

February 2004



COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON MEAT AND DAIRY PRODUCTS Twentieth Session Winnipeg – Canada, 17-20 June 2004

REPORT OF THE EIGHTH SESSION OF THE SUB-GROUP ON HIDES AND SKINS (Rome, 18 December 2003)

I. INTRODUCTION

1. The Eighth Session of the Sub-Group on Hides and Skins was held in Rome on 18 December 2003. It was attended by delegates from the following countries and Member Organizations: Brazil, Burkina Faso, Eritrea, European Community, Finland, Greece, Italy, Kenya, Mali, Paraguay, Slovakia, Sudan, Tanzania (United Republic of), Thailand, Uganda, United Kingdom, and Venezuela. Observers attended from the International Trade Centre UNCTAD/WTO, the United Nations Industrial Development Organization (UNIDO), the Common Fund for Commodities (CFC), the Common Market for Eastern and Southern Africa (COMESA), the International Council of Tanners (ITC), the African Leather Association (AFLAI), the Confederation of National Associations of Tanners and Dressers of the European Community (COTANCE) and the Eastern and Southern Africa Leather Industries Association (ESALIA).

2. The Session was opened by Mr A. Sarris, Director, Commodities and Trade Division, on behalf of the Director-General. The Session elected Mr L.J. Boki, Tanzania (United Republic of) as Chairperson and Mr P. Pearson (United Kingdom) as Vice-Chairperson. The provisional agenda (CCP: ME/HS 03/1) was adopted.

3. Following the practice successfully adopted at its Seventh Session, the Sub-Group requested the Secretariat to prepare the Report of the Session and send it initially to each Delegation which might advise of any serious omission or error. Following final clearance by the Chairman the Report would be considered adopted. The Sub-Group requested that the Report be despatched to Member Governments within two months of the Session.

II. ECONOMIC, INTERGOVERNMENTAL AND POLICY ISSUES

A. LINKAGES BETWEEN TRADE AND ENVIRONMENTAL POLICIES IN THE HIDES AND SKINS AND LEATHER SECTOR

4. Following a request made at its Seventh Session, the Sub-Group reviewed linkages between trade and environmental policies on the basis of document CCP: ME/HS 03/2 that provided a description of an empirical analysis undertaken by the Secretariat and the related results. It noted that the analysis was rather restricted mainly due to the lack of information related to the costs of abatement for compliance with the environmental restrictions and to the export restrictions implemented in developing countries. However, the Sub-Group considered that it provided a useful foundation for further work which should be pursued.

5. The Sub-Group agreed that further analysis of the impact which environmental regulations have on the tanning industry should be pursued. It was suggested that the Secretariat should co-operate with UNIDO and COTANCE on this issue and collect additional data that will assist in the analysis of the cost structure of the tanning industry across several countries. The Sub-Group also recognised the need for further empirical analysis on trade liberalization and the effect of lowering trade barriers, especially in the context of the Doha Round of negotiations. It was noted that more data on export restrictions and on other instruments such as non-tariff barriers should be collected and that the analysis should focus on specific countries that are important players in the international market for hides and skins, leather and leather products, rather than on geographical regions.

B. HIDES AND SKINS AND LEATHER - STRATEGY FOR DEVELOPMENT

6. The Sub-Group reiterated the view expressed in the previous agenda item, that continuing efforts be made to improve the statistical and economic analysis undertaken by the Secretariat, particularly on issues relating to restrictive trade policies. It noted that the new trade nomenclature, incorporating several additional categories of semi-processed material, should be reflected in the statistics in coming years. In this regard, the Sub-Group took note of the newly created Electronic Information Exchange Network that would serve as a source of information, in addition to being used as an informal forum for the discussion, among subscribers, of all issues relevant to the national and international markets and policies for hides, skins, leather and leather products¹. It urged that the Strategy might be made more ambitious also in other areas, such as improving the image of the industry. It encouraged the Secretariat to cooperate with other governmental, non-governmental and private sector organisations, including, in the African context, particularly NEPAD as well as other regional bodies, in order to maximise the benefit that might be gained from the limited resources available to it, and in order to ensure consistency between the efforts made by these various bodies.

7. Subject to these considerations, the Sub-Group endorsed the proposed strategy, which would guide the work of the Secretariat in the coming years. It agreed that the Strategy should be placed regularly on its agenda for review at future sessions, so that progress can be monitored and so that it might be adapted in the light of any changing requirements.

¹ In order to subscribe to the network, please send an e-mail to mailserv@mailserv.fao.org leaving the subject blank and then put in the first line of the message the following:-

subscribe **Hides-and-Skins-L**

C. COMMODITY DEVELOPMENT ACTIVITIES

8. In its role as International Commodity Body under the rules of the Common Fund for Commodities, the Sub-Group assessed the progress which has been made on its active projects and reviewed the efforts made to secure assistance for additional commodity development activities from the Common Fund for Commodities. It did so on the basis of document CCP: ME/HS 03/4.

