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Twelfth Session of the Leather and  
Leather Products Industry Panel

Tehran, The Islamic Republic of Iran  
27 - 31 August 1995

**REPORT\***

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\* This document has not been edited.

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CONTENTS

	Paragraphs	Page
Preface	1-4	3
A: Introduction	5-12	4
B: Objectives of the Twelfth Session of the Panel Meeting	13	5
C: Overall Programme of the Panel Meeting	14	5
D: Organization of the Meeting	15-23	6
E: Presentation and discussions on the Agenda items agreed by the Panel	24-37	8
Statement by FAO Representative		14
Conclusions and recommendations	1-9	15

Annexes

Annex 1: List of registered participants		18
Annex 2: A proposal requesting the assistance of UNIDO by the Islamic Republic of Iran		26
Annex 3: Economic Co-operation Organization		28
Annex 4: Presentation by participant from Pakistan		29
Annex 5: Presentation by participant from Turkey		30

## PREFACE

1. The Second General Conference of the United Nations Industrial Development Organization (UNIDO), held at Lima, Peru, in March 1975, and subsequently endorsed by the United Nations General Assembly, recommended that UNIDO should include among its activities a system of continuing consultations between developed and developing countries with the object of raising the developing countries' share in world industrial output through increased international co-operation.

2. In May 1980, the Industrial Development Board decided to establish the System of Consultations on a permanent basis, and in May 1982 it adopted its rules of procedure (The System of Consultations, PI/84) setting out its principles, objectives and characteristics, notably:

- The System of Consultations shall be an instrument through which the United Nations Industrial Development Organization (UNIDO) is to serve as a forum for developed and developing countries in their contacts and consultations directed towards the industrialization of developing countries;
- Consultations would also permit negotiations among interested parties at their request, at the same time or after consultations;
- Participants of each country should include officials of governments as well as representatives of industry, labour, consumer groups and others, as deemed appropriate by each government;
- Final report of consultations should include such conclusions and recommendations agreed upon by consensus among the participants; the report should also include other views expressed during the discussion.

3. Some fifty consultation meetings have been convened since 1977 covering agricultural machinery, building materials, capital goods, electronics, fertilizers, fisheries, food processing, industrial financing, industrial rehabilitation/restructuring, iron and steel, leather and leather products, non-ferrous metals, pharmaceuticals, petrochemicals, small- and medium-scale enterprises, the training of industrial manpower, vegetable oils and fats, and wood and wood products.

4. Benefits deriving from this activity include the monitoring of trends in world industry with a view to identifying obstacles to industrial development in developing countries and proposing action-oriented measures for increasing their industrial output; and the search for new forms of international industrial co-operation in North-South and South-South relations, including joint ventures and technical co-operation opportunities.

## A: INTRODUCTION

5. Industrial Co-operation and Consultation Service of the United Nations Industrial Development Organization (UNIDO) is an instrument through which UNIDO seeks to develop action-oriented measures in given sectors of industry to promote the industrialization of developing countries through mutually beneficial co-operation with the developed countries. The leather industry has been one of the sectors under the consideration of Industrial Co-operation and Consultations Service.

6. The First Consultation on the Leather and Leather Products Industry Panel (Insbruck, Austria, 1977) recommended that UNIDO should set up a Panel to act as a steering group to oversee the progress in implementation of the recommendations made above. Based on this recommendation, the Industrial Development Board (IDB) of UNIDO, established the Leather and Leather Products Industry Panel, composed of representatives from all regions of the world and from United Nations bodies. The Panel was established to advise UNIDO on the problems of the world leather and leather products industry and to assist in elaborating strategies to carry out technical co-operation programmes in this industrial sector.

7. The terms of reference of the Leather Panel stipulate that its members, a maximum of 20, are appointed by the Director-General and confirmed by the Industrial Development Board, giving due consideration to the geographical distribution and technical competence of the members. An attempt is made to balance the membership by selecting experts from the leather industry of both developed and developing countries.

8. The Leather Panel has been an excellent tool for mobilizing participation of industry and industrial associations of this subsector in Consultations, as well as for improving co-operation between UN agencies and with some Member States.

9. The Leather Panel has given useful advice and guidance in the preparation of programmes and issues for the Second and Third Consultations, and for the Regional Meeting in Africa, as well as on the follow-up activities to those Consultations. In some cases, it suggested specific tasks which the UNIDO Secretariat and other international organizations could accomplish prior to each Panel meeting in order to derive the maximum benefit from its deliberations. The Leather Panel also provided technical guidance on the plans-of-action drawn up by UNIDO for activities in the leather and leather products industry.

10. The sound advice given by the Leather Panel has been a factor in enabling UNIDO to achieve positive results in the leather subsector. As a consequence, the role of the Leather Panel is now much wider than just that of a steering committee for Consultations; it has become an advisory body for all UNIDO efforts in the leather and leather products industry.

