Indonesia	19	15	1	0	2	2	0	-	0	0	0	-	0	0	0	-	0	-	0	-	0	0	0	-	-	-	-	-
Korea, R.P.	0	0	0	-	1	1	0	-	16	15	0	-	151	148	3	0	220	219	1	0	312	306	3	-	-	-	-	-
Macao	0	-	0	-	0	-	0	-	0	0	0	-	1	1	0	-	0	0	-	-	0	0	0	-	-	-	-	-
Malaysia	1	0	0	0	0	0	0	-	0	0	0	-	1	0	0	-	0	0	0	-	17	15	2	0	-	-	-	-
Pakistan	3	3	0	-	73	44	1	4	1	0	0	0	0	0	0	-	8	8	0	0	-	-	-	-	-	-	-	-
Philippines	0	0	-	-	0	0	0	-	0	0	0	-	23	23	0	-	0	0	0	-	5	4	1	-	-	-	-	-
Singapore	7	6	0	-	1	0	1	-	0	0	0	-	6	1	5	0	1	0	0	-	11	3	6	2	-	-	-	-
Thailand	1	2	0	0	6	4	2	-	0	0	0	-	2	1	1	-	3	3	0	-	0	0	0	-	-	-	-	-
Yugoslavia	1	1	0	0	24	21	2	1	7	2	0	5	10	5	0	5	21	14	0	7	220	67	0	152	-	-	-	-
Total above	122	88	4	6	748	570	33	102	58	43	5	9	423	371	35	10	432	411	6	15	868	657	32	171	-	-	-	-

Source: Special tabulations by the UNCTAD secretariat based upon export statistics of developing countries.

a/ Developing countries whose 1976 export statistics are available in SITC code by destination and where exports in any one of the six products listed were valued at \$1 million or more in 1976.

b/ World total includes other market economy countries (Greece, South Africa, Spain and Turkey).

(ii) Leather

Exports of leather to the world by the 33 developing countries amounted to \$748 million in 1976, of which more than three-quarters was exported to the 21 developed market economy countries whereas 14 per cent/^{was sent} to the socialist countries and less than 5 per cent to other developing countries. India was the largest developing supplier to socialist countries with exports of \$65 million in 1976 compared with \$2 million in 1962 and \$19 million in 1967. The next large supplier to socialist countries was Argentina with exports of \$28 million - there were no such exports in 1962 and exports in 1967 were worth only \$2 million. Pakistan and Uruguay shipped leather worth \$4 million, each, to socialist countries. The value of Yugoslavia's exports to socialist countries, however, fell from \$5 million in 1967 to \$1 million in 1976.

Regarding exports to other developing countries, there were three countries out of 33 which exported leather worth \$5 million or more in 1976: they were Argentina (\$9 million), India (\$7 million) and Uruguay (\$5 million). Thailand and Yugoslavia supplied \$2 million, each, to other developing countries. Six countries shipped \$1 million, each - they were Colombia, Costa Rica, Nicaragua, Saudi Arabia, Pakistan and Singapore.

(iii) Leather manufactures

Of the leather manufactures exported to the world valued at \$58 million by the 33 developing countries in 1976, three-quarters were taken by the 21 developed market economy countries, and 16 per cent was exported to socialist countries, and less than 10 per cent was shipped to other developing countries. Main developing suppliers to socialist countries were Yugoslavia with exports of \$5 million and India (\$3 million), followed by Egypt (\$1 million).

Four developing countries exported \$1 million worth each to other developing countries (see table 14).

(iv) Travel goods and handbags

Most (88 per cent) of the exports of this product group by the 33 developing countries valued at \$423 million in 1976 went to the 21 developed market economy countries. Exports to other developing countries worth \$35 million accounted for 8 per cent of their exports to the world. Hong Kong was by far the largest supplier (\$17 million) in this trade, followed by Bahrain (\$6 million), Singapore (\$5 million), the Republic of Korea (\$3 million). Other developing countries participating in this trade flow were Cameroon, Brazil, India and Thailand, each of which exported \$1 million worth in 1976.

Exports to socialist countries accounted for less than 3 per cent of exports to the world by the 33 developing countries - the main suppliers in 1976 were Egypt and Yugoslavia, each of which, exported \$5 million worth.

(v) Leather clothing and accessories

Exports of leather clothing by the 33 developing countries went almost entirely (95 per cent) to the 21 DMEC in 1976. Exports to socialist countries amounted to \$15 million, or 3 per cent of the total - main suppliers were Egypt and Yugoslavia, each of which exported \$7 million worth, followed by India (\$1 million).

Exports to other developing countries accounted for only about one per cent of the total - main suppliers were Argentina and Hong Kong, \$2 million, each; Colombia and the Republic of Korea, \$1 million, each.

(vi) Leather footwear

Exports of "leather footwear" to the world by the 33 developing countries amounted to \$868 million in 1976, of which three-quarters were shipped to the 21 developed market economy countries. Exports to socialist countries accounted for 20 per cent of the total - by far the largest supplier in this trade flow was Yugoslavia with a shipment of \$152 million. Other participants in this trade included Egypt with exports of \$11 million, Iran (\$4 million), Singapore (\$2 million) and Uruguay and Cyprus, \$1 million, each.

In respect of exports to other developing countries, 11 out of the 33 developing countries shipped \$1 million or more in 1976: Cyprus (\$9 million), Singapore (\$6 million), Brazil, India and the Republic of Korea, \$3 million, each; Morocco and Malaysia, \$2 million, each; Cameroon, Argentina, Colombia and Philippines supplied \$1 million each.

4. The scope for further processing in hides, skins, and the leather sector

During the past two decades developing countries have made important advances towards industrialization. Processing industries have been expanded and/or newly established to increase export earnings or to serve national or regional markets. In spite of such advances, the developing countries as a whole, however, remain net exporters of unprocessed commodities and net importers of manufactures.

In the context of the Lima target the past achievements of industrialization of developing countries as a whole are far from being adequate. One of the most practical means to achieve the target is to give locally available raw materials an ever-increasing degree of processing through various stages of manufacturing.

The sector hides, skins and leather is one for which there is much scope for further processing in developing countries. Many developing countries are well endowed with raw materials and export a significant amount of hides and skins and semi-processed leather.

A comparison of the structure of exports of hides and skins, leather, and leather products of developing Africa with that of developing America reveals the potential of further processing in this sector for many developing countries. In 1977, there were 21 countries in developing Africa whose exports to the 21 developed market economy countries of any one of the 6 products listed in table / were valued at \$1 million or more.

It may be noted that whereas developing Africa in 1977 accounted for 37 per cent of the value of exports of hides and skins from all developing countries to 21 developed market economy countries, the corresponding proportions of developing Africa were less

Table 15

Exports of hides and skins, leather, leather products, and footwear to
21 DMEC from developing Africa and from other developing regions in 1977

Value in million dollars

Exporting countries a/ and regions	Products Hides and skins (SITC 211)	Leather (SITC 611)	Manufactures of leather (SITC 612)	Travel goods, hand bags, etc. (SITC 831)	Leather apparel and accessories (SITC 841.3)	Leather footwear (SITC 851.02)
North Africa	14	4	7	8	3	12
Algeria	0	3	0	0	0	0
Egypt	0.1	0.1	0.1	1.3	0.1	0
Morocco	0	0.2	1.8	7	3	8
Sudan	12	0.3	0	0	0	0
Tunisia	1.1	0.4	5	0.5	0.1	3
Other Africa	72	36	0.1	0.5	1.5	0.9
Cameroon	3	0	0	0	0	0
Chad	1.4	0	0	0	0	0
Congo	1.2	0	0	0	0	0
Ethiopia	18	1.4	0	0	0	0
Kenya	8	10	0	0	0	0.2
Madagascar	0.4	2.3	0	0	0	0
Mali	2.2	0	0	0	0	0
Mauritius	0	0	0	0.2	1.2	0
Mozambique	5	0	0	0	0	0
Niger	0.5	1.3	0	0	0	0
Nigeria	16	18	0	0	0	0
Rwanda	2.2	0	0	0	0	0
Somalia	1.9	0	0	0	0	0
Tanzania	3	1.6	0	0	0	0
Uganda	1.0	0	0	0	0	0
Upper Volta	2.3	0.4	0	0	0	0
Developing Africa	86	40	7	9	5	13
Developing America	37	261	42	74	109	252
Developing Asia	32	273	43	343	388	484
All developing countries	235	596	103	441	543	836
Developing Africa as % of all DC	36.6	6.7	6.8	2.0	0.9	1.6

