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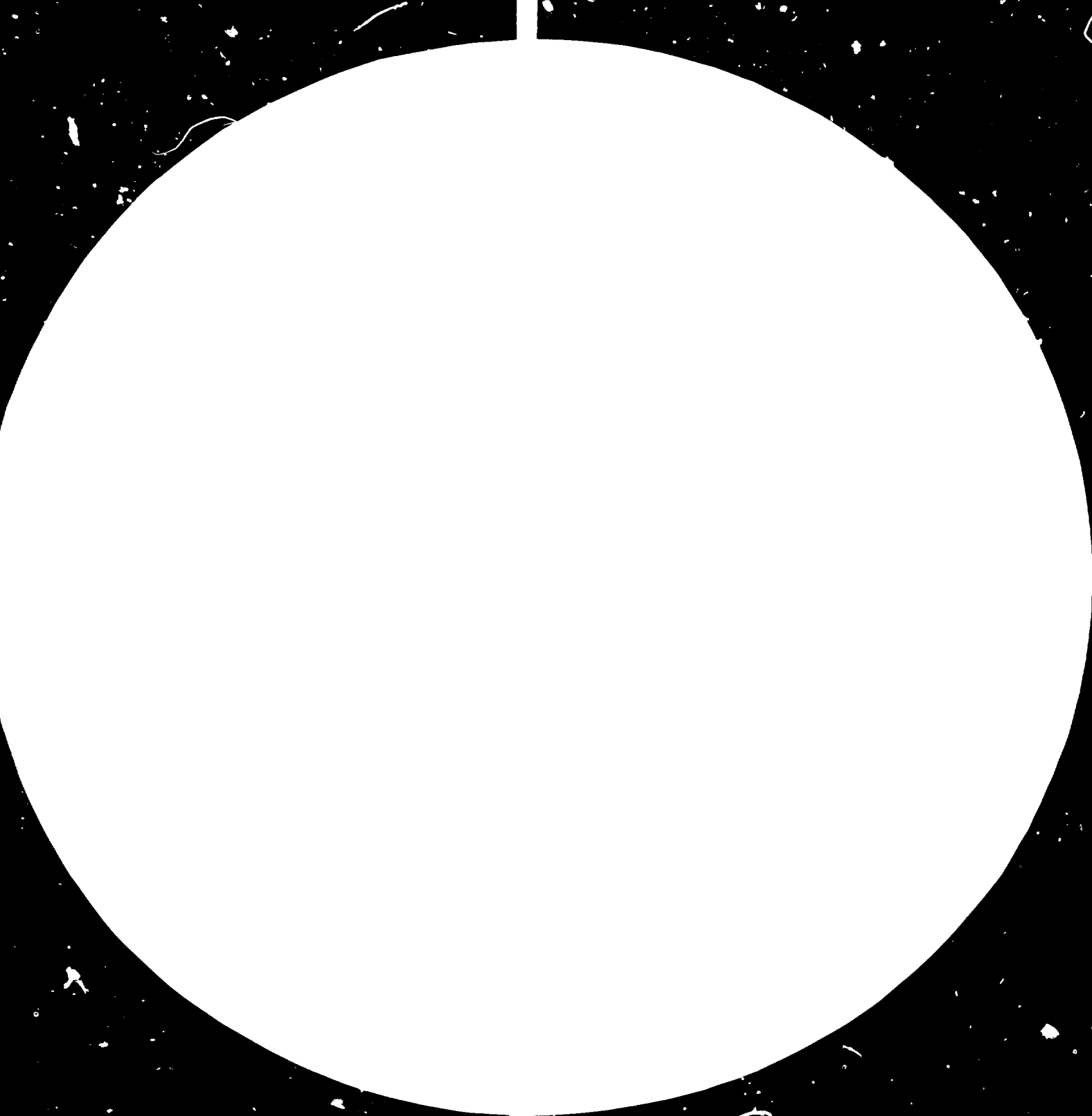
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Distr.
LIMITED