9. In order that decision-making on projects might proceed in the period between its biennial meetings, the Sub-Group delegated authority to its Bureau to endorse project proposals, in consultation with the Secretariat and based on expert advice from appropriate governmental and non-governmental bodies.

10. The Sub-Group noted that the project entitled *Raw hides and skins grading and pricing system in selected African countries* financed by the Common Fund for Commodities, was satisfactorily completed. Delegates from the countries in which project activities took place provided additional information that a marked improvement in the quality of grades presented to the markets had been observed and the Sub-Group commended those involved in the project. The Sub-Group noted that the fast-track project *Study of the requirements of the African leather sector*, was also successfully completed and that it provided the basis for the development and publication of the *Blueprint for the African leather industry* which is a description of the current state of the African leather industry and a set of recommendations for its improvement.

11. The Sub-Group considered the progress of the projects entitled *Adding value to African leather through improvement of quality of leather and leather products in Ethiopia, Kenya, Sudan and Zimbabwe* and *Commercialization of hides and skins by improving collection and quality in small-holder farming systems in Botswana, Malawi, Tanzania (United Republic of), Zambia and Zimbabwe* to have been satisfactory; the latter project had been implemented in anticipation of endorsement and the Sub-Group formally endorsed it. It noted that implementation of the project entitled *Hides and skins improvement scheme in West Africa* that was endorsed by its Seventh Session is expected to start during the first part of 2004 in Burkina Faso, Mali, Niger and Senegal.

12. The Sub-Group reviewed and endorsed in principle for subsequent development and submission to the CFC for funding the following eight new project proposals:

- a) *Grading and pricing of wet-blue hides and skins in selected western, eastern and southern African countries;*
- b) *Warehousing receipts of hides and skins in Kenya, Tanzania (United Republic of) and Uganda;*
- c) *Capacity building of the leather industry in Burundi, Rwanda, Uganda and Zambia;*
- d) *Regional hides and skins grading and pricing in Burundi, Rwanda, Sudan and Uganda;*
- e) *Control of mange, lice and keds on sheep and goats for improvement of quality of skins in Eritrea, Ethiopia, Kenya and Sudan.* This proposal seeks to make use of the CFC *Fast-track* facility to address the regional sheep and goat disease problems.
- f) *Meet in Africa 2006-2008-2010.*
- g) *Wastage of hides and skins: non-collection and damage/improvement of hide processing techniques and processes*
- h) *Workshop for the assessment of problems in hides and skins supply chain in the Caribbean and Central America.*

D. REPORT OF CONSULTATION ON HIDES AND SKINS

13. The consultation held on 17 December was attended by 22 people from 17 countries and organisations, most of whom also attended the Session of the Sub-Group. It was chaired by Dr S. Kiruthu of ESALIA. The Sub-Group was informed that the Consultation had reviewed the current and medium term market situation for hides and skins. A presentation had been made on the *Static flaying frame* (SFF), a simple and cheap device used to flay animals in slaughterhouses by which the quality of hides and skins can be much improved. The Sub-Group endorsed the view of participants in the Consultation that more widespread use of the SFF should be encouraged and that funding should be sought to promote its use.

14. The Consultation also considered the Blueprint for the African Leather Industry, the result of cooperative action by the CFC, UNIDO, ITC and FAO. The publication made a number of recommendations for the improved performance of the African leather industry. The Sub-Group recommended that the BLUEPRINT be widely distributed and its recommendations adopted so far as possible by African countries.

III. OTHER MATTERS**A. DATE AND PLACE OF NEXT MEETING**

15. Delegates made several diverse proposals relating to the date and place of its next meeting. These included the possibility that it might be held in a member country which is the beneficiary of a project on hides and skins, so that Delegates could inspect project activities; that it be held in Addis Ababa in October 2004 so as to coincide with the biennial Meet in Africa; that, in accordance with the previously established practice it should meet back-to-back with its parent body, the IGG on Meat and Dairy Products; that it not meet so close to the Christmas holiday period; and that it meet in Rome either immediately before or immediately after the Linea Pelle fair in Bologna.

16. The Sub-Group requested that these diverse alternatives be kept in mind by the Director-General when, in consultation with the Chairperson, he determines the exact date and place of the next Session.

LIST OF DOCUMENTS

CCP: ME/HS 03/1 Provisional Agenda

CCP: ME/HS 03/2 Linkages between trade and environmental policies in the hides and skins and leather sector

CCP: ME/HS 03/3 A development strategy for hides and skins

CCP: ME/HS 03/4 Developments regarding Common Fund for Commodities' projects on hides and skins

CCP: ME/HS 03/Inf.1 Statement of Competence and Voting Rights submitted by the European Community (EC) and its member states

CCP: ME/HS 03/Inf.2 List of delegates and observers (Revised)