11. Since its establishment, the Panel has held a total of twelve meetings, which have led to the adoption of important decisions. The session of the Panel has evaluated the actions undertaken to implement the conclusions and recommendations of the eleventh Panel and provide UNIDO with guidance and support for the elaboration of strategies to carry out technical cooperation programmes in the leather sector. As in the past, the Panel was instrumental for the initiation and formulation of technical assistance projects in the concerned countries/regions. The Panel members confirmed the issue papers to be considered by the Regional Consultation on the Leather and Leather Products Industry in Asia and the Pacific. In addition, following the new three-pronged approach of the Industrial Cooperation and Consultations Service (ICC), the consultation process was combined with partnership development and promotion of ECDC. Therefore, the occasion will be used to outline technical cooperation and partnership programmes with participating ECO countries (Afghanistan, Azerbaijan, the Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan) and as part of the implementation of the agreement signed with UNIDO. Also potential investors from developed and developing countries were invited to attend the Panel meeting as observers.

12. The Panel also reflected environmental concerns of the leather industry in order to minimize industrial/chemical waste at the enterprise/factory level. Awareness of a clean environment and industrial pollution control should be promoted, which will contribute to improved working conditions at the sectoral and enterprise level in general.

**B: OBJECTIVES OF THE TWELFTH SESSION  
OF THE PANEL MEETING.**

13. The Panel would provide assessed information to UNIDO in support of its Programme to promote the leather and leather products industrial sector in developing countries.

**C: OVERALL PROGRAMME OF THE PANEL MEETING:**

14. In broad terms the Panel provided an excellent opportunity for the exchange of information and experience on the major topics that could have a direct bearing on the development of the subsector. The development and improvement of the leather and leather products industry constituted a major input for the Panel meeting. The start was marked by the introduction of the background, purpose and organizational aspects of the meeting, which would be followed by the presentation of a report on UNIDO's technical assistance activities.

The programme went further with the presentation of a paper on the leather and leather products industry in Iran including its environmental aspects, the prospects and problems of the leather and leather products industry in the ECO countries, the training needs in the leather and leather products industry, presentation of the hides and skins compendium for Africa, presentation of the progress made by UNIDO in quality standards upgrading relating to environment, discussion on potential investment activities in the leather and leather products industry, aspects related to the forthcoming Consultation Meeting in South-East Asia, the International Ecolabel Status and, lastly, the adoption of the conclusions and recommendations.

#### D. ORGANIZATION OF THE MEETING

15. The twelfth session of the Leather and Leather Products Industry Panel was held in Tehran, the Islamic Republic of Iran, from 27 to 31 August 1995. The meeting was attended by 66 participants from 22 countries and 3 UN organizations. Out of these participants, 15 were members of the Panel. The list of participants is attached as **Annex (1)**.

##### Opening of the meeting

16. The Minister of Industry of the Islamic Republic of Iran, Mr. Nematzadeh, informed those present that in Iran, the history of leather goes back to some three thousand years. Industrial production, however, dates back to 1932 when the first modern industry was set up in Hamedan. Today, more than 160 tannery units are active in this sector in the country. With a total annual processing capacity of about 10 million pickled skins and 50 million feet of cow hide, these units are currently responsible for the processing of some 22-25 million light skins and one million cow hides per year.

17. Leather products are inevitably a mixture of art and industry. From the artistic stand point, he noted that Iran (along with China and India) has always been a top-ranking producer in handicrafts (Carpet industry is a very good example of this). There is no denying, therefore, that Iran has great potential in terms of what it has to offer the world leather industry. This potential, however, needs to be carefully and systematically worked out, expanded and developed. Important lessons need to be learned and implemented in such crucial areas as product development, management and marketing.

18. Some important steps have already been taken to overcome the difficulties in this sector. The restrictions placed on the export of pickled hides is an example of this. Or we can point to the significant steps which have been taken in the production of production machines. More work, however, needs to be done in this area; and there is a need to specifically concentrate on the production of high-tech machines and their export to other countries. In the environmental front, he mentioned the success at transferring tanneries to Leather Towns especially set up in the major leather-producing regions such as Tehran, Tabriz and Mashhad.

19. Problems remain, however. And in this relation he hoped to get significant help from this Panel and UNIDO. The problems ranged from the transition from traditional to modern and high-tech production techniques, as well as environmental and human resources development problems. There was a need to focus on the scientific as well as the artistic issues in the industry; and that must be done in the framework of institutional programs (university, training institutes, industry training programs and certificates). He specifically suggested that a leather institute be set up at Tehran's Leather Town in Varmin and environmental pollution control standards needed to be rigorously implemented. He finally expressed his hope that in these and other crucial areas this Panel and UNIDO can be of assistance (Annex 2).

20. The Deputy Resident Representative, after welcoming the participants, addressed the authorities and participants highlighting the importance of holding this Panel in Iran and the role of the Panel in guiding the work of UNIDO for the benefit of developing countries.

21. The Head of UNIDO Delegation, after welcoming the participants recalled the factor of the Panel as its useful role in assisting UNIDO on how the international development and assistance work should be channelled and coordinated. Furthermore, he referred to the three basic reasons of holding the Panel in Tehran, namely:

- It would give the panel members and the members of the invited commercial organizations and institutes the opportunity to re-establish the contacts with the Iranian leather, footwear and leather products sector which is presently going through some important structural changes and is willing to start close cooperation with the international leather community.