ID/WG.312/15/Rev.1
4 February 1980

ENGLISH

United Nations Industrial Development Organization

Third Session of the Leather
Products Industry Panel

Vienna, Austria, 19-21 November 1979

REPORT*

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INTRODUCTION

1. The Leather and Leather Products Industry Panel was established by the Industrial Development Board to oversee the implementation of the recommendations of the First Consultation Meeting on Leather and Leather Products Industry which was held in Innsbruck, Austria, from 7 to 11 November 1977.
2. The Second Session of the Panel was held in Vienna from 3 to 7 February 1979. It recommended that the Secretariat undertake, for consideration at the Third Session of the Panel, the following items:
 - (a) Strengthening and expanding the UNIDO World-Wide Study to give increased attention to the situation of the leather and leather products industry in the CMEA countries, Africa and China; a report on the potentialities of pigskin production; comprehensive action programme for hides and skins improvement in 2 to 3 Least Developed Countries.
 - (b) Preparation of issues identified for consideration at the Second Consultation Meeting:
 - (i) Raw Hides and Skins: Measures to improve their world-wide availability, quality and statistical intelligence; and
 - (ii) Problems and prospects of production and marketing of leather products in developing countries, and co-operation measures which could be envisaged between developing and developed countries.

CHAPTER I. ORGANIZATION OF THE MEETING

Opening of the meeting

3. The Third Session of the Leather and Leather Products Industry Panel was held at UNIDO Headquarters, Vienna, from 19 to 21 November 1979. The Session was attended by 26 participants from 10 countries and 4 international organizations.

4. In the absence of the current chairman, Mr. E. Koppany (Argentina), the Session was opened by the current vice-chairman, Mr. Ahmad Saeed (Pakistan), who welcomed the participants to the Third Session. The chairman also introduced two new members to the Panel: Mr. E. Mallon, National Secretary, Leather Trade Group, National Union of the Footwear, Leather and Allied Trades (United Kingdom), and Mr. X. Zhang, Chief Engineer, Vice-Manager, Shanghai Leather Corporation (China).

Election of chairman and vice-chairman

5. The Panel elected Ferdinand A. Mencik, Président Directeur général, BATA Limited Toronto (France), as Chairman and Xilin Zhang, Chief Engineer, Vice-Manager, Shanghai Leather Corporation (China), as Vice-Chairman respectively.

Adoption of the agenda

6. The provisional agenda was adopted without modification.

CHAPTER II. SECOND CONSULTATION MEETING ON LEATHER AND
LEATHER PRODUCTS INDUSTRY: CONCLUSIONS
AND RECOMMENDATIONS OF THE PANEL

7. The Panel considered the measures proposed . the Secretariat for the Second Consultation Meeting under the agenda item 5 (1) and (2).

Issue I. RAW HIDES AND SKINS - MEASURES TO IMPROVE THEIR WORLD-WIDE AVAILABILITY, QUALITY AND STATISTICAL INTELLIGENCE

Campaign for increased recovery and improvement in quality

8. The Panel recognized the serious economic losses incurred by numerous hides and skins producing countries through waste and insufficient quality of the hides and skins which they produce. It considered it indispensable that appropriate measures be taken to remedy these deficiencies.

9. Many participants felt that international competition would help to improve quality and the availability of the raw materials; thus if a certain amount of each country's potential raw material was allowed to enter the international market, this could have a positive effect in improving the quality of the raw material. However, other participants did not accept this view since it was felt that it would inter alia adversely affect employment opportunities in individual countries.

10. With the above considerations in mind, the Panel recommended the following action to be taken by the Secretariat.

Phase I

11. The appropriate United Nations agency should:

- Evaluate raw stock quantity and quality in selected countries using existing and new data. The study should assess the total increased value which could potentially be obtained through increased recovery and improvement in quality at ruling international prices.
- Identify measures and steps needed in order to obtain the economic gains mentioned above.

Phase II

12. As a preliminary step, the above evaluation should be submitted to Governments for their consideration. Appropriate United Nations agencies should send missions to individual selected countries and recommend to Governments the measures identified to raise the availability and quality of raw materials for the further development of the sector.

Phase III

13. With regard to implementation and financing, the Panel recognized that this was the sovereign responsibility of the individual Governments. The Missions mentioned under Phase II should, however, assist the different Governments in identifying international and national institutions for the implementation of the campaign, and in preparing requests for financing. The Panel further requested that competent United Nations agencies prepare and submit for the consideration of the Fourth Session of the Panel an approximate costing for the implementation of the campaign.