Source: Special tabulations by the UNCTAD secretariat. a/ Individual countries in developing Africa whose exports to 21 DMEC of any one of the 6 products listed were valued at 1 million dollars or more in 1977.

than 7 per cent for leather (SITC 611) and manufactures of leather (SITC 612), and 2 per cent or less for travel goods, handbags, etc. (SITC 831), leather apparel and accessories (SITC 841.3), and leather footwear (SITC 851.02). These proportions for the developing African countries may be compared with those of the developing American countries as per cent of all developing countries in 1977: 16 per cent for hides and skins; 41 per cent or more for leather and manufactures of leather; 17 per cent or more for the remaining 3 product groups.

The variation in export structure of this sector according to the stage of processing is equally striking by the following comparison. In the case of developing Africa, of the total exports of this sector to 21 DMEC valued at \$160 million in 1977, exports of raw materials accounted for 54 per cent, semi-manufactures (SITC 611 and 612) accounted for 29 per cent, and manufactures (SITC 831, 841.3 and 851.02), only 17 per cent. This may be compared with export structure of this sector for the developing American countries where exports of raw materials accounted for less than 5 per cent, semi-manufactures, 39 per cent, and manufactures, 56 per cent of their exports of this sector to 21 developed market economy countries valued at \$775 million in 1977.

No doubt, over time, the export structure of the developing African countries for this sector moved in the direction of further processing: in 1970, raw materials accounted for 73 per cent of the total, semi-manufactures, 22 per cent, and only 5 per cent for manufactures. The pace of this improvement, however, is much slower than that achieved in developing America where in 1970 raw materials accounted for 39 per cent, semi-manufactures, 44 per cent and manufactures only 16 per cent of the total exports of this sector to 21 developed market economy

countries valued at \$158 million (see text-table below):

Export structure of hides, skins and leather sector of
developing Africa and developing America, 1970 and 77

		Raw materials (SITC 211)		Semi-manufactures (SITC 611;612)		Manufactures (SITC 831; 841.3;851.02)		Total	
		1970	1977	1970	1977	1970	1977	1970	1977
		Developing Africa	Value (\$million)	47	86	14	47	3	27
	Per cent	73	54	22	29	5	17	100	100
Developing America	Value (\$ million)	62	37	70	303	26	435	158	775
	Per cent	39	5	44	39	16	56	100	100

Source: Table 15 and the UNCTAD secretariat estimates.

The comparison of export structure of the sector between regions or that for a given region over time indicates a great potential for further processing in this sector. A detailed country study on the transformation of this section of Argentina, Brazil and Uruguay, will be very useful for many developing countries in advancing further processing of hides, skins and the leather sector.

5. The least developed countries' trade in hides and skins, leather and leather products

Imports of hides and skins from the least developed countries (see table 16 for the list of countries) by the 21 DMEC amounted to \$54 million in 1977, accounting for 23 per cent of imports of hides and skins imported by these countries from all developing countries. In the case of leather, the corresponding share of the least developed countries was 6.2 per cent.

Table 16

Imports of hides and skins, leather, leather products and footwear by 21 developed market economy countries (DMEC) from the least developed countries a/ (LDC), and from other developing regions in 1977

(Value in million US dollars)

Products Exporting countries and regions	Hides and skins (SITC:211)	Leather (SITC:611)	Manufactures of leather (SITC:612)	Travel goods, handbags, etc. (SITC:831)	Leather apparel and accessories (SITC 841.3)	Leather footwear (SITC:851.02)
Afghanistan	3	1.6	0.0	1.0	0.2	0.2
Bangladesh	1.1	28	0.0	0.3	0.0	0.2
Benin	-	-	-	-	-	-
Bhutan	-	-	-	-	-	-
Burundi	0.7	0.0	-	0.0	0.0	-
Central African Emp.	0.5	-	-	-	-	-
Chad	1.4	-	-	0.0	-	-
Ethiopia	18	1.4	0.0	0.0	-	0.0
Gambia	0.0	-	-	0.0	-	-
Guinea	0.0	-	-	-	-	-
Haiti	0.8	0.1	2.1	0.8	4	1.4
Laos	-	-	-	-	-	0.0
Malawi	-	0	0.0	0	-	-
Maldives	-	0.0	-	-	-	-
Mali	0.5	0.0	-	0.0	-	0.0
Nepal	-	1.9	-	0.0	0	0.0
Niger	0.5	1.3	0.0	0.0	-	-
Rwanda	2.2	0.0	0	-	0	-
Samoa	0.0	-	-	0.0	0.0	-
Somalia	1.9	0.0	0.0	-	-	0.0
Sudan	12	0.3	-	0.0	-	0.0
Uganda	1.0	0	-	-	0.0	-
United Rep. of Tanzania	3	1.6	0.0	0.0	0	0
Upper Volta	2.3	0.4	-	0.0	-	0.0
Yemen, Arab Rep.	2.6	-	-	-	-	0.1
Total LDC a/	54	37	2.1	2.1	4	2.0
Developing Africa	86	40	7	9	5	13
Developing America	37	261	42	74	109	252
Developing Asia	110	275	43	352	401	488
All Developing Count.	235	596	103	441	543	836
LDC as % of all						
Developing countries	23.0	6.2	2.0	0.5	0.7	0.2

Source: Special tabulations by the UNCTAD secretariat.

a/ Botswana, Lesotho and Dem. Yemen for which data are not available are not included.

Similarly, 2 per cent for manufactures of leather; 0.5 per cent for travel goods and handbags; 0.7 per cent for leather clothing and accessories; and finally, 0.2 per cent of leather footwear imported from all developing countries by the 21 developed market economy countries in 1977. Table 16 presents the value of imports of the six product groups by the 21 DMEC from the 25 individual least developed countries as well as totals for the three developing regions.

The degree of processing in this sector for the least developed countries would have been even less if not for Bangladesh and Haiti. Bangladesh was responsible for \$28 million out of \$37 million of exports of leather from this group. Haiti's exports of manufactures of leather, travel goods and handbags, leather clothing and accessories, and leather footwear, valued at \$8.3 million accounted for 80 per cent of the exports of the four product groups from all least developed countries to the 21 developed market economy countries.

The need for further processing in this sector is no where more pressing than in the least developed countries in view of the fact that for many of these countries hides and skins are one of the most important resources and industrialization in other manufacturing activities are still very much limited.

PART II Tariffs and non-tariff barriers

1. Tariffs and tariff structures in selected developed market economy countries

A. European Economic Community

Tariffs and tariff structures for EEC are summarized in table according to MFN and GSP (the generalized system of preferences) status of imports of hides and skins, leather, leather products and footwear classified according to the stage of processing. Information on the value of imports and on major suppliers among GSP beneficiaries are given according to source and status of imports. Data on trade and tariffs refer to the year 1976 whereas GSP coverage is for 1978.

(i) Raw hides and fur skins^{1/}

In EEC, imports of raw hides and fur skins entered duty-free with a value of \$1304 million in 1976.