- The ECO countries, having their headquarters in Tehran, have a very important and potentially viable leather and leather products sector that has immense development prospects which can be enhanced through international cooperation. The leather and leather products sector in Iran has the potential to make a vital contribution to the country's export earnings as a non-traditional export commodity. Also, the sector's importance as a creator of employment, and thus its social significance,



should not be underestimated. Therefore, it is hoped that the meeting will be the catalyst and starting point for such increased international cooperation.

- Finally, he referred to the fact that the Government and the industrial organizations of the Islamic Republic of Iran invited UNIDO to conduct the meeting here and generously made all the facilities available for the same.

#### Election of the Chairman

22. Dr. Hamid Hamidi, Managing Director of SALIS was elected as Chairman of the meeting, whereas Mr. Sanjoy Sen as Vice-Chairman and Mr. Guy Reaks as Rapporteur.

#### Adoption of the programme

23. The attached programme (agenda) for the twelfth session of the Leather Panel was adopted. The list of papers prepared by the UNIDO Secretariat and distributed to the participants of the meeting is also enclosed.

### **E. PRESENTATION AND DISCUSSIONS ON THE AGENDA ITEMS AGREED BY THE PANEL**

24. UNIDO's technical assistance activities undertaken during the last two years were presented by a comprehensive documentation describing every implemented project. The paper was supplemented by reports of three staff members highlighting the main features of UNIDO's technical assistance in the field of leather, footwear and leather products industries. The bulk of efforts were concentrated on three major programmes: the second phase of the leather and footwear industry development programmes in Africa, the National Leather Development Programme in India and the regional leather industry pollution control programme in South-East Asia. New project ideas have been established in the Central and Latin American region. The PANEL was informed that the volume of UNIDO assistance in the last five years was fluctuating between US\$ 3.2 million/year and US\$ 8.0 million/year, whereas the implementation is expected to reach US\$ 5 million in 1995 and probably around US\$ 4 million in 1996. The value of approved projects is above US\$ 12 million, while project proposals make another US\$ 30 million; they offer a firm base for the work of UNIDO LEATHER UNIT for the years until end of the century.

25. A review of the leather and leather products industry in Iran was presented by the chairman of the meeting. The paper provided an overview of the Iranian situation in respect of raw hides and skins, leather production of light and heavy leathers and footwear. The paper also provided information on equipment, chemicals, environmental situation and training. It also listed problems and prospects of the industry and the international assistance needs for improving the present situation. The PANEL took careful note of the situation report and request for UNIDO assistance. The summary of the presentations and the assistance requests is attached.
26. Information was given on *investment possibilities and conditions in Iran*. According to the present legislation foreign investors can import capital to Iran either in cash or in kind and may enjoy the facilities such as transfer of net profit in hard currency, repatriation of the equity capital upon request and approval of the application. The Government of Iran guarantees fair compensation in the event expropriation and the legal status of foreign capital with regards to all rights, exemptions and facilities accorded to domestic investors. Credits and financial facilities are extended to joint ventures as well. Foreign investors may enter in all fields of activities open for local businessmen.
27. UNIDO presented a paper on development of a *uniform professional training and education system* for the leather and leather products industries, which was supplemented by a background paper implemented as a guideline for instructors working in developing countries. The importance of this issue was underlined by the fact of the serious confusion in the field of starting up and operating training institutes in a large number of developing countries without having an established concept and without maintaining the minimum coherence in implementing courses. The need for a systematic and uniform approach was expressed with special references to the introduction of a credit accumulation and transfer scheme in professional training and education of the future generation to be employed in the world leather and related industry. During the discussion PANEL members expressed the key role of plant supervisors (foremen) and their specific training, the need for uniform syllabi for the tanning and (separately) for the leather products sub-sectors, the necessity of incorporating manual skill development even in higher level professional education. It was emphasized that when developing a coherent training system which could be used as a basis for implementing various training activities in different part of the World due attention should be paid to the maximum utilization of existing facilities - especially in developing countries.

28. UNIDO staff member made a presentation of various background papers which are now available from the Secretariat (Leather Unit). The papers included *Acceptable Quality Standards*, *Information Sources for the leather Industry*, *African Hide and Skin Compendium*, *Manual on Selection of Equipment for Laboratories Monitoring Pollution in the Tanning Industry*, and *joint UNEP/UNIDO Technical Guide on Tanneries and Environment*. The PANEL expressed their approval and encouragement for preparation of such publications. It was noted that the Information Sources should be kept updated on regular bases. It was proposed that the PANEL members should keep UNIDO informed of any changes and modifications needed so that this could be incorporated in the data-base of the document. New hard copies should be prepared as often as needed and within the financial resources.
29. Following the recommendation of the previous PANEL meeting UNIDO prepared two guidelines on the implementation of *modern concepts of quality control systems* in the leather based industries. The presentation made by a UNIDO staff member highlighted the rapid development which started with the introduction of quality circles, followed by comprehensive programmes associated with *quality assurance*, *Total Quality Control (TQC)* and *Total Quality Management (TQM)*. The ISO 9000 family of standards, their applicability in the highly fashion oriented leather and footwear trade, the reasons for relatively wide publicity of accreditation and certification were discussed by the members and observers of the PANEL. It was mentioned, that quality is probably the main problem of the Iranian leather and footwear industry sub-sector. The PANEL noted, that a large number of private consultants and institutions are offering their services in assisting manufacturers to prepare the documentation and management plan required for implementation of ISO 9002 so there is no real need for UN assistance in this particular field. It was emphasized that besides this management tool, the manufacturers should pay special attention to the quality of their products, which should conform with the articulated needs of the consumers: producers are also responsible for "invisible" properties of the delivered goods as well. A staff member recommended to study the very positive results achieved by some American companies sourcing their products through sub-contracting, which is based on a systematic evaluation of the capabilities and performance of their suppliers. Similarly worthwhile to learn from the experiences of English shoe retailers keeping very thorough record of returns and using statistical analysis of faults.
30. Environmental situation and planning of the whole industry "clean-up" program was presented by two Iranian experts. The paper dealt mainly with the present situation and provided information that unfortunately out of 250 tanneries only 5% have their waste water plants in operation and 15% have plants under

