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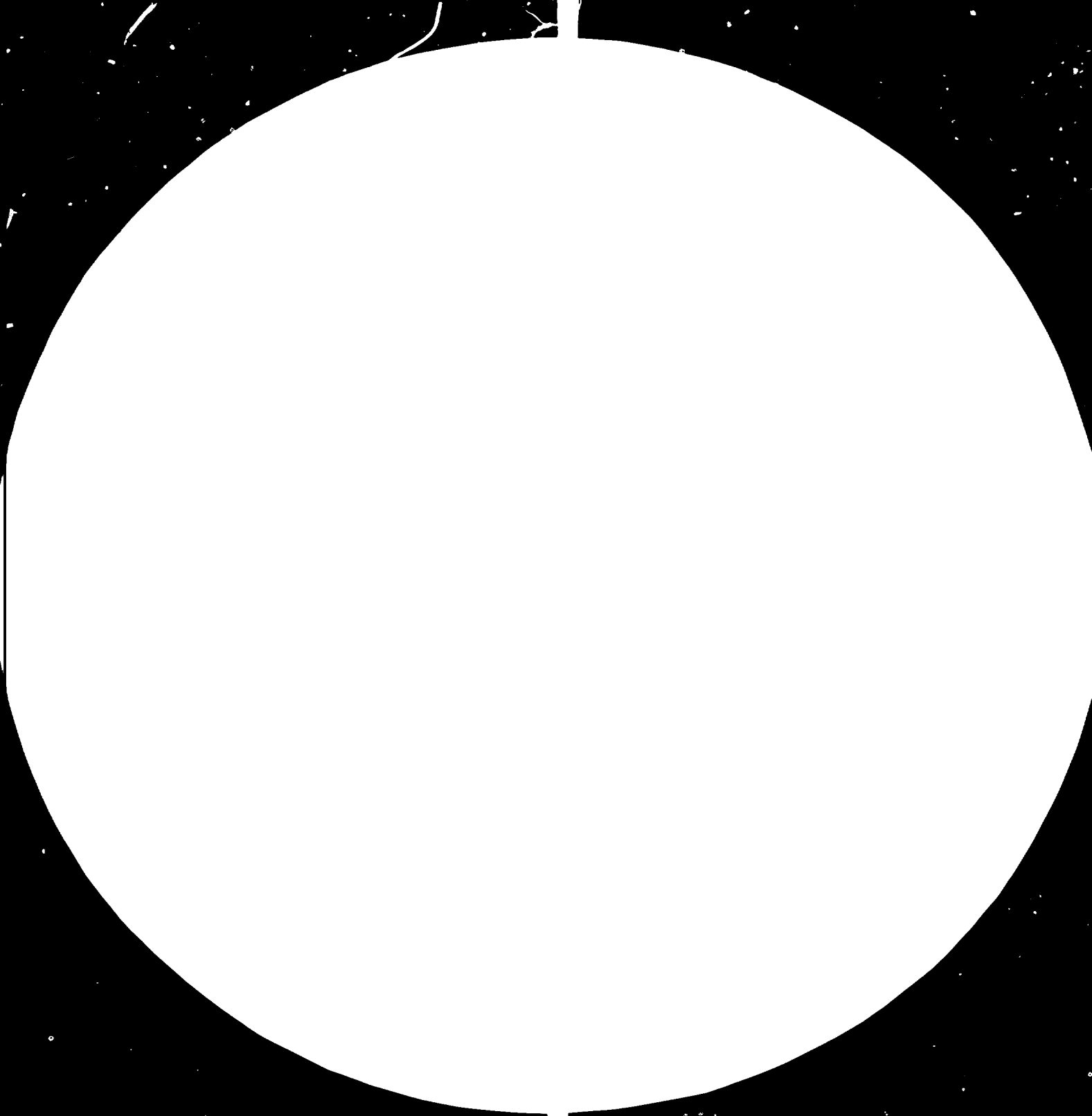
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SECRETARIAT REPORT TO THE
SECOND CONSULTATION ON LEATHER AND LEATHER PRODUCTS INDUSTRY*

BY

the UNIDO secretariat

* This is a progress report on the follow-up actions taken by the secretariat on the recommendation of the First Consultation on LEATHER AND LEATHER PRODUCTS INDUSTRY (Innsbruck, Austria, Nov. 1979). This document has been produced without formal editing.