(ii) Semi-manufactures of leather and fur^{1/}

In the case of semi-manufactures, 5 tariff-line items entered duty-free at \$101 million in 1976. MFN dutiable rates ranged between 3 and 8 per cent with an import value of \$686 million. The simple average duty was 4.8 per cent whereas the weighted average was 5.6 per cent. (See table 17.)

Imports from MFN countries were valued at \$162 million, most of which (\$142 million) were also exported by GSP beneficiaries and covered by GSP. Imports from GSP beneficiaries consisting of 12 tariff-line items making up this product category were worth \$292 million - the simple - and weighted average rates of duty were 4.8 per cent and 6.2 per cent, respectively.

Imports from EFTA countries were valued at \$58 million with the simple and weighted average rates of duty of 4.8 per cent and 6.4 per cent, respectively. Imports from other special preference countries amounted to \$167 million in 1976 with weighted average rate of 4.5 per cent.

^{1/} See table 18 for the definition of products in BTN code.

Table 17

The range and average rates of tariffs according to MFN and GSP status of imports by EEC of hides and skins, leather, leather products and footwear classified according to the stage of processing (trade and tariff rates refer to 1976; GSP coverage, 1978)

Products and BTN headings	Source and/or status of imports	No. of tariff line items	DUTY RATES			Value of imports (in \$1000)	Major suppliers among GSP beneficiaries // (value of imports in (\$1000))
			Range	Simple average	Weighted average		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Raw hides and fur skins (41.01; 41.09; 43.01) a/	MFN duty free	1	0-0	0	0	1303582	
	MFN dutiable	0	0-0	0	0	0	
	From MFN countries	0	0-0	0	0	0	
	Of which exported by GSP beneficiaries and covered by GSP	0	0-0	0	0	0	
	From GSP beneficiaries	0	0-0	0	0	0	
	Of which covered by GSP	0	0-0	0	0	0	
	From EFTA countries	0	0-0	0	0	0	
From other special preference countries	0	0-0	0	0	0		
Semi-manufactures of leather and fur (41.02-03; 41.10; 43.02) b/	MFN duty free	5				100548	Argentina(66049), India (62324), Brazil(45519), Bangladesh(32998), Pakistan(27784), Yugoslavia(16283), Uruguay (15403), Colombia(6130) Thailand(2667), Romania (2030), Mexico(1692), Bolivia(680), Afghanistan (1584), Costa Rica(1398), Panama(1265), Peru (1242), Nepal(1095), India(930), Chile(837), Hong Kong(666) Paraguay (570), Rep. of Korea(500)
	MFN dutiable	12	30-8	4.8	5.6	685863	
	From MFN countries	11	30-8	4.8	5.1	161770	
	Of which exported by GSP beneficiaries and covered by GSP	8	4.5-8	5.3	5.3	142481	
	From GSP beneficiaries	12	3.0-8	4.8	6.2	292187	
	Of which covered by GSP	9	4.5-8	5.2	6.8	239677	
	From EFTA countries	12	3.0-8	4.8	6.4	58446	
From other Special preference countries	11	3.0-8	4.8	4.5	167281		

/Table 17 Cont. (EEC)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Manufactured articles of leather and fur (42.01; 42.03-05; 43.03-04) <u>c/</u>	MFN duty free	0				0	Rep. of Korea(68363),
	MFN dutiable	12	5-13	8.7	9.3	562588	Hong Kong(50967),
	From MFN countries	12	5-13	8.7	9.5	100393	Yugoslavia(26271),
	Of which exported by GSP beneficiaries and covered by GSP	12	5-13	8.7	9.5	100393	Uruguay(21996), Brazil (12649), Argentina (10315), Pakistan(6327),
	From GSP beneficiaries	12	5-13	8.7	9.5	221377	India(5621), Romania (5527), Thailand(4110),
	Of which covered by GSP	12	5-13	8.7	9.5	221377	Afghanistan(900),
	From EFTA countries	12	5-13	8.7	8.5	20067	Colombia(782), Chile (550).
From other special preference countries	12	5-13	8.7	9.1	216916		
Footwear (54.01-06) <u>d/</u>	MFN duty free	0				0	Rep. of Korea(45749),
	MFN dutiable	8	6.5-20	11.1	11.6	734596	Hong Kong(39589),
	From MFN countries	8	6.5-20	11.1	14.2	159123	Yugoslavia(38141)
	Of which exported by GSP beneficiaries and covered by GSP	8	6.5-20	11.1	14.2	159123	Romania(36482), Brazil (28254), Malaysia(9020),
	From GSP beneficiaries	8	6.5-20	11.1	13.3	215090	India(5690), Pakistan (5227), Argentina(1800),
	Of which covered by GSP	8	6.5-20	11.1	14.3	215090	Uruguay(989), Singapore (814), Chile(803),
	From EFTA countries	8	6.5-20	11.1	9.5	132203	Colombia(667).
From other special preference countries	8	6.5-20	11.1	9.4	211703		
Travel goods and handbags (42.01) <u>e/</u>	MFN duty free	0				0	Hong Kong(51386),
	MFN dutiable	2	7.5-15	11.3	8.2	221566	Rep. of Korea(26528),
	From MFN countries	2	7.5-15	11.3	8.1	79576	Brazil(6715), India (5046), Yugoslavia (4896), Uruguay(3696),
	Of which exported by GSP beneficiaries and covered by GSP	2	7.5-15	11.3	8.1	79576	Romania(3148), Colombia (1730), Argentina (1179), Afghanistan (746), Philippines (682).
	From GSP beneficiaries	2	7.5-15	11.3	8.3	107355	
	Of which covered by GSP	2	7.5-15	11.3	8.3	107355	
	From EFTA countries	2	7.5-15	11.3	8.6	7623	
From other special preference countries	2	7.5-15	11.3	8.2	25440		

Source: Special tabulations by the UNCTAD secretariat.
For footnotes a/ to g/ see Table 17.

Major suppliers to EEC among GSP beneficiaries in 1976 were Argentina (\$66 million), India (\$62 million), Brazil (\$46 million), Bangladesh (\$33 million), Pakistan (\$28 million), Yugoslavia (\$16 million), Uruguay (\$15 million) and Colombia (\$6 million)

¹⁷
(see table / for other suppliers of half-million dollars or more).

(iii) Manufactured articles of leather and fur^{1/}

There were no MFN duty-free imports falling under this product category. Dutiable imports in 1976 were valued at \$563 million. The duty range was 5 to 13 per cent with the simple average rate of 8.7 per cent and the weighted average of 9.3 per cent. Imports from MFN countries accounted for only one-sixth in 1976 compared with one-third in 1972 and all of these products were also exported by the GSP beneficiaries and covered by GSP. GSP beneficiaries supplied \$221 million in 1976 having risen seven-fold from 1972 with the simple and weighted average rates of 8.7 and 9.5 per cent, respectively - all of these imports were covered by GSP. The increase of supply was also rapid from other special preference countries: from \$55 million in 1972 to \$217 million in 1976.

Major suppliers among GSP beneficiaries in 1976 were the Republic of Korea (\$68 million), Hong Kong (\$57 million), Yugoslavia (\$26 million), Uruguay (\$22 million), Brazil (\$13 million), Argentina (\$10 million), Pakistan (\$5 million), India (\$6 million), Romania (\$6 million) and Thailand (\$4 million).

(iv) Footwear

There were no MFN duty-free imports of footwear. Dutiable imports in 1976 amounted to \$735 million, whose duty rates ranged between 6.5 and 20 per cent with the weighted average of 11.6 per cent. Classified according to source and status of supply, MFN countries supplied \$159 million, with the simple and weighted average of 11.1 and 14.2 per cent - all of these products were also exported by the

1/ See table 18 for the definition of products in BTN code.