construction. The rest of the tanneries discharge their waste water to different recipients without any treatment. Some suitable treatment processes were discussed and those suitable for Iranian conditions were high-lightened. The need of good housekeeping and clean technology was also emphasized. The PANEL recognized that the paper was well prepared and presented and that some high level expertise was obviously available in Iran in the area of tannery environment protection. The PANEL also recognized the needs of international cooperation in this area to assist the Iranian industry to obtain the latest methods and technology available in order not to repeat mistakes made in early stages of tannery waste and effluent treatment in some other countries.

31. UNIDO *technical assistance possibilities for the Iranian leather and footwear industry* was presented by a UNIDO staff member. It was clarified that UNIDO is an technical assistance organization and not a funding agent for capital investment and the main areas of UNIDO competence in the leather sector included hide and skin improvement, assistance to tannery processes, especially clean technology, pollution control, feasibility studies, training and providing assistance for the establishment of training centers. In the footwear sector the main strength of the Leather Unit was in the product development, design and marketing and in training of operators and technicians with modern training methods. The various types of financing possibilities and the mechanism to apply for such funding were also explained in some detail ranging from the traditional donor countries financing scheme to Trust Fund arrangements whereby the resources are provided by the requesting countries or companies. It further explained the present status of the forthcoming preparatory assistance phase and informed the PANEL that two UNIDO experts were scheduled to arrive to Iran by end of September to make an assessment of the rehabilitation and training needs of the entire sector.
  
32. Based on a UNIDO consultant's mission, statistical and technical information available from former UNIDO technical assistance provided to some countries in the region a report was made on the leather related industries in the countries of the ECONOMIC COOPERATION ORGANIZATION (ECO). This sub-region has considerable livestock, well educated labour, extensive manufacturing capacities built on mainly large-scale manufacturing units and offers a large market of 320 million population which had no access to fashion and variety of leather based commodities for several decades. On the other hand, tanneries, footwear and leather products manufacturing companies in most of the ECO countries are all short of working capital, need restructuring and urgent assistance in improving their product ranges, technology and quality. Local markets are flooded by very cheap (at the same time low quality, but fashionable) leather products, valuable raw hides and skins are exported because of the shortage of finance of local producers, hence only a small fraction of the existing capacities are utilized today. Tanners, footwear, leather goods and leather garment

manufacturers in all ECO countries are lacking basic fashion, market and technical information, they all need assistance in finding and making contacts with the international trade, none of them have component and support industries. The Deputy Director-General of ECO Countries Secretariat thanked UNIDO for its support and welcomed the participants. **Annex (3)**. The UNIDO report was supplemented by short statements made by representatives from Kazakhstan, Kyrgyzstan, Pakistan, Turkey and Turkmenistan (the Iranian situation was discussed earlier). A large number of projects were prepared by tanneries and leather products companies in order to rehabilitate them which are available at the respective Government bodies (usually at the Ministries of Industry). The PANEL members expressed a certain degree of interests regarding the opportunities available in ECO countries but it was stated that more information would be needed on legislation, financial aspects, taxation and communication. Summaries of statements by the representatives of Pakistan and Turkey are also attached as **Annexes 4 and 5** respectively.

33. A UNIDO staff member outlined the background to the *Eco(logy)-Label* proposal. Attacks on the leather industry as being environmentally unfriendly were growing. In the last meeting the PANEL had set up an expert group which had met in Vienna and reached three main conclusions: an Eco-Label was needed, it should be consumer-oriented and there should be a certification system. Subsequent discussion within the INTERNATIONAL COUNCIL OF TANNERS (ICT) and the INTERNATIONAL UNION OF LEATHER TECHNICIANS AND CHEMISTS SOCIETIES (IULTCS) seemed in principle to support these conclusions. A UNIDO consultant outlined the basic principle of the international Eco-Labeling scheme covering the questions of monitoring versus self-certification, who should be the certifying body, financing and technical specification. In the discussion that followed there was considerable support for a view expressed by members that the Eco-Label with its bureaucratic certification system was promoted to provide income for technical institutions and that all that was needed was self-declaration and, if necessary, specification of any parameters in the international contract. Self-declaration was simple and inexpensive and had proven effective in enforcing e.g. compliance with state environmental regulations. It was pointed out that technical institutions themselves needed monitoring and that different institutes could legitimately produce different results on the same product under test. Other PANEL members suggested that the Eco-Label might be applicable to leather but not shoes. It was emphasized that the label should not hinder international trade or be used to protect markets. Opinions were raised on the possibility that Eco-Label schemes would add to production costs. A PANEL member strongly urged the need for national associations and to support and implement any schemes and that it should be leather product based. Another member argued that the pressure for the Eco-Label came mainly from the animal right activists. The PANEL however accepted that an Eco-Label could help in encouraging effluent treatment and environmental protection. The PANEL also

