

Country Commentary: Mongolia



Stepping up its leather industry

Mongolia, located in North-Central Asia, is landlocked between China and Russia. With an area of 1,564,116 km², the country is slightly smaller than Alaska. The terrain comprises vast semi-deserts and desert plains, grassy steppe, mountains in the west and south-west, and the Gobi Desert in the south central region. The climate has large daily and seasonal temperature ranges. Temperatures occasionally drop to -32°C but can also rise to 41°C. Sudden cold periods, known as 'zud', in early spring are known to kill many livestock.

The country provides a rich fund of resources for the population of just over 2.5 million people. Although half of the population lives in the capital, Ulaanbaatar (Ulan Bator), the demographic density is the lowest in the world at fewer than two people per square kilometre.

For many years Mongolians processed hides and skins from goat, sheep, horse, cow and camel using traditional methods, and this met the needs of the country. At the time of independence from China* in the early 1920s, documents show that the quantity of leather being made by these methods was one million sheep skins, 700,000 kid skins, 60,000 cow hides, 50,000 horse hides and 6,000 camel hides per year.

Between 1934-1990 the tanning industry was intensively developed and established six different types of leathers:

- Goat leathers at three million skins per year
- Sheep leathers at 150,000 skins per year
- Cattle, horse, and camel hides at 90,000 hides per year
- Sole and glove leather
- A fur tanning industry based on wild animals, and kid, goat and hair sheep leather—mainly located in Darkhan City, 260 km to the north-west of Ulaanbaatar

At the end of this period, almost all the leather was produced by 13 tanneries, centralised in the Khan-Uul district of Ulaanbaatar, and was made into shoes, leather jackets and leather goods. There were also spin-off industries such as wool cleaning, hair processing into felt for shoes, spinning, weaving and the production of other fabrics. In addition there were support industries such as a glue factory for recycling solid wastes and factories for producing small leather goods from leather waste material and off-cuts.

From 1990, production by the formerly state-owned tanneries and finished leather goods manufacturers stagnated and output ➤



Sukhbaatar Square in the heart of Ulaanbaatar. Founded in 1639, and considered the coldest capital city in the world, its name has changed four times over the years. It means Red Hero.



Some two million horses roam the country, and the animal is an essential part of the country's heritage and culture. Most nomadic families have at least fifty horses, and some have as many as one thousand. Horses also provide a favourite Mongolian summer drink, *airag*, a mildly alcoholic fermented mare's milk.



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declined sharply. A number of small- and medium-sized privately-owned enterprises were established, but they produced at a low quality level and both production output as well as capacity utilisation decreased considerably.

Mongolia has a large nomadic livestock population, and so the preservation of hides and skins continued—with exports mainly to China until 2002. At this time, with the objective of developing the

domestic tanning industry, the Mongolian government decreed that exports of salted, dry and pickled raw hides and skins should be restricted.

According to official statistics, in the year 2000, 83% of hides and skins were exported unprocessed. By 2005, this had decreased to 4%. This sharp decline in exports is also attributed to the Chinese government's ban on imports of raw hides and skins of separate-hoofed animals in

2000 due to the outbreak of foot-and-mouth disease in one area. This left the field open to domestic tanners who could buy their raw material at prices unaffected by overseas buyers. At present there are 38 tanneries, mostly reliant on chemicals imported from China, although some speciality retanning agents are imported from Europe. Importantly, for the future development of the leather sector, there are two research and development



Yaks are able to live in the high altitude regions of the country.



Parade in Ulaanbaatar to celebrate Nadaam. The biggest festival of the year for Mongolians, it starts with a colourful parade of soldiers, monks, musicians and athletes—archers, jockeys and wrestlers.