GSP beneficiaries and covered by GSP. Imports from GSP beneficiaries rose from \$41 million in 1972 to \$316 million in 1976 becoming the most rapidly growing source of MFN dutiable imports of footwear for EEC countries. EFTA countries supplied \$132 million and other special preference countries, \$212 million, the latter also becoming a rapidly growing source of supply.

Major suppliers among GSP beneficiaries in 1976 were the Republic of Korea (\$46 million), Hong Kong (\$40 million), Yugoslavia (\$38 million), Romania (\$36 million) and Brazil (\$28 million), followed by Malaysia (\$9 million), India (\$6 million) and Pakistan (\$5 million).

(v) Leather goods and handbags

There are only two tariff-line items corresponding to dutiable imports of this product category valued at \$222 million in 1976. The range of duty rates was 7.5 to 15 per cent with the simple average rate of duty of 11.3 per cent and the weighted average of 8.2 per cent. Imports from MFN countries were valued at \$80 million. There was a dramatic increase in the value of imports from the GSP beneficiaries amounting to \$107 million in 1977 - such imports in 1972 were valued at \$4 million and of those countries only Yugoslavia's exports were in excess of \$1 million. Imports from other special preference countries also rose rapidly.

Main suppliers among the GSP beneficiaries in 1976 were Hong Kong (\$51 million), the Republic of Korea (\$27 million), Brazil (\$7 million), India (\$5 million), Yugoslavia (\$5 million), Uruguay (\$4 million) and Romania (\$3 million).

B. Japan

(i) Raw hides and fur skins

The bulk of raw hides and skins enter Japan duty-free - the value of such imports in 1976 was \$320 million. Dutiable imports amounted to \$14 million at an exceptionally high weighted average rate for hides and skins of 9 per cent with the range of duty rates of 5 to 20 per cent. Almost all of the dutiable imports came from MFN countries leaving only \$0.3 million to be supplied by the GSP beneficiaries.

(ii) Semi-manufactures of leather and fur

All imports of this product category valued at \$87 million in 1976 were dutiable at very high rates for semi-manufactures, a simple rate of 13.9 per cent and a weighted average of 10.2 per cent, with the range of duty rates of 5 to 25 per cent applied to 28 tariff-line items (see table 18). Imports from MFN countries amounted to \$37 million. Imports from GSP beneficiaries rose from \$25 million in 1974 to \$50 million in 1976 at a relatively lower weighted average duty rate of 7.4 per cent compared with 14 per cent applied to imports from MFN countries. Main suppliers among the GSP beneficiaries in 1976 were India (\$24 million), Pakistan (\$10 million), Indonesia (\$4 million), Argentina (\$2 million), Spain (\$2 million), Bangladesh (\$1 million), and Brazil (\$1 million).

(iii) Manufactured articles of leather and fur

Imports of these products valued at \$76 million in 1976 were all dutiable at a simple average of 16.4 per cent and a weighted average of 17.8 per cent with the range of duty rates of 7.5 to 25 per cent. MFN countries supplied \$27 million at a weighted average duty rate of 18.3 per cent. Imports from the GSP beneficiaries amounted to \$49 million at a weighted average duty-rate of 17.5 per cent. Of these imports, however, only 7 out of 22

Table 18

The range and average rates of tariffs according to MFN and GSP status of imports by Japan of hides and skins, leather, leather products and footwear classified according to the stage of processing (trade and tariff rates refer to 1976; GSP coverage, 1978)

Products and BTN headings	Source and/or status of imports	No. of tariff line items	Duty rates			Value of imports (in \$1000)	Major suppliers among GSP beneficiaries f/(value of imports in (\$1000))
			Range	Simple average	Weighted average		
1	2	3	4	5	6	7	8
Raw hides and fur skins (41.01; 41.09; 43.01) a/	MFN duty free	15				320025	
	MFN dutiable	5	5-20	12.0	8.9	14256	
	From MFN countries	5	5-20	12.0	9.0	13932	
	Of which exported by GSP beneficiaries and covered by GSP	5	5-20	12.0	9.0	13932	
	From GSP beneficiaries	5	5-20	12.0	5.3	324	
	Of which covered by GSP	5	5-20	12.0	5.3	324	
Semi-manufactures of leather and fur (41.02-08; 41.10; 43.02) b/	MFN duty free	0				0	India(24470), Pakistan(10497), Indonesia(4460), Argentina(2324), Spain(2046), Bangladesh(1167), Brazil(996), Mexico(688), Greece(601), Colombia(501).
	MFN dutiable	28	5-25	13.9	10.2	87040	
	From MFN countries	27	5-25	14.3	14.0	36977	
	Of which exported by GSP beneficiaries and covered by GSP	23	5-25	13.3	13.2	21065	
	From GSP beneficiaries	26	5-25	13.1	7.4	50238	
	Of which covered by GSP	24	5-25	12.9	6.8	46314	

1
of
1

/Table 18 Cont.

1	2	3	4	5	6	7	8
Manufactured articles of leather and fur (42.01;42.03-05; 43.03-4) <u>c/</u>	MFN duty free	0				0	Hong Kong(22600), Rep. of Korea(15276), Spain(5575), Prov. of Taiwan(3021), Bulgaria(733), Greece (530)
	MFN dutiable	22	7.5-25	16.4	17.8	76418	
	From MFN countries	22	7.5-25	16.4	18.3	27137	
	Of which exported by GSP beneficiaries and covered by GSP	7	7.5-25	16.1	18.6	6753	
	From GSP beneficiaries	20	7.5-25	15.8	17.5	49326	
	Of which covered by GSP	7	7.5-25	16.1	19.1	12380	
Footwear (64.01-06) <u>d/</u>	MFN duty free	0				0	Rep. of Korea(48921), Prov. of Taiwan (23023), Spain(1476), Yugoslavia (538).
	MFN dutiable	24	7.5-30	15.9	14.8	117975	
	From MFN countries	24	7.5-30	15.9	20.8	42082	
	Of which exported by GSP beneficiaries and covered by GSP	12	7.5-30	17.4	23.9	19101	
	From GSP beneficiaries	21	7.5-30	14.9	11.5	75894	
	Of which covered by GSP	12	7.5-30	17.4	10.8	43908	
Travel goods and hand bags (42.02) <u>e/</u>	MFN duty free	0				0	Rep. of Korea(6533), Prov. of Taiwan (2993), Hong Kong (2589), India(827), Spain (571), Philippines (512).
	MFN dutiable	22	10-20	12.3	12.8	49990	
	From MFN countries	22	"	12.3	13.7	35616	
	Of which exported by GSP beneficiaries and covered by GSP	21	"	11.9	13.7	35568	
	From GSP beneficiaries	21	"	11.9	10.6	14392	
	Of which covered by GSP	21	"	11.9	10.6	14392	

Source: Special tabulations by the UNCTAD secretariat.

a/ Corresponding SITC codes are: 211;212. b/ Corresponding SITC codes are: 611; 613.

c/ " " " " 612 excluding 612.3; 841.3; 842.

d/ " " " " 612.3; 851. e/ Corresponding SITC codes are: 831

f/ GSP beneficiaries which supplied \$50,000 or more in 1974 are listed in the descending order of the value of imports indicated in parentheses.

tariff-line items comprising this product category were covered by GSP and imports of the seven products amounted to only \$12 million at the weighted average duty rate was 19.1 per cent. Main suppliers among GSP beneficiaries in 1976 were Hong Kong (\$23 million), the Republic of Korea (\$15 million), Spain (\$6 million) and the Province of Taiwan (\$3 million).