accepted that the pressure for Eco-Label was too strong to ignore and that the industry through an independent, international committee needed to determine parameters, rather than have them imposed, and to establish independence and impartiality in regulating the scheme. The PANEL agreed that it was necessary to progress on a step by step basis and that UNIDO should take a catalytic role as had been agreed in Vienna. The PANEL strongly emphasized the need for actions to be taken as quickly as possible - within months rather than years.

34. Very informative *industrial visits* were made to various leather and shoe factories including the following companies: MELLI INDUSTRIAL GROUP (MELLI SHOE), AZAR LEATHER CO., RAKHSHAN LEATHER CO., FARS SHOE FACTORY, *Training Centre*, BELLA INDUSTRIAL GROUP, TEHRAN CHARM-SHAHR (Leather Town). After the visits, various PANEL members provided their expert views on the present situation in the plants and it was generally agreed that technical assistance needs were very evident especially in the following areas: human resource development starting from management training, improvement of raw materials especially raw hides and skins, product development and export marketing,, selection of new technologies and equipment, problems of small enterprises in exports.
35. The PANEL confirmed the issues to be discussed at the Consultation Meeting scheduled for January 1996 in Madras, India. On the subject of the application of modern technology such as CAD/CAM/CIM in footwear and leather products, it was agreed that a report illustrating the actual status of the situation would be sufficient. When reminded about the participants usually attending this type of meetings, the members emphasized the importance of having the governments and policy makers, establishing clear policies and defining the framework for the private sector to be able to operate properly. This aspect is particularly relevant on the issues of ECO-Label.
36. All participants unanimously reiterated the importance of UNIDO's work in the environment field with special emphasis in the assistance to be given in the development of effluent treatment plants, including the problems related to the lack of adequate manpower for operation and maintenance of these plants.
37. The African participants mentioned the need for bringing in the subject of Animal Feed when discussing the aspects of improvement of hides and skins. They were informed that a Consultation on this subject with special emphasis on Africa has been organized.

### FAO REPRESENTATIVE

The representative of FAO thanked UNIDO for opportunity to make a statement to this UNIDO leather and leather products industry panel and mentioned that FAO has always enjoyed a close working relationship with UNIDO. They have participated in previous Sessions of this panel, as well as in other activities such as a recent Expert Group Meeting on the ecolabel for leather and leather products. UNIDO, in turn, has always participated in meetings of the FAO Sub-Group on Hides and Skins. He mentioned that he looked forward to further strengthening of the relationship between the two organizations in coming years.

To this end recent consultations undertaken by FAO and UNIDO with the Common Fund Commodities indicate that it might be interested in financing a project aimed at improving quality and reducing waste in hides and skins.

He further mentioned that FAO continues to be involved in hides and skins improvement projects at the national level. A project was recently completed in Pakistan on Hides and Skins and Animal By-products and a new project in Ethiopia is about to commence on disease control for the production of quality skins for leather production from sheep and goats. He also informed that FAO and UNIDO are currently evaluating the opportunities that exist for joint agency ventures in partnership with government and the private sector in Pakistan.

Finally, he referred that as part of its program to disseminate technical advice, FAO is currently preparing a new manual, "Hides and Skins for the Tanning Industry" which is to replace the older publication "Hides and Skins Improvement in Developing Countries". The new manual is to be printed next year and will be distributed through FAO offices and on request.

## CONCLUSIONS AND RECOMMENDATIONS:

1. The PANEL reaffirmed that the UNIDO LEATHER UNIT should continue its *technical assistance* to developing countries, as well as to countries in transition according to the standard set during the past years. High priority should be given to such important areas of the leather and leather products technology as hides and skins improvement, economic utilization of slaughter houses and its by-products, introduction of cleaner technology and pollution control, professional training and education.
2. UNIDO should prepare an *integrated programme* for extending technical assistance to the Iranian leather related industry sub-sector. It should be based on the findings and recommendations of the preparatory assistance project under execution and should take into consideration such aspects as tannery effluent treatment, labour and middle (technical) management training, product development and marketing, investment promotion, direct assistance to manufacturing units to improve quality of final products. The programme document should after approval of the Iranian government and the UNIDO PROJECT REVIEW COMMITTEE be submitted to suitable funding agents for consideration. Self financing trust fund arrangement is considered to have best possibility to succeed.
3. Several participants reiterated UNIDO's important role in advising the different actors in developing countries due to its impartiality and lack of vested commercial interests.
4. The PANEL strongly recommends that UNIDO continuous its efforts in elaborating a comprehensive and uniform, yet flexible professional training and education system for the leather-based industries paying special attention to implementing credit accumulation and incorporating a transfer scheme. A special project should be formulated which would take into account the available technical literature and information and including the one on Training Centres would provide resources for supplementing the missing technical literature, as well as would made an attempt to create new types of training media (e.g. complete kits, self-paced training manuals, training software, video tapes and other visual aids, distant training materials).
5. The PANEL recommends that tanneries, footwear and other leather manufacturing companies, as well as research and development institutes (especially those providing testing services for the local trade) make efforts to get them accredited and/or



certified according to ISO 9002 as soon as possible in accordance with the Total Quality Management System.

