

Post Meeting Report

The Hide Market Crash and its influence on the future of the leather industry.

By Ron Sauer

The Chinese, Americans, Brazilians and Indians all expressed their anger, disappointment and frustrations about the happenings in the trade from last year October onwards and still daily business today. The disrespect for contracts, the impossibility to enforce them, the international trade organisations which in spite of good will lack the resources to do something about it, the lawlessness in general which has taken over our previously attractive trade.

The problems were clearly laid out on the table. Of course there was no possibility to do something about a worldwide problem which is strangling the raw hide and leather trade in the 2 hours at our disposal on 2 April. But this was a remarkable start to address the problem in a serious, organised and sustainable way.

The major players were present and ready to talk. The undersigned was happy to note that a clear result was the agreement between the International Hide, Skin and Leather Traders Organisation (ICHSLTA) and the International Council of Tanners to restart discussions on the subject and consider possible changes to the International Contracts No. 6 and 7 presently ruling the trade. As a matter of fact the 2 organisations had already met the day before the meeting of 2 April.

No changes can be made and no solutions can be found without admitting they exist and without showing the preparedness to sit down and talk. This was the positive outcome of the meeting. All admitted they have been and still are suffering and losing money by the present state of affairs, nobody wants this and something must be done to improve this multi billion Dollar business.

The undersigned stated he did not want the meeting to turn into a mudslinging event with all kinds of accusations being shouted through the conference room. He had the opportunity to express his opinion which is as follows:

In our trade there are good guys and bad guys both on sellers and on buyers' side. It is good to remember that through the years when the market was bullish there were plenty of sellers who never shipped when prices went up. It is no problem to fill an A4 size page with their names. Now it is time to fill the same A4 page with names of buyers who do not respect their contracts. These are hard and regrettable facts. It will therefore not lead us anywhere if we only try to find the guilty one of this day.

As a trade we must admit that we, the buyers and the sellers, have made a mess of our business. We have not followed the rules and conditions we have established ourselves in the international contracts. Contracts of which many now say they are not worth the paper they are printed on. We have invented stale bills of lading, accepted credit clauses which are totally irresponsible, played around with product descriptions, falsified documents, you name it! And there is nobody else too blame but ourselves.

We have created 2 international organisations of which many say they proved useless, powerless and that therefore they cancelled their memberships. We forget to add that nobody ever supplied the resources to these organisations to actually, seriously and usefully execute their job. Why not? Because we don't want to pay for it, at least not what it takes! Also here there is nobody else too blame but ourselves.

Now many of us are in trouble. And not surprisingly, even when mentioning the organisation of this meeting, many were the reactions which said: Useless, forget it, nothing will come out of it, waste of time, its everybody for himself, no contract or association can help me, etc. etc.

I challenged these reactions by stating that if they were right we were actually saying and admitting that our leather business was soooooo special. That it was beyond all solutions and could only exist in total disarray with no hope at all. What, it means that the global problems in the financial world and in the car industry for instance are nothing, peanuts, in comparison with what we are going through in the greatest of all, the leather trade!!! The entire world, industries, governments, etc. are presently meeting and talking to try and find a way out of the present economic problems. But we in the leather trade cannot do that? B.....t!

If we want it, we can do it! We just have to admit that we ourselves are the cause of the problems. Who else can we accuse? There were no answers to this last question. The arguments of the anti-everything lobby are the same as saying there is no use in having police since crime still exists, there is no use in having a Human Rights Watch since human rights are still being violated everywhere. I guess I made myself clear.

I have no problems in criticising existing organisations and contracts. We must be realistic and indeed admit that the present contracts do no longer seem to work and the same counts for our trade associations. The proof is that ever fewer people use the contracts and that ever fewer people wish to be member of an industry association. If they don't work then let us get rid of them, change them or create new one(s). This is where we are now.

It is good that these facts have been recognised. We are going to talk. The present contracts are very much dated; they were put together by countries most of which no longer play an important role in the trade. The giants of today in our business were never involved in the conception of the contracts and since long say they don't agree with much of what is in them. I guess they have the right! What is the use of pushing a contract that many refuse to accept? We have no choice but to create contracts that all parties agree and can live with. All the rest is an old time dream.

The same counts for our 2 major trade associations ICT and ICHSLTA. If there is no confidence that they are actually able to protect the interests of their members, we should change them or even dissolve them. What about one new association working for the interest of the global trade and industry in the widest sense and in which buyers and sellers are equally represented?

Look at the present state of our associations. A few very courageous and hard working people are doing what they can to keep them alive. They merit medals for that. But their members don't give them anything (read: money) to do their job. Members prefer to keep moaning and complaining from the dark corners of their companies. Members tell them to make a table but refuse to buy them timber, a hammer and nails so they can actually put that table together!

Our business has become so international that only global associations are able to organise, guide and advise the trade in a way which could work in everybody's interest. We have them, now let us make them work. The raw trade alone is estimated at over 5 billion Dollars a year. And we treat it like a kindergarten theatre from around the corner. With directors who work on it as a sideline job, almost as volunteers, badly remunerated.

I think our business deserves a professional, independent association(s) to protect and promote interests, to assist in resolving problems (as we are facing now), to create contracts and general rules of behaviour, to supply guidelines, to publish possible solutions to general problems. There should be a permanent office(s) working full time with the means to do so. The financial resources should come from national association who, after all, are the only ones able to collect funds in their own countries (no international association could do that) to stay in touch with governments and international organisations where needed or useful.

There should be clear advantages for an industry player to be a PAYING member of his association and clear disadvantages for those who are not willing to join. It cannot work otherwise. Plenty to talk about. So to those who say ok, let's go for it, let's go.

The Brazilian leather association CICB has already offered to host a next meeting at their leather fair in Sao Paulo in January next year. But January is far away and the problems are here now. I think it is up to the existing national and international associations to take the next step and to take it NOW.

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