(iv) Footwear

Footwear imports worth \$118 million in 1976 were all dutiable with the range of duty between 7.5 and 30 per cent - the simple and weighted average rates of duty were 15.9 and 14.8 per cent, respectively. MFN countries supplied \$42 million in 1976, of which 12 out of 24 tariff-line items were also exported by the GSP beneficiaries and covered by GSP - imports of the 12 items were valued at \$19 million dutiable at a very high rate of 23.9 per cent. Imports from the GSP beneficiaries amounted to \$76 million and only about one-half of the value was covered by GSP and dutiable at a weighted average rate of 10.8 per cent compared with 24.6 per cent levied on comparable imports from MFN countries indicating a substantial preferential margin for GSP beneficiaries. In spite of such a preferential margin, however, imports of footwear from the GSP beneficiaries actually fell from \$85 million in 1974 to \$76 million in 1976. No doubt non-tariff barriers on footwear imports were partly responsible for this decline (see section on non-tariff barriers below). Major suppliers among GSP beneficiaries were the Republic of Korea (\$49 million) and the Province of Taiwan (\$23 million).

(v) Travel goods and handbags

Imports of these products valued at \$50 million in 1976 were dutiable in the range of 10 to 20 per cent and at simple/weighted average rates of 12.3 and 12.8 per cent. MFN countries supplied

\$36 million and GSP beneficiaries the remaining \$14 million at a weighted average duty rate of 10.6 per cent compared with 13.7 per cent levied on comparable imports from MFN countries. In spite of the preferential margin for the GSP beneficiaries, imports from these sources actually ^{fell} from \$19 million in 1974 to \$14 million in 1976. Main suppliers among the GSP beneficiaries in 1976 were the Republic of Korea (\$7 million), Province of Taiwan (\$3 million) and Hong Kong (\$3 million).

C. United States

(i) Raw hides and fur skins

Almost all imports of this product category valued at \$188 million entered the United States duty-free.

(ii) Semi-manufactures of leather and fur

A very small amount of imports of these products entered the United States duty-free. Dutiable imports were valued at \$197 million in 1976 and duty rates ranged between 2.5 and 10 per cent with a weighted average rate of 5.4 per cent. The MFN countries supplied \$85 million. Imports from GSP beneficiaries rose sharply from \$59 million in 1974 to \$112 million in 1976 - in the latter year, 93 per cent of such imports were also covered by GSP at a weighted average duty rate of 5 per cent. The major suppliers among the GSP beneficiaries in 1976 were Argentina (\$52 million), India (\$30 million) and Brazil (\$16 million), followed by Uruguay (\$3 million), Chile (\$3 million), Mexico (\$2 million), Yugoslavia (\$1.6 million) and Colombia (\$1.5 million) (see table 17).

(iii) Manufactured articles of leather and fur

Imports of this product category were valued at \$385 million in 1976 and duty rates ranged between 3 and 73.8 per cent with simple and weighted average rates of 19.1 per cent and 8.3 per cent, respectively. MFN countries supplied \$87 million. The

Table 10

The range and average rates of tariffs according to MFN and GSP status of imports by the United States of hides and skins, leather, leather products and footwear classified according to the stage of processing (trade and tariff rates refer to 1976; GSP coverage, 1978)

Products and BTW headings	Source and/or status of imports	No. of tariff line items	Duty Rates			Value of imports (in \$1000)	Major suppliers among GSP beneficiaries f/ (value of imports in (\$1000)
			Range	Simple average	Weighted average		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Raw hides and fur skins (41.01; 41.09; 43.01) a/	MFN duty free	7				188231	
	MFN dutiable	4	2.0-18.5	8.3	3.2	1186	
	From MFN countries	4	2.0-18.5	8.3	3.2	926	
	Of which exported by GSP beneficiaries and covered by GSP	1	2.0-2.0	2.0	2.0	850	
	From GSP beneficiaries	2	2.0-9.2	5.6	3.0	261	
	Of which covered by GSP	1	2.0-2.0	2.0	2.0	226	
Semi-manufactures of leather and fur (41.02-08; 41.10; 43.02) b/	MFN duty free	1				148	Argentina (52341), India (29523), Brazil (15814), Uruguay (3460), Chile (3400), Mexico (2359), Yugoslavia (1575), Colombia (1501), Costa Rica (524), Thailand (418), Prov. of Taiwan (396), Nicaragua (197)
	MFN dutiable	27	2.5-10	5.6	5.4	197169	
	From MFN countries	27	2.5-10	5.6	5.8	85201	
	Of which exported by GSP beneficiaries and covered by GSP	20	2.5-10	5.5	5.1	62206	
	From GSP beneficiaries	26	2.5-10	5.7	5.0	112019	
	Of which covered by GSP	20	2.5-10	5.5	5.0	103909	
Manufactured articles of leather and fur (42.01; 42.03-05; 43.03-04) c/	MFN duty free	0				0	Rep. of Korea (117384), Prov. of Taiwan (57780), Mexico (24171), Hong Kong (23474), Uruguay (23164), Argentina (13882), Philippines (10875), Israel (7043), Brazil (6479), Haiti (4215), Turkey (3979), Yug. (2950), Colombia (2158), Thailand (1015), India (774), Dom. Rep. (730), Guatemala (593)
	MFN dutiable	52	3-73.8	19.1	8.3	385333	
	From MFN countries	46	3-73.8	16.8	8.0	87465	
	Of which exported by GSP beneficiaries and covered by GSP	25	3-18.5	8.0	6.8	79929	
	From GSP beneficiaries	51	3-73.8	19.4	8.4	302083	
	Of which covered by GSP	25	3-18.5	8.0	7.2	262505	

/Table 19 Cont.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Footwear (64.01-06) ^{d/}	MFN duty free	1				84	Prov. of Taiwan (363791) Rep. of Korea (275259), Brazil (141847), Mexico (38517), Yugoslavia (26519), India (13884), Hong Kong (13813), Uruguay (12386), Chile (5178), Colombia (4430), Argentina (3820), Haiti (3075), Philippines (2414), Dominican Republic (1148), Guatemala (602)
	MFN dutiable	33	2.5-37.5	10.4	10.3	1729284	
	From MFN countries	33	2.5-37.5	10.4	9.5	823486	
	Of which exported by GSP beneficiaries and covered by GSP	4	3.5-6.0	4.6	5.1	3091	
	From GSP beneficiaries	33	2.5-37.5	10.4	10.9	908873	
	Of which covered by GSP	4	3.5-6.0	4.6	5.3	20506	
Travel goods and handbags (42.02) ^{e/}	MFN duty free	0				0	Prov. of Taiwan (83230), Rep. of Korea (77528), Kong Kong (52657), Mexico (20572), Brazil (9449), Philippines (9295), Colombia (7393), Dominican Republic (4956), Uruguay (3504), Costa Rica (1893), Lebanon (1718), Argentina (1532), India (1264), Haiti (749), Yugoslavia (662).
	MFN dutiable	20	4.0-21	12.7	15.6	347724	
	From MFN countries	20	4.0-21	12.7	13.1	70042	
	Of which exported by GSP beneficiaries and covered by GSP	11	4.0-20	12.0	8.9	6023	
	From GSP beneficiaries	20	4.0-21	12.7	16.2	278430	
	Of which covered by GSP	11	4.0-21	12.0	14.3	3706	

Source: Special tabulations by the UNCTAD secretariat.

^{a/} Corresponding SITC codes are: 211; 212. ^{b/} 611; 613. ^{c/} 612 excl. 612.3; 841.3; 842. ^{d/} 612.3, 851.^{e/} 831. ^{f/} GSP beneficiaries which supplied \$100,000 or more in 1978 are listed in the descending order of the value of imports indicated in the parentheses.

value of imports from the GSP beneficiaries rose sharply from \$164 million in 1974 to \$302 million in 1976. In the latter year, 25 out of 51 tariff-line items imported from these sources were also covered by GSP at a weighted average duty rate of 7.2 per cent and in value terms GSP coverage was close to 90 per cent of the value of imports from the GSP beneficiaries.