6. The report prepared by UNIDO on the present situation of the leather based industries in ECO countries was welcomed and highly appreciated by the PANEL (in fact some leading organizations and private manufacturers have already benefited from the extensive, very relevant and up-to-date information included in the document). The recommendations made by UNIDO with regards to extending technical assistance to this region in hides and skins improvement, launching training courses in range building and product development, production management, marketing and entrepreneurship, restructuring the existing large-scale production capacities were endorsed and fully supported by the LEATHER PANEL. Furthermore it was recommended that assistance be provided in building up shoe component industries in these countries. UNIDO in close cooperation with the ECO Secretariat should collect information from all member states on the projects prepared for foreign investors, conditions and opportunities of investments in the leather related trade of these countries: this information should be published and made available to the international community of the leather trade. Special efforts should be made to promote investment in leather and leather products through the establishment of joint ventures. It was also recommended that ECO countries continue to be invited by UNIDO to participate in different events organized by UNIDO.

7. On the Eco-label the PANEL took note of the work that has been carried out in this respect and reaffirmed that UNIDO should assume a catalytic and coordinating role. The PANEL recommended namely that:

(i) An INTERNATIONAL ECO-LABEL COMMITTEE (IELC) be formed. At this stage and as a preliminary indication, the Committee could be represented, inter-alia, from:

- International Council of Tanners (ICT),
- International Union of Leather Technicians and Chemists Societies (IULTCS),
- International Environment Committee (IUE),
- International Union of Footwear Technologists Associations (UITIC),
- relevant leather and footwear R&D institutions (e.g. institutes in Buenos Aires, Bulawayo, Cincinnati, Madras, Northampton, Reutlingen, Shanghai),
- a representative of the chemicals suppliers,
- UNIDO Leather and Leather Products PANEL,
- UNIDO Leather Unit,

- United Nations Environment Programme (UNEP),
- International Standard Organization (ISO),
- World Trade Organization (WTO),
- United Nations Conference on Trade and Development (UNCTAD), with the involvement of national associations at the appropriate moment.

- (ii) UNIDO should provide the secretariat for the committee and efforts should be made to obtain the necessary funds from donor countries.
  - (iii) The COMMITTEE should establish the technical parameters for the Eco-Label and should proceed on a step by step basis, in the first instance based on self-regulation and certification followed by monitoring of the application of the parameters and of the compliance with environmental standards.
  - (iv) All efforts would be made to maintain reasonable costs in the future activities undertaken by the Committee.
8. Several participants recommended the active involvement in UNIDO's work, of business and sectoral associations as well as NGOs in replacement of the decreasing role of governments in the operational aspects of the industry.
9. The Panel recommended that in the future UNIDO should tackle new subjects such as Economic and Technical Cooperation Among Developing Countries (ECDC/TCDC); great emphasis was also made on the subject of exchange of appropriate information, its distribution among the parts concerned, networking, etc. The need to reformulate the composition of the Panel was also mentioned.



16.30 - 17.30            Presentation of a paper by the Iranian leather industry on the environmental situation and their planning for the whole leather industry "clean-up" programme

Monday, 28 August

08.00 - 09.00            Presentation of paper and discussion on Quality Control in the Leather and Leather Products Industry (Mr. Schmél)

09.00 - 09.30            Transport to Mellico Factory (Technical visit)

09.30 - 11.30            Technical visit

11.30 - 12.00            Transfer to the Hotel

12.00 - 13.00            Lunch break

13.00 - 14.00            Presentation of various background papers: African Hide and Skin Compendium; Information Sources and the Acceptable Quality Standrads (Mr. Buljan)

14.00 - 15.30            Environmental presentation and discussion

15.30 - 16.00            Coffee break

16.00 - 17.00            UNIDO assistance proposal for the Iranian leather and footwear industry (Mr. Buljan)

Tuesday, 29 August

09.00 - 09.30            Prospects and Problems of the Leather and Leather Products Industry in the ECO-countries (Mr. Schmél)

- 09.30 - 10.00 Individual presentations by the ECO-Countries' representatives
- 10.00 - 10.30 Coffee break
- 10.30 - 12.00 Future programmes of action for ECO-Countries  
(Mr. Buljan / Mr. Pinto-Rodrigues)
- 12.00 - 13.30 Lunch break
- 13.30 - 17.00 Report on International ECO-Label status  
(Mr. Buljan)

Wednesday, 30 August

The whole day will be used for factory visits and sightseeing. This programme will be presented to the participants upon their arrival in Tehran.