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ABBREVIATIONS

FAO	Food and Agriculture Organization of the United Nations
ILO	International Labour Organization
ITC	International Trade Centre UNCTAD/GATT
LDC	Least Developed Countries
OECD	Organization for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
IDB	Industrial Development Board

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INTRODUCTION

1. The First Consultation Meeting on Leather and Leather Products Industry convened at Innsbruck, Austria, in 1977 recommended:

- (a) The establishment of the Leather and Leather Products Industry Panel;
- (b) A survey of raw material availability and programme to increase supply;
- (c) A compilation of statistics on leather and leather products;
- (d) Establishment of regional leather centres;
- (e) A special programme of assistance to LDC's;
- (f) Other activities.

2. This report covers the activities of the UNIDO secretariat in points (a) to (e) above.

The Leather and Leather Products Industry Panel

3. On the recommendation of the First Consultation Meeting in November 1977^{1/}, the Industrial Development Board (IDB)^{2/}, the governing body of UNIDO, established the Leather and Leather Products Industry Panel to advise the UNIDO secretariat on the preparations for the Second Consultation. The approved terms of reference of the Panel are attached as Annex I.

4. The Panel has successfully discharged its functions and substantially contributed to the preparations of the three main issues identified for the Second Consultation. It has proved to be a very useful and competent advisory body composed mainly of members appointed in their private capacity from the industrial sector. The experience gained by the secretariat from the operations of this sector-specific expert Panel may be considered useful in other industrial sectors approved by the IDB for the System of Consultations.

^{1/} ID/WG.258/9, 21 November 1977

^{2/} 12th Session, 16-26 May 1978

5. The members of the Panel are experts appointed in their individual capacity - not as representatives of a country or government - on the basis of equitable geographical representation. Current members of the Panel are from the following countries: Argentina, Bangladesh, Brazil, China, Ethiopia, India, Pakistan, Philippines, Sudan, Czechoslovakia, Finland, Federal Republic of Germany, France, Germany Democratic Republic, United Kingdom and the United States of America. In addition, the Panel is supported by substantive representatives from FAO, UNCTAD, ILO and ITC.

United Nations (UN) Inter-Agency Standing Committee on Hides, Skins, Leather and Leather Products Industry

6. Parallel to the Panel, the secretariat has established a United Nations Inter-Agency Standing Committee on Hides, Skins, Leather and Leather Products Industry to co-ordinate the delivery of an integrated technical assistance programme to member countries in this sector. This Standing Committee has helped to focus the wealth of industrial expertise available within the UN system on the specific problems and development needs of member countries in hides, skins, leather and leather products sector. The Standing Committee also sees that there is no overlapping or duplication of effort by the UN organs in this particular sector. The secretariat would like to record with appreciation the positive contribution of FAO, UNCTAD, ITC and ILO in the preparation of the three main issues for this Second Consultation and assure them that the programme will be widened even further to allow a still greater degree of inter-agency collaboration. From the point of view of UNIDO, the System of Consultations in this sector has proved to be effective in facilitating the secretariat's co-ordinating role in the leather and leather products sector within the UN system.

Survey of raw materials and programmes to increase availability, quality and statistical intelligence

7. The Panel at its second session^{1/} considered the report of the eminent consultants^{2/} who were recruited by the secretariat at the request of the Panel in order inter alia to collect and correlate basic statistics relating to hides, skins, leather and leather products sector in Africa, Asia, Latin America and the OECD countries.

1/ ID/WG.290/7, 5-7 February 1979

2/ ID/WG.290/6, 24 January 1979

8. Due to time constraints, the eminent consultants could only cover 17 developing countries in Asia, Africa and Latin America. The report emphasized the major difficulties and problems encountered in the collection of reliable statistical data. In spite of this difficulty, the constraints to development of the leather and leather products industry in the major developing regions were adequately covered and the Panel felt that the eminent consultants had made a valuable contribution in this regard. Secondly, the Panel concluded that the above report identified the necessity to provide adequate, reliable and acceptable statistical data which, however, will continue to be an elusive target given the lack of uniformity, i.e. the lack of a common statistical denominator in the collection of world-wide data and the fact that statistics collected at the country level are invariably derived from different sources.

9. The Panel concluded that the problems facing the development of the hides, skin, leather and leather products industry in Africa was far greater than in other parts of the world and singled out the need for a closely co-ordinated and integrated technical assistance programme to Africa in hides and skins development.

10. These and other aspects of raw material availability, quality and statistical intelligence are covered in Issue Paper No. 1, ID/WG.319/1, and supporting document ID/WG.319/8 which have been jointly prepared with FAO. The problems identified are serious obstacles to the harmonious development of the world-wide leather and leather products industry and, therefore, require solutions at both the national and international levels.

Regional Leather Centres

11. The secretariat's progress report on the setting up and/or strengthening of regional technological training and information leather centres in Asia and Africa was presented at the Second Session of the Panel on 5-7 February 1979^{1/}.