Major suppliers among the GSP beneficiaries in 1976 were the Republic of Korea (\$117 million) and the Province of Taiwan (\$58 million), followed by Mexico (\$24 million), Hong Kong (\$23 million), Uruguay (\$23 million), Argentina (\$14 million), Philippines (\$11 million), Israel (\$7 million) and Brazil (\$6 million) (see table 19 for other beneficiaries).

(iv) Footwear

Imports of footwear ^{by the United States} amounted to more than \$1.7 billion in 1976. Duty rates ranged between 2.5 and 37.5 per cent on 33 tariff-line items with a weighted average rate of 10.3 per cent. Imports from MFN countries were valued at \$823 million at a weighted average rate of 9.5 per cent. The value of imports from the GSP beneficiaries rose sharply from \$477 million in 1974 to \$909 million in 1976 and in the latter year such imports were dutiable at a weighted average rate of 10.9 per cent. It may be noted, however, that only about 2 per cent of such imports from the GSP beneficiaries valued at \$909 million was covered by GSP, indicating the fact that sharp increase in imports from GSP beneficiaries was not due to the benefit of GSP.

Major suppliers among the GSP beneficiaries in 1976 were the Province of Taiwan (\$364 million), the Republic of Korea (\$273 million), and Brazil (\$142 million), followed by Mexico

(\$39 million), Yugoslavia (\$27 million), India (\$14 million), Hong Kong (\$14 million), Uruguay (\$12 million) and Chile (\$5 million).

(v) Travel goods and handbags

Imports of this product category by the United States were worth \$348 million in 1976 with duty rates ranging from 4 to 21 per cent and simple and weighted average rates of duties of 12.7 and 15.6 per cent, respectively. MFN countries supplied only one-fifth of the total in value terms and there was only small increase from \$66 million in 1974 to \$70 million in 1976. The value of imports from the GSP beneficiaries, however, increased almost two-fold from 1974 to \$278 million in 1976 / at a weighted average rate of 16.2 per cent. As was the case with footwear, the coverage by GSP of imports from the GSP beneficiaries was only a fraction (less than 2 per cent) of the value of imports from the beneficiaires. Here, again the sharp increase in imports from the GSP beneficiaries was not due to the benefit of the GSP.

Major suppliers among the GSP beneficiaries in 1977 were the Province of Taiwan (\$83 million), the Republic of Korea (\$78 million), and Hong Kong (\$53 million), followed by Mexico (\$21 million), Brazil (\$9 million), Philippines (\$9 million), Colombia (\$7 million), Dominican Republic (\$5 million), and Uruguay (\$4 million).

2. Escalation of tariffs

Because of the great variation in individual tariff headings and sub-headings within and between countries, it is convenient, for purposes of comparison, to construct average rates of tariff in which individual rates are weighted by the value of items in the country's trade. This has been done in table 20 for EEC, Japan, and the United States for the three stages of processing, three product groups classified according to

The tariff structure revealed there is a classic example of the well-known tendency for tariffs to escalate as the degrees of processing or the manufacturing content of the product increases.

The raw materials of this sector, namely, raw hides and skins entered almost duty-free in all these countries. In the case of semi-manufactures of the sector, leather, the weighted average rate was around 5 per cent in EEC countries and the United States, whereas the rate in Japan was a little over 10 per cent. Weighted average rates of tariff for finished leather goods and footwear varied between 8 and 16 per cents in EEC countries and the United States and between 13 and 18 per cents in Japan.

The /tariff rates examined above refer to products, but the concept of protection applies to an industry. In considering the effective degrees of protection, it is necessary to take into account tariffs levied on the intermediate inputs consumed by the industry in addition to those levied on the principal products of the industry under consideration. The effective tariff rate is a measure of the excess remuneration of domestic factors of production, made possible by the tariffs, as a percentage of what value added would be in a free-trade situation.

Table 20

Range and weighted average rates of tariffs by stages of processing for selected developed market economy countries, 1976

	European Economic Community		Japan		United States	
	Range	Weighted average	Range	Weighted average	Range	Weighted average
I. Raw materials						
Raw hides and fur skins ^{1/}	0-0	0	0-20	0.4	0-18.5	0.0
II. Semi-manufactures						
Semi-manufactures of leather and fur ^{1/}	0-8	4.9	5-25	10.2	0-10	5.4
III. Manufactures						
Manufactured articles of leather and fur ^{1/}	5-13	9.3	7.5-25	17.8	3-74	8.3
Footwear ^{1/}	6.5-20	11.6	7.5-30	14.8	0-37.5	10.3
Travel goods and handbags ^{1/}	7.5-15	8.2	10-20	12.8	4-21	15.6

Source: See tables 17, 18 and 19.

^{1/} See table 18 for definition of products in terms of BTN and SITC codes.

In general, the effective rate of protection depends on three factors: the cost structure of the industry, the nominal tariff on output and the difference between this rate and nominal tariffs on inputs. A calculation based upon the input-output structure and nominal tariff rates of outputs and inputs for the United States shows that the effective rate for the tanning industry is 13.5 per cent or two and half times as high as the nominal rate of tariff levied upon leather imports.^{1/} Similarly the effective rate is 15.5 per cent or 50 per cent higher than the nominal rate levied on leather footwear.

^{1/} When and where the same rate of tariff is applied to both semi-tanned and tanned leather, effective protection for the semi-tanned product is larger than for tanned leather, as the value added content is smaller for the former than the latter product.

3. Non-tariff barriers

There are two main reasons why non-tariff barriers that distort international trade are getting increasing public attention. One is the increased visibility of non-tariff measures due to the general reduction in tariffs. As one writer put it:

"the lowering of tariffs has, in effect, been like draining a swamp. The lower water level has revealed all the snags and stumps of non-tariff barriers that still have to be cleared away..." 1/

The impending tariff cuts as the result of Multilateral Trade Negotiations will make this statement more relevant now than after the tariff reduction of the Kennedy Round.

The other reason is the increasing use of non-tariff measures by increasing number of governments. Growing protectionism in the recent years is, therefore, most conspicuous in connexion with non-tariff distortions that affect patterns of international trade.

Table 21 below summarizes information on non-tariff barriers on imports of hides and skins, leather products and footwear in developed market economy countries. Of the total incidence of 70, import quota (bilateral, global and unspecified) registered the highest frequency of 34 or almost 50 per cent of the incidence. The next most frequent measure was import licensing with the incidence of 13 (including 9 cases of discretionary licensing). Incidence of 9 on health and sanitary regulations was relatively higher in this sector than on semi-manufactures of other manufacturing sector. Five cases of export restriction were observed whose method was unspecified. There were four cases of countervailing duties. The incidence of "voluntary"

1/ Quoted from Robert E. Baldwin's Non-tariff Distortions of International Trade, Washington, D.C., Brookings Institution, 1970, p. 1.