Thursday, 31 August

- 09.00 - 09.30 Reports by UNIDO sister agencies
- 09.30 - 10.00 Issues to be raised in the forthcoming Regional South-East Asia Consultations.
- 10.00 - 10.30 Coffee break
- 10.30 - 12.00 Panel Advisory Remarks to future UNIDO work in this specific sector.
- 12.00 - 13.30 Lunch break
- 13.30 - 15.00 Adoption of conclusions and recommendations
- 15.00 - 15.30 Coffee break
- 15.30 - 16.00 Official closing of the Meeting

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
(Industrial Cooperation and Consultations Service)

THE TWELFTH SESSION OF THE UNIDO LEATHER AND LEATHER PRODUCTS  
INDUSTRY PANEL, TEHRAN, THE ISLAMIC REPUBLIC OF IRAN,  
27-31 AUGUST 1995.

LIST OF DOCUMENTS

1. Provisional Agenda
2. Updated list of Members of UNIDO Leather and Leather Products Industry Panel
3. List of registered participants of the subject meeting
4. Aide-Mémoire
5. The Leather, Footwear and Leather Products Industries in the countries of the Economic Cooperation Organization  
(Prepared by: Mr. Sándor Zagyi, UNIDO Consultant)
6. Practical Proposal to Upgrade the Quality in the Footwear and Leather Products Industries  
(Prepared by: Mr. Jose G. Tandt, UNIDO Consultant)
7. Prospects and Problems of Establishing an International ECO-Label for the Leather and Leather Products Industries  
(Prepared by: Mr. Willy Prendrup, UNIDO Consultant)
8. Acceptable Quality Standards in the Leather and Footwear Industry  
(Prepared by: UNIDO Secretariat)
9. Report of the Eleventh Session of the UNIDO Leather and Leather Products Industry Panel, Nairobi, Kenya, 29 November - 03 December 1993.  
(Prepared by: UNIDO Secretariat)
10. Information Sources on Leather, Footwear and Leather Products Industry  
(Prepared by: UNIDO Secretariat)
11. Teaching Methods  
(Prepared by: Mr. Alan Hart, UNIDO Consultant)
12. Quality Handbook: A Guide to BS EN ISO 9002  
(Prepared by: Mr. Alan Hart, UNIDO Consultant)
13. Eastern and Southern African Hides and Skins of Domestic Bovine, Ovine and Caprine  
(Prepared by: UNIDO Secretariat)

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14. **UNIDO Technical Assistance Activities in the Field of Leather and Leather Products (as of August 1995)**  
(Prepared by: UNIDO Secretariat)
15. **Pollution Control and Low Waste Technology in the Tanning Industry**  
(Prepared by: UNIDO Secretariat)
16. **ECO-LABELLING in the Leather-based Industries**  
(Prepared by: UNIDO Secretariat)
17. **QUALITY MANAGEMENT in the Leather-based Industries**  
(Prepared by: UNIDO Secretariat)
18. **The Leather Related Industries in the Countries of the Economic Cooperation Organization**  
(Prepared by: UNIDO Secretariat)
19. **PROFESSIONAL TRAINING in the Leather-based Industries**  
(Prepared by: UNIDO Secretariat)

**LIST OF REGISTERED PARTICIPANTS**

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ANNEX 2

**A PROPOSAL REQUESTING THE ASSISTANCE OF UNIDO  
BY THE ISLAMIC REPUBLIC OF IRAN**

1. Establishment of a training institute for leather manufacturing and shoe making industries for achievement of the following duties:
  - a- offering higher education in leather and shoe technology with internationally acceptable certificates;
  - b- offering short term training courses for the supervisors in these industries;
  - c- handling research programs with the help of well-equipped laboratory;
  - d- offering quality control skills according to BSI or DIN test methods and assisting various tanneries and helping shoe manufacturing companies to obtain ISO 9000 family certificates;
  - e- offering special short term courses for trouble-shooting in these industries;
  - f- the institute should be equipped with a separate and well-equipped laboratory for ecological problems. This laboratory should examine the waste water and be able to test the treatment methods and perform them in industrial scale. This laboratory together with the application laboratory would examine the new eco-friendly processes.
2. Carrying training courses for total quality control and total management according to ISO 9002 requirements to increase efficiency of labor, management and raw material in these industries.
3. Offering proper advises and suggestions to the policy makers regarding formulation of appropriate rules and regulations necessary for export-oriented developments in leather and show industries.
4. Offering technical and material assistance to design and construct suitable centralized waste water treatment plans in Iranian leather towns starting from Varamin leather town. Moreover, the Iranian Ministry of Industries expects UNIDO's cooperation in the following fields:
  - a- to assist ECO countries for carrying on periodical inter-regional trade fairs in ECO countries;

- b- to eliminate the custom tariff barriers among ECO countries to promote multilateral business relations;
- c- Finally, the Ministry of Industries hopes that UNIDO be in a position to consider the Islamic Republic of Iran as the host country for the 13th Panel of leather and leather based industries again.

### ECONOMIC COOPERATION ORGANIZATION

The Deputy Secretary-General of Economic Cooperation Organization expressed his gratitude and thanks to UNIDO for extending an invitation to the member countries to participate in the 12th Session of UNIDO Panel on Leather Products. He further referred to the fact that the participation of experts from ECO countries would provide a unique opportunity for them not only to interact with the most renowned names in the leather industry but also to explore with UNIDO the ways and means of promoting their respective leather industry. This forum would also provide an occasion for ECO members to ascertain the opportunities of close cooperation and collaboration between themselves.