Panel I:

Exports of raw material, leather and leather products Jan-Oct 2005

Type of raw material	Quantity (pieces)	Value (\$'000)	Main importing country
Raw hides and skins of bovine or equine animals	165,266	2,651.5	China
Whole hides and skins of equine animals, dry-salted	1,200	19.2	China
Whole hides and skins of equine animals, fresh or wet-salted	92,550	1,469.2	China
Raw skins of sheep or lambs	1,202	7.9	1,000 were exported to China
Goat and kid skins	17,200	37.6	China
Camel hides	202,300 kg	56.8	China
Bovine or equine leather	1,893,146 m ²	3,669.5	The bulk went to China with Italy taking 12,503 m ²
Sheep or lamb skin leather	6,407,260 m ²	11,488.8	The bulk went to China with Italy taking 345,182 m ²
Leather garments		3.3	USA, Russia
Leather jackets		2.1	USA, Russia
Raw fur skins	56,011	450.0	The bulk went to China and a few to Spain
Mongolian unprocessed goat skin	56,000	448.4	China
Tanned or dressed fur skins	41,682	296.9	The bulk went to China
Fur skin articles	591	140.6	Mainly to Russia and some to Denmark and Ukraine
Fur skin coats	33	4.2	Russia
Coats with fur skin lining	27	0.9	Denmark
Marmot skin coats	521	134.8	Russia and some to Ukraine

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Panel 2:

Support organisations and training

There are two research and development organisations for the tanning industry.

1) The Research and Development Institute of Light Industry

This organisation includes tanning, wool processing, and textile, wood, sewing and publishing. Established in 1971, the institute carries out scientific research and construction work for the development of the country's light industry. The objectives of this institute are to:

- Help define a scientific and technological policy for the light industrial sector.
- Carry out scientific research and development work, and introduce these findings to production.
- Assess and manage specified projects.
- Develop upgrading courses for senior engineers.
- Improve the traditional methods used to produce wool and preserve skins with up-to-date technology, and apply it in practice.
- Investigate the development of small- and medium-sized enterprises in light industry, making proposals as part of defining state policy, and implementing them as appropriate.
- Collaborate in research projects with domestic and foreign organisations: introduce the findings into production or patent these findings.
- Arrange short-term workshops for workforce training in the light industrial sector.
- Provide consumers with up-to-date information.

2) ARMONO Corporation

Founded in 1997, its activities are focused on:

- Developing ecologically-oriented technology for processing leather, fur and wood.
- Managing projects for small enterprises.
- Investing in chemical and auxiliary materials, leather and fur, wood-processing factories.
- Producing leather, fur and wood products, business activities in the light industry sector.
- Training engineers, technologists and workers in the light industry sector.
- Technical consultancy in leather production including environmental protection.
- Physical and chemical leather testing.
- Analysis of wastewater.
- Analysis of chemical products.

Training

In 1966, training schemes were set up for the leather sector, but these dwindled and finally ceased in 1996. All of the current technicians were mainly trained in Russia, Ukraine, Bulgaria, Hungary, and the former Czechoslovakia and German Democratic Republic. At present training is by induction and with support from The Research and Development Institute of Light Industry; however the Mongolian University of Science and Technology is now preparing two-year courses in leather technology.

organisations for the tanning industry (Panel 2).

In 2005, the approximate livestock population was recorded as:

Cattle	2.0	million
Camel	0.25	million
Horse	2.0	million
Sheep	12.9	million
Goat	13.3	million

Each year about 3.5 million sheep, 2.3 million goats, 0.48 million cattle and 0.33 million horses are taken to abattoirs for slaughter and the meat transported to local markets and for export.

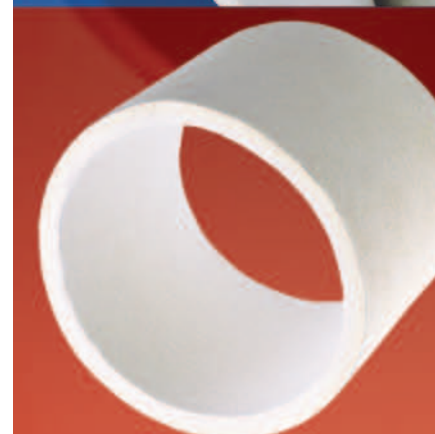
Although not a large industry, exports by

the leather manufacturing sector have shown some growth in recent years and in 2005 it represented some 2.7% of total Mongolian exports. The breakdown of exports is given as Panel 1. 🌐

**In the 17th century, the Manchus took control of Mongolia and it remained in Chinese hands until 1911 when the Mongolian aristocracy, supported by Tsarist Russia, declared independence from China. In 1919, China reoccupied Mongolia but in 1921 a struggle ensued for control of the country between the White Russians, Chinese and Communists. Finally, in 1924, Mongolia became an independent Communist state. In 1990, it became the first Asian state to abandon Communist rule.*

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