Table 21

Non-tariff barriers on imports of hides and skins,
leather, leather products and footwear in
developed market-economy countries

BTN ^{a/}	SITC ^{a/}	Short description of products <u>a/</u>	Country	Non-tariff barriers
41.01	211	Raw hides and skins	Italy United States	Health and sanitary regulations
41.02	611.3 611.4	Bovine and equine leather	Canada France Japan New Zealand United States	Health and sanitary regs. Discretionary licensing Discretionary licensing Import quota Discretionary licensing Import quota Health and sanitary regs.
41.03	611.9(1)	Leather of sheep and lamb skins	France Japan New Zealand U.S.	Discretionary licensing Discretionary licensing Import quota Health and sanitary regs.
41.04	611.9(2)	Leather of goat and kid skins	Japan U.S.	Discretionary licensing Import quota Health and sanitary regs.
41.05	611.9(9)	Other leather	New Zealand U.S.	Import quota Health and sanitary regs.
41.06	611.9(3)	Chamois-dressed leather	New Zealand United States	Discretionary licensing Health and sanitary regs.
41.08	611.9(5)	Patent leather	New Zealand U. S.	Import quota Health and sanitary regs.
42.01	611.2	Saddlery and harness	New Zealand	Import quota
42.02	831	Travel goods, handbags, etc.	New Zealand U.S.	Import quota Countervailing duties (for Rep. of Korea, Taiwan and Uruguay)
42.03	841.3	Leather apparel and accessories	Canada New Zealand Sweden U.S.	Anti-dumping duty (for Rep. of Korea) Import quota Import quota Voluntary export restraint (for Rep. of Korea) Countervailing duty (for Uruguay)
42.04	612.1	Machine leather belting	New Zealand	Import quota
42.05	612.9	Manufactures of leather, n.e.s.	New Zealand	Import quota
64.01	851.0(1)	Footwear with soles of rubber or plastic	Benelux Denmark Norway Portugal Sweden U.K.	Bilateral quota (for Japan) Bilateral quota (for Poland) Bilateral quota (for Japan) Discretionary licensing Bilateral quota (for Poland) Import quota Bilateral quota (for Poland) Restriction (for East European countries American Selling Price System

NTN ^{a/}	SITC ^{a/}	Short description of products ^{a/}	Country	Non-tariff barriers
64.02	851.0(2)	Footwear with soles of leather	Australia	Import licensing
				Import quota
			Benelux	Bilateral quota(for Japan and Poland)
				Restriction (for East European countries)
			Canada	Import quota
			Denmark	Bilateral quota(for Poland)
			Fed.Rep.of Germany	Restriction(for East European countries)
			Ireland	Bilateral quota (for Poland)
			Italy	Bilateral quota (for Japan)
			Japan	Discretionary licensing
				Import quota
			New Zealand	Import quota
			Norway	Bilateral quota(for Japan and Rep.of Korea)
			Sweden	Bilateral quota (for Poland)
	Import quota			
	U.K.	Bilateral quota (for Taiwan)		
	U.S.	Import licensing		
		American Selling Price System		
		Bilateral quota(for Rep. of Korea, Taiwan)		
		Countervailing duties (for Rep.of Korea)		
64.04	351.0(4)	Footwear with soles of other materials	Australia	Import licensing
			U.S.	Voluntary export restraint (for Japan)
64.05	612.3	Prepared parts of footwear	Australia	Import licensing
			BENELUX	Restriction (for East European countries)
			New Zealand	Import quota
			U.S.	Countervailing duties
64.06	851.0(5)	Gaiters, leggings, etc.	Australia	Import licensing
			United States	Voluntary export restraint (for Japan)

Source: Information supplied to the UNCTAD secretariat.

^{a/} Whole or part of the product covered by NTN code, SITC code, or short description.

export restraint recorded in the table numbered only two. This measure, however, has been more frequently used in the recent past in other manufacturing sectors.

In spite of, or rather because of its importance, information on the non-tariff measures is difficult to obtain on systematic basis and the data given in the table is far from being complete. With this in mind, it may be noted that countries with the highest number of incidence were the United States (13) and New Zealand (12), followed by Japan (4), Australia (4), Canada (3) and Sweden (3).

No doubt, there is an urgent need for a complete information on non-tariff measures comparable to that available on tariffs, so that UNCTAD and others may be in a position to measure and evaluate effects of non-tariff distortions on international trade, in particular, on exports of manufactures from developing countries.

4. Multilateral trade negotiations (MTN) and developing countries

(i) Background

At the Ministerial meeting in Tokyo in 1973 it was agreed, among others, that multilateral trade negotiations should aim at securing additional benefits for the international trade of developing countries. They also recognized the importance of maintaining and improving the generalized system of preferences (GSP) for the benefit of developing countries.

At the fourth session of UNCTAD in Nairobi in 1976 developing countries' request on MTN included deeper-than-formula tariff cuts for products of interest to them which are not covered by the GSP; the binding in GATT of preferential tariff margins; and effective compensation in the event of the erosion of preferential margins resulting from MFN tariff cuts.

Since the beginning of 1978 multilateral trade negotiations became not only informal but the number of participants dwindled to such an extent to by-passing developing countries almost completely. So much so that by June 1978, there was more or less total blackout of formal information on the status of MTN and the only source available was unofficial news items or occasional public announcements by the three major negotiators, the United States, EEC and Japan. In early July, at the insistence of the developing countries, ^{the} GATT Trade Negotiations Committee met and developing countries expressed grave concern about the informal manner in which negotiations were being conducted and insisted on their full participation. On 13 July, several developed countries issued a statement on the current status of MTN containing a "framework of understanding" on the main elements of a comprehensive

package for the Tokyo Round. The following day, developing countries' own statement on the subject pointed out that they had not been consulted on the "framework of understanding" issued by certain developed countries and that a complete and balanced assessment on the current status of negotiations could be made only with the full participation of all countries involved, including developing countries. On 16 and 17 July the Bonn Summit meeting gave their blessing to the "framework of understanding" and fixed 15 December 1978 as the date for concluding Multilateral Trade Negotiations.

(ii) Tariff issues

Of the many issues involving tariffs, this sub-section will deal with the tariff cutting formulae being negotiated at the MTN.

After several years of negotiations on the tariff cutting formulae of various forms, the following formula was chosen:

$$Z = \frac{14x}{14+x},$$

where Z denotes the post - Tokyo Round rate (in per cent) and x, the pre-Tokyo Round rate (in per cent).

This formula produces the highest "harmonizing" effect at high rates of tariff (over the rate of 22 per cent or higher of Pre-Tokyo Round) among the four major tariff formulae examined.

As the text-table below shows,

<u>Effects of tariff-cutting formula</u>	
<u>Pre-Tokyo Round rate</u>	<u>Post-Tokyo Round rate</u>
1	0.9
5	3.7
10	5.8
15	7.2
22	8.6
30	9.5
50	10.9
100	12.3

the "harmonizing" effect is seen in the narrowed range of the post-Tokyo Round rates of 0.9 to 12.3 per cents corresponding to the range of 1 to 100 per cents in pre-Tokyo Round rates.

Information on the extent of the product coverage, that is, which products are to be included or excluded for the tariff reduction, is not publicly available. If one assumes, for the sake of comparison, that all products in the sector for hides, leather and leather products are subject to tariff reductions according to the formula, the range of the Post-Tokyo Round rates for raw materials, semi-manufactures and manufactures for this sector will be reduced as follows:

	EEC		Japan		United States	
	Before	After	Before	After	Before	After
I. Raw materials ^{a/}	0-0	0-0	0-20	0-8.2	0-18.5	0-8.0
II. Semi-manufactures ^{a/}	0-8	0-5.1	5-25	3.7-9.0	0-10	0-5.8
III. Manufactures ^{a/b/}	6.5-20	4.4-8.2	7.5-30	4.9-9.5	0-37.5	0-10.2

^{a/} See table 18 for the definition of products included in BTN and SITC codes.

^{b/} Footwear only.

The harmonizing effect of the tariff-cutting formula is obvious when tariff rates before and after the formula-cutting are compared.

In this context, the following four points may be noted:

(a) For the products subject to tariff reduction, higher tariffs will be sharply cut, thus exposing "all the snags and stumps of non-tariff barriers";

(b) Escalation^{of}/tariffs by stages of processing will be substantially reduced, and if followed through, will favourably affect the location of the processing plants in developing countries;

- (c) Inter-country differentials of tariff rates will be substantially reduced, and if followed through, developing countries, other things being equal, might be able to have better access to markets which hitherto have been less accessible than other markets; and
- (d) There will be erosion of the preferential margins of the GSP.

