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COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON MEAT AND DAIRY PRODUCTS

SUB-GROUP ON HIDES AND SKINS

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INFORMATION REQUIREMENTS ON HIDES AND SKINS

I. INTRODUCTION

1. The Sub-Group is, *inter alia*, a forum for the sharing of statistical and analytical information on world market developments in hides, skins and related products. Given the complexity and heterogeneity of the commodity, accessing the appropriate information is not always easy. In the Sub-Group's 'Development Strategy for Hides and Skins', one of the eight elements stresses the importance of having a comprehensive data set that permits a detailed analysis of market developments and trade outlook, as well as for planning purposes and decisions on policies and investment for the sector.

2. Comprehensive and consistent sets of data on production, trade, prices and consumption are needed at the national and international levels. Such data sets should permit developments over time in the global market to be clearly discerned. The exposition of historical trends in production, consumption and trade of raw hides, skins and products are prerequisites for forecasting future developments of prices and trade opportunities for individual countries. These analytical exercises can be adequately undertaken only if the information used at the international level facilitates comparisons between countries and at different stages of the value chain of the commodity. Sound statistical information is needed for any thorough assessment of the sector's problems to be undertaken, and for recommendations to be made and implemented for their solution.

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3. From the economic point of view, the total value of international trade in hides, skins and products far exceeds that of many other agricultural commodities. However, the statistical intelligence base of the sector distinctly lags behind those of most agricultural commodities, including those of minor significance in international trade.
4. Over the years, the Secretariat has made considerable progress in this area and many delegates will be aware of the biennial World Statistical Compendium for Raw Hides and Skins, Leather and Leather Footwear produced by the Secretariat. These data, which are used widely throughout the world, are now available through the internet and can be accessed free of charge.
5. The Sub-Group may wish to consider ways in which the usefulness and accuracy of this information may be improved. Following below are some of the areas that might be given additional attention:

II. PRODUCTION AND TRADE DATA

6. For a number of countries, data on the production of hides and skins are available in terms of weight or number of pieces. However, for many of the developing countries, reliable statistics on production are difficult to obtain. One of the reasons for this is that on-the-farm or in-the-bush slaughters – which in some cases are very numerous – are not recorded. This proportion of unrecorded slaughterings varies from country to country and generally tends to be highest for goats, lower for sheep and lowest for cattle and calves.
7. Electronic tapes from member nations serve as the major source of information on trade in hides, skins and products contained in the Statistical Compendium. However, while the process of compilation and submission of the tapes with trade data to the Secretariat is working well for some countries, the situation is less satisfactory for others. No tapes are received at all from some countries. On the average, about 110 member nations submit the electronic tapes but in some of these cases only partial information is contained on the tapes. As a result, the Secretariat needs to make estimations, with varying degrees of accuracy, to fill the gaps.
8. Delayed submission of the tapes is another constraint to the provision of timely information. For example, by late 2005, many countries were yet to provide the tapes containing the 2004 trade data. Consequently, the Statistical Compendium that is produced in any year contains trade data for only up to two years previously. This is reflected in the 2005 World Statistical Compendium for Raw Hides and Skins, Leather and Leather Footwear whose most recent trade data is for the year 2003!
9. In discussing this issue, the Sub-Group may wish to recall that at its Third Session, it approved a set of questionnaires and asked the Secretariat to send it to member countries as a source of information. Thus in 1994, a comprehensive questionnaire was developed and dispatched to member countries for the first time. However, the experiment with questionnaires did not work well. Response rates were low and, in many cases, the responses received were incomplete. Thus the use of questionnaires was suspended.
10. As part of the efforts to improve the availability of more up-to-date and informative statistics, the Secretariat began reissuing the questionnaires to Governments and industry associations in 2004, in which data on production and trade of hides, skins and leather were requested. The response was again disappointing. Some questionnaires have been properly completed and received on a timely basis but many countries either do not respond to the information request or they respond with only partial information.
11. Delegates may wish to review the use of annual questionnaires as a tool for gathering up-to-date and reliable information and possibly suggest ways in which such a method could best be utilised to exploit its potential usefulness. The Secretariat continues to believe that the questionnaires, if adequately completed by member countries, could be a good source of the much needed information. Flexible ways of sending the questionnaires from the Secretariat to member

nations could be explored. For example, while some countries may prefer receiving hard copies, others might want to respond to questionnaires by e-mail or to upload statistics through an internet portal. Delegates may also wish to suggest other approaches that could be used in addition to, or in place of, the annual questionnaires. In addition, delegates may be able to identify ways in which the trade data, normally supplied by electronic data tapes, could be made available to the Secretariat in a more timely manner.