Work on statistical and economic intelligence

14. The Panel expressed its appreciation for the work undertaken by the FAO Secretariat on the improvement of the statistical and economic intelligence for the hides, skins and derived products sector. It also welcomed the decision by FAO's Committee on Commodity Problems to convene an Ad Hoc Working Party on Statistical Intelligence for Hides and Skins with the purpose to improve the data base, its national and international comparability and the quantitative assessment of the economic and technical factors governing the hides, skins and derived products market. The Panel accordingly recommended that Governments as well as international and other organizations make every attempt to assist FAO and its Ad Hoc Working Party to maintain the momentum of the work on a standardized country reporting format, an internationally agreed common denominator, appropriate conversion factors and the improvement of statistical analysis for the hides, skins and

derived products sector in general. In fact, the Panel considered this work an indispensable prerequisite for progress in the discussions of some economic and technical problems in international consultation meetings as well as in the Panel itself. For this reason, it recommended in particular that UNIDO should provide ways and means which would ensure that the Working Party under FAO provides the basic inputs for further improvements of statistics and intelligence on a priority basis as suggested in paragraph 33 of the document on Issue 1 for the benefit of the international hides, skins and leather sector.

Assistance by United Nations agencies

15. With regard to the above two action programmes (Issue I, Phase I, II), the Panel considered it highly essential that UNIDO urges the Executive Heads of FAO and other United Nations agencies concerned with this matter to devote more attention and provide increased financial and manpower resources to the sections in their Organizations dealing with hides and skins in order to enable them to render the assistance required in the implementation of the action programmes formulated by the Panel.

Issue 2. PROBLEMS AND PROSPECTS OF PRODUCTION AND MARKETING OF LEATHER PRODUCTS IN DEVELOPING COUNTRIES, AND CO-OPERATION MEASURES WHICH COULD BE ENVISAGED BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

16. The Panel examined the measures required to facilitate the production and marketing of leather and leather products in developing countries and made the following recommendations and observations:

1. (a) Due regard must be paid to the need for protecting domestic leather industry in those developing countries where the industry is in its early development stages.
- (b) Appropriate adjustment assistance measures are required to facilitate the redeployment of resources in industrialized countries due to changes in the flow of trade in leather and leather products.
- (c) All forms of industrial collaboration - including joint-ventures - between developing and developed countries and among developing countries themselves should be encouraged with emphasis on:

- (i) securing investments and know-how,
 - (ii) advising on product mix,
 - (iii) advising on marketing and promotional methods,
 - (iv) establishing distribution networks.
- (d) Training at all levels of management, production and marketing are key factors in development. Increased co-operation between developed and developing countries in designing suitable training programmes would help to accelerate the development of leather products industry in developing countries.
- (e) Transfer of appropriate technology between developed and developing countries is already a going concern; but transfer of know-how between developing countries which have established successful leather and leather products industry and other developing countries is insufficient and the Secretariat should develop measures on the subject for consideration at the Second Consultation Meeting.
- (f) The problems of establishing Regional Leather Centres, their role and their impetus on the development of the leather and leather products industry in the developing countries, should be kept under constant review.
- (g) The UNJDO Secretariat should prepare an issue paper for the Second Consultation Meeting in close collaboration with UNCTAD on the importance of the trade and trade-related problems affecting the sector hides, skins, leather, leather products and footwear, and the reasons for the growing protectionism in the sector and the measures to avoid them.

17. The Panel was informed that the Inter-Agency Standing Committee on Leather and Leather Products Industry (established at the Second Session of the Panel) would from now on make every attempt to ensure the formulation of integrated programmes of technical assistance to developing countries in the hides, skins, leather and leather products sector.

CHAPTER III. PREPARATIONS FOR THE SECOND CONSULTATION
MEETING ON THE LEATHER AND LEATHER PRODUCTS INDUSTRY

18. The Panel was informed by the Secretariat of the generous offer from the Government of the Federal Republic of Germany to host the Second Consultation Meeting on the Leather and Leather Products Industry in Cologne in June 1980. The tentative date of 9-13 June was mentioned; however, some participants expressed the desire to have the meeting postponed for one week - i.e. from 16-20 June in view of the fact that the International Council of Tanners will have its annual meeting in Milwaukee from 2-9 June. The Secretariat was requested to consult with the authorities in the Federal Republic of Germany concerning the final date to be agreed upon with the host Government.