^{1/} ID/WG.290/7, 9 March 1979.

12. The Panel considered the secretariat's progress report on the potential of national leather centres in Africa (Leather Research Institute of Nigeria and Centre National du Cuir et de la Chaussure of Tunisia) and Asia (Central Leather Research Institute, Madras, India, and Leather Research Institute, Yogyakarta, Indonesia) to develop into regional leather centres, as well as the international assistance needed to broaden their activities to the regional level. However, because of the different national interests and levels of economic development in each region, the Panel was not able to arrive at a consensus on the action to be recommended. It was stressed on one hand, that research at regional leather centres should concentrate on conventional technologies with the help of pilot demonstration plants for practical training; on the other hand, it was felt that their basic priorities should be mainly in marketing and trade promotion activities including the transfer of appropriate technology and not basic research.

13. The Panel concluded that the problems of establishing regional leather centres, their role and impetus on the development of the leather and leather products industry in the developing countries, should be kept under constant review. It recognized that the major constraint to the establishment of the regional leather centres was financial and that countries were not prepared to give priority to financing regional centres.

14. The UNIDO secretariat considers that there is still a serious need for the establishment of regional leather centres in the developing regions of the world and recommends to the Second Consultation that UNIDO in collaboration with the other organs of the UN system seek practical solutions to the establishment of regional leather centres, particularly in Asia and Africa. In particular the Second Consultation should call upon the United Nations Development Programme to make available the resources necessary to strengthen and expand the national centres already identified for regional operations.

Programme for Least Developed Countries

15. The Panel considered a special report on the situation of the leather and leather products industry in the least developed countries based on a UNIDO report which included ten African countries, one Middle East country

and one Asian country^{1/}. The report emphasized that the hides and skins comprised one of the few indigenous raw materials which served as a base for further processing and the establishment of a local industry and identified the major constraints facing the LDC's in this sector. It recommended that least developed countries should be given all the technical and financial assistance possible from the developed and newly industrialized countries and international organizations in their endeavours to (a) transform the raw hides and skins into final leather and leather products; (b) improve their supply and quality of raw materials; (c) train personnel at managerial and technical levels; and (d) provide the basis for an optimum utilization of installed tanning capacities. The report also criticized the lack of regional economic co-operation between least developed countries in the sector under consideration.

16. The Panel expressed its appreciation of the concise and practical analysis of the problems faced by the least developed countries and called upon the secretariat to step up its technical assistance efforts to these countries.

17. The Second Consultation is expected to consider and recommend the ways and means of providing financial and technical assistance to Tanzania, Ethiopia and Sudan on the basis of their individual submissions to the Cologne meeting on the improvement of their raw material availability and quality. The secretariat therefore hopes that this Consultation will provide some tangible results and financial support, for example, through the industry representatives present here, to the basic needs of the individual LDC's in hides and skins improvement, collection and marketing, as well as the further processing of the raw materials into final leather and leather products.

1/ "Special Programme of Assistance for the Least Developed Countries in the Leather and Leather Products Industry" by UNIDO consultant, Bo Lundén. UNIDO/IOD.242, 3 March 1979.

Other Recommendations of the First Consultation

18. The secretariat has issued the Directory of Potential Joint Venture Partners based on the returns from a questionnaire which was sent out during 1978/1979^{1/}. It is the first attempt to bring together, in one document, parties which may wish to make direct contact for the purpose of collaborating on a specific project/product or item of mutual interest in the leather and leather products industry.

19. The FAO Statistical Compendium on World Hides, Skins, Leather and Footwear is a result of the recommendations of the First Consultation Meeting (1977) and the Ad Hoc Government Consultation on Hides and Skins which was held in Rome in October 1978. The UNIDO secretariat is grateful to the Food and Agricultural Organization for its contribution in updating the Statistical Compendium for the purpose of the Second Consultation.

20. The Panel recognized that the secretariat was unable to undertake any substantial work in the establishment of "consultancy reference centres", "common facility centres to upgrade leather and leather products" and the question of "working and living conditions" in the leather and leather products industry. However, the ILO representative on the Panel submitted a detailed report on the Second Tripartite Technical Meeting for the Leather and Footwear Industry (Geneva, December 1979) which inter alia included the implications of technological change for working conditions in the sector under consideration.

21. Finally, the secretariat produced a compendium of available technical assistance programmes in leather and leather products industry^{2/} & a report on current environmental standards and the development of relevant technology in this regard in selected countries was also issued at the Second Session of the Panel.^{3/}

1/ This document does not carry a number; it was issued in December 1979.