III. CONVERSION FACTORS

12. Raw hides and skins differ tremendously due to many factors such as breed, sex, weight, geographical origin, curing method, etc. A variety of measures (number of pieces, surface area and weight) are employed in different regions of the world to express the relevant data and all three measures could be used in the statistics of a given country to express production, utilization or trade of the same commodity.

13. Such a situation, inevitably, makes the collection of meaningful statistical series in this field more complicated than with many other commodities. More than three decades ago, FAO initiated the establishment of a database on hides and skins. In order to help fill the gaps that existed in the data, and to ensure an adequate degree of statistical comparability within and between countries, a statistical approach was used that permitted the linking and integration of data at all levels of processing. Individual sets of country-specific conversion factors were developed by the Secretariat quantifying the relationships between raw hides and skins cured by different methods and their equivalent leathers tanned in various ways. The country-specific conversion factors were first published in 1981 and updated in 1992 in the light of new information. These factors have produced acceptable results over the years. However, it may be that as the technology for production and processing of hides and skins has evolved, in particular regarding the proportion of split versus grain yields in the leather production, the conversion factors may now need to be updated.

14. To that effect, the Sub-Group may wish to review the conversion factors and advise whether an update is necessary. In this regard, country-specific sets of conversion factors, as published in 1992, are provided with this document.

15. If an update is considered necessary, delegates may wish to note that the review of the Conversion Factors in 1992 involved the recruitment of a consultant who worked closely with experts in various countries and with the Secretariat. Delegates may also consider the possibility of identifying sector experts in their respective countries with whom the Secretariat could liaise.

IV. PRICES

16. Information on prices is an invaluable tool for assessing commodity market developments. It reveals the impact of policies (both domestic and international), and can serve to indicate shifting patterns of trade. Prices are the first indicators of market changes related to factors such as weather and animal disease problems, changes in demand, changes in the structure of industries, etc.

17. Currently there exists no formal mechanism for collecting, collating and disseminating information on current prices and price movements in hides, skins and leather to the primary producers, tanners, buyers and other interested stakeholders. This has hampered development in the sector, especially the implementation of the purchase-by-grade system and the trickling down of better prices to the primary producers.

18. As a general observation, price information for raw hides and skins produced in developed countries seems to be more easily accessible than for those in developing countries. Also, information on prices becomes progressively more difficult to access with the increasing degree of processing. Thus, while prices of wet-blue leathers are quoted in some countries, only

sporadic price data are published for finished leathers and virtually none for leather manufactured products.

19. Over the years, the Secretariat has attempted to build a consistent series of prices from secondary sources. However, the process has been frustrating and proved, in the end, to be unworkable, primarily because it has not been possible to identify price series which were available consistently over a long period of time.

20. The Secretariat is aware of only one global price database on hides and skins, and this is privately funded. Many interested users, especially in the developing countries, have expressed their inability to afford the required expenses in order to have access to that information. Ideally, it would be desirable to develop a price database consisting of a historical series of monthly domestic and international prices for hides, skins, leather and relevant products. With such information, representative price indices for different sectors of hides and skins markets in different regions of the world could be constructed and disseminated.

21. The Sub-Group may therefore wish to consider means by which information on prices could be collected and shared among its members. It is clear that the relevant information exists in the various countries and some process of collecting and collating it may be beneficial. Delegates may wish to explore mechanisms by which prices and other hides and skins information can be collected and passed to the Secretariat. This could involve the designation of a liaison point, each in a member country, possibly a person in the relevant government ministry, to channel information from the private sector.

22. In past years, the Secretariat itself has put considerable effort into the development of the statistical data base, including seeking data which is not readily available. Under present circumstances, however, the resources available to the Secretariat are much more limited, and the success of attempts to establish a functional and up-to-date set of price information will depend very much on the efforts of member countries.

V. CONCLUSION

23. The Secretariat has made considerable progress over the years in providing statistical data on the hides, skins and leather sector, but a lot more remains to be done. The Sub-Group is invited to consider improvements that might be made to the collection and sharing of statistical information on the hides and skins sector, particularly regarding:

- a) *deficiencies in production and trade data;*
- b) *validity of the conversion factors; and*
- c) *lack of a consistent and publicly available information system on hides and skins prices.*