19. The Panel agreed that the Fourth Session of the Panel should be convened from 10-14 March 1980. The provisional agenda for the Fourth Session was agreed upon to include:

- (a) Review of the Second Report on the World-Wide Study on the Leather and Leather Products Industry; (the Study will be forwarded to Members of the Panel by end-January 1980);
- (b) Follow-up on the progress made on the campaign for the improvement of raw material availability and quality.

20. As regards the venue of the Fourth Session of the Panel, the Secretariat proposed that it be held in Peking. The participant from China, in welcoming this proposal, stated that he would inform his authorities and advise the UNIDO Secretariat of the formal invitation. Members of the Panel unanimously endorsed the proposal of holding the Fourth Session of the Panel in Peking. However, while endorsing this proposal, representatives of United Nations agencies stated that their participation would be subject to availability of funds.

21. The Panel recognized the need to strengthen the participation from the developing countries, in particular, the least developed among them and noted that participants from developing countries, particularly Africa, were not able to attend the Third Session of the Panel. The Panel therefore recommended that the Secretariat should ensure increased participation of the developing countries from both Asia and Africa at the Fourth Session.

22. The draft report was unanimously adopted by the Panel at its meeting on 21 November 1979.

Annex I

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Annex II

LIST OF DOCUMENTS

Provisional agenda (ID/WG.312/13)

ISSUE NO. 1: Raw hides and skins - measures to improve their world-wide availability, quality and statistical intelligence (ID/WG.312/1)

ISSUE NO. 2: Problems and prospects of production and marketing of leather products in developing countries, and co-operation measures which could be envisaged between developing and developed countries (ID/WG.312/2)

BACKGROUND PAPER NO. 1: Production and marketing of leather products in developing countries: problems and prospects (ID/WG.312/7)

BACKGROUND PAPER NO. 2: Marketing of leather and leather products in developing countries (ID/WG.312/8)

BRIEFING PAPER NO. 1: Progress report on recommendations of first Consultation Meeting and subsequent panel meetings (ID/WG.312/3 and Corr.1)

BRIEFING PAPER NO. 2: Report on preparation of Second Report on World-Wide Study on Leather and Leather Products Industry

BRIEFING PAPER NO. 3: Case studies on hides and skins improvement in two selected least developed countries: Ethiopia and Tanzania (ID/WG.312/9)

BRIEFING PAPER NO. 4: Different sources of technical assistance programmes in the leather and leather products industry available to developing countries (ID/WG.312/4)

BRIEFING PAPER NO. 5: China: Draft report on hides, skins and leather industry (ID/WG.312/5)

BRIEFING PAPER NO. 6: Selected issues of trade and development in the hides, skins, leather, leather products and footwear sectors (ID/WG.312/6)

BRIEFING PAPER NO. 7: CMEA - Europe: leather and leather products industry (ID/WG.312/10)

BRIEFING PAPER NO. 8: Africa: hides, skins and leather industry (ID/WG.312/12)

BRIEFING PAPER NO. 9: Some consideration of pigskin as a potential raw material supply for the leather industry (ID/WG.312/11)

Technical Assistance Projects in the field of Leather and Leather Products Industry (ID/WG.312/14)

Annex III

AGENDA

1. Opening of the session by current Vice-Chairman, Mr. A. Saeed
2. Election of new Chairman and Vice-Chairman
3. Adoption of the Report of the Second Session
4. Adoption of the Provisional Agenda
5. Issues identified for the Second Consultation Meeting:
 - (1) Measures to improve raw materials availability, quality and statistical intelligence;
 - (2) Problems and prospects of production and marketing of leather products in developing countries, and co-operation measures which could be envisaged between developing and developed countries
6. Briefing Papers:
 - (1) Report on progress made to date in implementing previous recommendations of the Panel;
 - (2) Report on preparation of Second Report on World-Wide Study on Leather and Leather Products Industry;
 - (3) LDC's Case Studies in Hide and Skin Development: Ethiopia and Tanzania;
 - (4) Different sources of technical assistance - programmes to developing countries;
 - (5) People's Republic of China's Leather and Leather Products Industry;
 - (6) Some selected issues on trade and development in hides, skins, leather and leather products (in co-operation with UNCTAD);
 - (7) CMEA-Europe: Leather and Leather Products Industry;
 - (8) Africa: Hides, Skins and Leather Industry;
 - (9) Some consideration of pigskin as a potential raw material supply for the leather industry.
7. Other business
8. Date, place and provisional agenda for fourth session
9. Adoption of draft Report of third session.