(iii) Non-tariff measures

The developing countries have always been concerned with non-tariff barriers affecting their products of export interest. This concern has been enhanced in the recent years by the tendency towards the proliferation of non-tariff barriers many of which discriminated against their exports. It may be remembered that during the Kennedy-Round negotiations the non-tariff measures were dealt with only in a very limited way. The developing countries, therefore, have welcomed the inclusion of non-tariff measures in the Multilateral Trade Negotiations. The developing countries, however, are disappointed with the limited progress made in non-tariff measures both in terms of its coverage and extent of liberalization.

The following is a brief summary of the status of negotiations on non-tariff barriers:

(a) Quantitative restrictions

Among the existing non-tariff barriers, quantitative restrictions have been not only of long standing application but also been highly restrictive of international trade. In addition the measure could be used in a highly discriminatory way. The very meagre results achieved in the MTN in this field have been very disappointing to the developing countries.

(b) Import licensing

This measure has also a long history of application, and restrictive of international trade and could be used in a discriminatory manner. As in the case of quantitative restrictions, the progress in the MTN in this area has been slow and inconclusive.

(c) Safeguard

Developed countries produced a draft Integrated Text on Safeguards, which provides that all safeguard action be taken under GATT Article XIX and be subject to consultation and review within a Committee on Safeguard Measures.

Developing countries submitted their own proposal which rejects the selective application^{of} safeguard clauses. Their proposal stressed the importance of adjustment assistance and the need to establish a causal link between imports and injury.

(d) Technical barriers to trade

Technical standards as such may not be considered as non-tariff measures. They could, however, serve to restrict or distort trade because of the wide diversities on such standards and the manner in which the certification is administered. The work in the MTN on standards made it possible to negotiate intensively on a draft Standards Code.

(e) Government procurement

A revised draft Integrated Text on Government Procurement was drawn up by some developed market economy countries. However, it was clear that a final agreement would require an acceptable reciprocal participation by other developed as well as developing countries wishing to participate in this agreement.

(f) Customs valuation

Like technical standards, customs valuation as such may not be considered as a non-tariff measure. The existence, however, of widely divergent systems of customs valuation could influence the level of protection afforded by ad valorem tariff rates.

Negotiations in the MTN on this form of the barrier focused on a draft text of customs valuation code. The developing countries expressed their interest in a new set of international code of customs valuation.

5. Growing protectionism and developing countries' exports of leather, leather products and footwear

The three decades since the second World War were marked by a high rate of economic growth accompanied by the rapid and continuous growth in international trade. Expanding economies allowed governments to move toward the trade liberalization policies and toward a more liberal world trading system. More recently, however, particularly since 1974, as the economies of the developed countries have tended to stagnate, many countries have shifted away from the liberal trade policy. As a result, protective measures which restrict and distort international trade have proliferated, becoming a cause for serious concern.^{1/}

Growing protectionism does not imply necessarily that new devices are now in use, but rather a change in the character and emphasis of protectionism has taken place. The main feature of the recent protectionist measures is the selective manner in which those measures are applied and administered. Their increasingly selective application and sector-specific nature render the net effect of protectionist measures especially serious on developing countries which depend on a relatively small value of trade in manufactures in a still relatively narrow range of products. This is precisely the reason why ^{it is necessary to examine} the recent protectionist measures taken by developed countries against imports from developing countries in the leather, leather products and footwear sector.

1/ See for example: Richmond Blackhurst, et.al, Trade Liberalization, Protectionism and Interdependence (GATT Studies in International Trade Number 5), November 1977; UNCTAD, Growing Protectionism and the Standstill on Trade Barriers against Imports from Developing countries March 1978; UNCTAD, Protectionism: Trends and Short-term and Long-term Policies and Actions to Deal with the Problem, to be submitted for UNCTAD V; IMF, The Rise in Protectionism, 1978; the United States Congress, Joint Economic Committee, Anticipating Disruptive Imports, 14 September 1978.

The selective approach when applied to a particular industrial sector becomes sector specific application of protectionist measures. The sector leather, leather products and footwear is one of the important sectors to which such measures have been applied in the recent past - other important sectors include textiles and clothing, iron and steel products, ships and consumer electronic products.

It was shown above that, among the non-tariff measures used against imports of products comprising this sector, the incidence of import quota and import licensing was highest, accounting for almost 70 per cent of non-tariff measures recorded for the sector.^{1/} Furthermore, it may be remembered that it is exactly these two non-tariff measures which could be applied and administered in the most discriminatory manner.^{2/} For these reasons developing countries have looked upon the Multilateral Trade Negotiations as an opportunity for liberalizing these highly discriminatory protectionist measures. As was noted above, the progress in the MTN in these areas have been slow and disappointing.

Footwear industry, one of the most important industries comprising the sector under consideration has been the focal point of protectionist pressures in the United States for some time and has recently received policy attention by the International Trade Commission and by the President of the United States.

Increase in exports of manufactures consisting mostly of labour-intensive products of low skill content has been one of the most important avenues of economic growth for many developing countries. Leather, leather products and footwear have been one such product group in which many developing countries enjoyed comparative advantage in international trade, in particular, in their exports to the developed market economy countries.

^{1/} See Part II.3.

^{2/} See Part II.4.iii (a) and (b).

No doubt a rapid increase in imports can cause significant losses of jobs and idling of production facilities in the country. And it is very hard for those workers affected and firms concerned to accept the burden of the whole process of import adjustment. The important issue, however, is that protectionist measures provide no real solution to the underlying problems of the protected industry. Moreover, such measures prevent one from finding long-lasting solutions in time. The solutions proposed by protectionists are not only to enable present workers to maintain their jobs until their retirement or a decision to quit voluntarily, but more importantly, to ensure jobs in the industry for future entrants into the labour force. Because of these protectionist measures, future workers in this industry are to be bound to a life of low wages under persistent threat of unemployment when in fact they have or can seek a much better alternative by shifting to a more skill-intensive and high technology industries.

These considerations lead to the problems of adjustment assistance in the developed countries in dealing effectively with growing protectionism in the sector leather, leather products and footwear.

It is not easy to quantify net effects of protectionist measures taken by developed countries against imports of manufactures from developing countries, but evidences have been accumulating that they proved to be effective. The following examples illustrate the extent of the effectiveness of the measures taken. Under the headline "U.S. SHOE INDUSTRY REVIVES UNDER IMPORT RESTRAINTS", the following news appeared:^{1/}

^{1/} United States Mission Daily Bulletin, Geneva, 3 October 1978.

"Washington, D.C. - The U.S. shoe industry is doing well, officials say in a report on the first year of negotiated orderly marketing agreements that place restraints on imports from Taiwan and South Korea.

For the first time in 12 years, U.S. production went up, employment has stabilized, and, in fact, U.S. manufacturers have begun to move aggressively into the export market themselves".

....

"In a new conference on September 28, U.S. Assistant Commerce Secretary Sidney Harmon said shoe imports from Taiwan and Korea -- the two principal foreign suppliers -- have gone down almost 18 per cent under the voluntary agreement."

The fact that protectionist measures proved to have been effective was not an isolated case was shown in the Canadian experience: under the headline "Canada's Footwear Output Climbed 34 per cent in September" the following report was made:

"Ottawa - Canadian footwear production totaled 4,590,186 pairs in September up about 34 per cent from a year earlier, Statistics Canada said. The increase was attributed partly to import controls dating from December 1, 1977, and scheduled to expire November 30, 1980."1/

1/ Wall Street Journal, 21 November 1978.