2/ ID/WG.290/4, 22 January 1979

3/ ID/WG.290/5 Summary, 24 January 1979

TERMS OF REFERENCE OF THE PANEL ON LEATHER AND LEATHER PRODUCTS INDUSTRY
(Approved by the Industrial Development Board at its 12th Session)

1. Introduction

The First Consultation Meeting on the Leather and Leather Products Industry, held in Innsbruck, Austria, from 7 to 11 November 1977, recommended a series of action-oriented measures to follow-up the Consultation Meeting and to pave the ground for subsequent consultation meetings on the Leather and Leather Products Industry. One of these recommendations concerned the establishment of a Leather and Leather Products Industry Panel. The following terms of reference were submitted to the Industrial Development Board pursuant to paragraph 54 of the Report of the First Consultation Meeting referred to above (document ID/WG.258/9):

2. Composition of the Panel - appointment of its members, their status and entitlements

2.1 The Panel members would be selected with due regard to geographical distribution and to the interest of the various parties concerned, also taking into account participation in the First Consultation Meeting. In addition, representatives of co-operating international agencies such as FAO, UNCTAD, GATT, ITC and ILO will be invited to participate as members of the Panel.

2.2 The membership of the Panel would be limited to a maximum of 20 members, including the representatives of the international agencies concerned with the development of this industry.

2.3 The members of the Panel would be selected in consultation with Governments or with institutions or enterprises, as appropriate. The members would be appointed by the Executive Director, with due consideration to their special knowledge and experience in the leather and leather products sector. The duration of their appointment will be determined by the Executive Director and they will be serving in an advisory capacity.

2.4 The Panel would be expected to meet once every six months; the meetings are not expected to exceed five days each, and unless otherwise provided by UNIDO, the Panel will hold its meetings at UNIDO Headquarters in Vienna.

2.5 The Panel would elect its Chairman and Vice-Chairman. The servicing of the meetings of the Panel will be entrusted to the UNIDO Secretariat, including the provision of a Secretary of the Panel.

2.6 The members of the Panel shall be compensated by UNIDO for travel and receive the applicable daily subsistence allowance in accordance with the United Nations regulations. ^{a/}

3. Purposes and functions of the Panel

3.1 The purposes and functions of the Leather and Leather Products Industry Panel would be:

3.1.1 To review the latest knowledge and expert information on the development of the leather sector and make it available to the Organization in pursuance of the recommendations of the First Consultation Meeting on the Leather and Leather Products Industry.

3.1.2 To assist UNIDO in formulating practical technical recommendations designed to promote the development of the leather and leather products industry sector. These recommendations will, inter alia, include:

- (a) The preparation of detailed action programmes to increase raw material availability and improve leather quality in all countries;
- (b) The setting up of a centralized mechanism for: (i) the collection of data on the leather and leather products industry; (ii) the collection of information on the type of technical assistance aid provided by organizations of the United Nations system, by other international governmental and non-governmental organizations, and other sources for dissemination to all interested parties;
- (c) The monitoring of the progress made in strengthening, up-dating and revising the growth projections in the UNIDO draft study;
- (d) The elaboration of technical assistance programmes, considering all factors, particularly raw material availability, which UNIDO and other appropriate agencies could render to developing countries, especially to the least developed among them, to improve existing leather and leather products capacities or to establish new manufacturing capacities and to indicate suitable sources of financing;
- (e) Identification of partners from developed and developing countries who have expressed interest in entering into joint ventures or other co-operation agreements;
- (f) The examination of the possibilities for and the constraints in improving the marketing of leather and leather products of the developing countries, and the establishment by developing countries of their own marketing organizations;

./...

a/ This provision does not apply to representatives of international organizations.

- (g) The provision of technical and training assistance to developing countries with due regard to existing establishments;
- (h) The examination of measures aiming at improving working conditions in the leather industry;
- (i) The examination of measures to improve environmental standards in the existing plants;
- (j) The review and examination of such other follow-up action as may be referred to the Panel by the Secretariat.

3.1.3 To assist UNIDO in selecting the main issues to be considered at subsequent consultation meetings on the basis of the above.

4. Agenda and reports of the Panel

4.1 The Secretary shall prepare the draft agenda for each meeting and transmit it in reasonable time to the Panel members. The agenda shall include any additional subject within the purview of the Panel.

4.2 For each meeting, the Panel would, with the assistance of the UNIDO Secretariat, draw up a report setting forth the Panel's findings, observations and recommendations.

4.3 These reports shall be approved by the Panel before the end of each meeting, and submitted for the information and possible consideration of the Industrial Development Board.