He proceeded by informing that Economic Cooperation Organization (ECO) was established in 1985 as a tri-lateral Organization of Iran, Pakistan and Turkey to promote multi-dimensional regional cooperation with a view to creating conditions for sustained socio-economic growth in the member states. In 1992, ECO admitted Afghanistan and six new members from Central Asia and Caucasus.

Since its expansion, the Organization has gone a long way in adopting comprehensive plans of action for the future which include Quetta Plan of Action, ECO Long-Term Perspectives (Istanbul Declaration) and an outline plan for the Development of Transport Sector in the ECO region. Agreements have also been signed to launch various ECO projects/institutions namely, ECO Trade and Development Bank, ECO Shipping Company, ECO Air, ECO Reinsurance Company, ECO Science Foundation and ECO Cultural Institute.

In the context of increasing emphasis on the concept of inter-regional cooperation, ECO has established institutionalized cooperative relationship with several UN Agencies and other international organizations. Cooperative linkages between ECO and UNIDO also exist as a result of the relationship agreement signed between ECO and UNIDO on 25 January 1994, in Tehran.

He finally expressed, on behalf of ECO, his sincere gratitude to UNIDO for sending Mr. Sandor Zagyi, International Consultant on Leather and Leather Products Marketing/Promotion to ECO Countries. Mr. Zagyi has done wonder job by preparing a comprehensive document defining the status, problems and prospects of leather, footwear and leather products industries in the ECO Region. We hope that this paper would provide a sound basis for identifying future cooperation in this field.

ANNEX 4

PAKISTAN

The participant from Pakistan informed those present that the Leather Sector in Pakistan is one of the largest foreign exchange earner, generating around \$ 750 M annually. It ranks third as exporting sector.

Pakistan is a producer of huge quantities of hides and skins. In spite of huge availability of hides and skins locally as the tanning industry is expanding, Pakistan is net importer of hides and skins. The annual imports of hides and skins were around Rls. 1016 M (around \$ 33 million) out of which the imports from E.U. countries alone were around Rls. 200 M per annum.

He further informed that leather being one of the notorious polluting industry in Pakistan, the situation regarding treatment of tannery effluent is very discouraging. However, UNIDO is assisting us in overcoming the problem and the total cost of establishment of a combined effluents pre-treatment plant is around \$ 10 M, out of which \$ 2.5 M have been committed by UNDP, whereas the remaining funds would be made available through Pakistan and Tanners Sharing.

As far as manpower training is concerned, UNIDO has assisted in the establishment of leather products development centres for training of leather garments, leather goods and gloves at Karachi and Sialkot. Similarly, UNIDO has assisted in the establishment of "Facility-cum-Training Center" at Kasur which is under the management of tanners association and is running successfully. Similarly, a national institute of leather technology is being established at Karachi.

Finally, he referred to UNIDO's technical assistance which has been very instrumental in the development of the leather sector. Similarly, FAO's assistance in hides and skins improvement has been very helpful. We have introduced appropriate techniques in hides and skins improvement, instead of going into high tech. and ECO member countries, especially Iran, can benefit from these experiences.

In order to overcome the environmental problems and pollution prevention, he referred that they require foreign assistance and cooperation amongst ECO countries in their efforts to attain cleaner production and technological changes.

TURKEY

The Turkish delegate informed those present about the situation of the Turkish leather and leather goods sector.

The share of the leather and leather products in the total Turkish economy was 1.85% in 1993. It is estimated that the share will keep approximately same figure in 1994.

At the same time the leather and leather products industry has 5th place of the total exports of Turkey. Therefore, the sector has an important place in the whole economy by manufacturing, exporting and importing leather and leather goods.

The problems which handicap the sectoral progress such as qualified labour force and entrepreneurs, product quality, technology, research and development activities can be experienced during 1994 and 1995. On the other hand, it is also considered that those structural problems can be solved by implementing free market policies and regulations.

Increase of the touristic sales, especially to those tourists coming from CEES is the main factor of the domestic demand.

Although there are advantages in the footwear industry, the potential of export cannot be utilized due to small workshop production methods, unqualified labour force and structural problems, such as inadequacy of quality and standardization by inputs of footwear, on the other hand there was an improvement observed in export sales in 1993-1994.

Leather shoes and slippers have a significant place in total footwear export sales. It is also considered that qualitative shoes made of leather would be more competitive in international markets compared with the other type of shoes.

He further informed that no problem exists in the chemical material which is used in the leather production. Most of them are produced in Turkey.

This industry causes environmental pollution, but waste treatment plants will contribute to the solution of the problem of the environmental pollution, located in Istanbul-tuzla, Izmir Menemen Leather organized estates and other leather industry estates.

Finally, he informed that Turkey has applied for full membership of EU and they hope in this way to increase the production and exports of this industry. Because of bilateral interests with EU countries and wide spreading of new technologies for competitiveness, standardization in production with the aim of having better quality products and having reliable price are also evaluated for the benefit of both Turkey and EU countries.