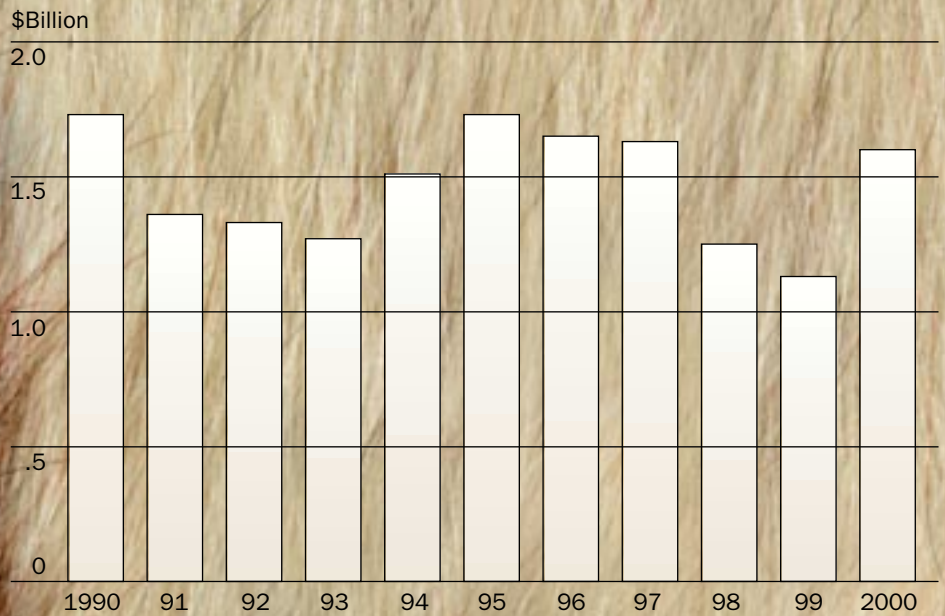


Hide Exports Respond to Love for Leather

U.S. animal hides and skins are favored for quality and durability worldwide. Last year, exports rebounded from a two-year slump, rising to \$1.6 billion—up 42% from 1999. Export value got a lift from significantly higher prices, reflecting a strong upturn in demand from tanners in South Korea and much of Asia. Automotive suppliers helped spur the stampede as they responded to the ever-growing consumer lust for leather seating. Industry sources also point to concerns about future cattle hide supplies as a result of BSE fears in Europe and the decline in meat-eating there. The United States is the world's largest hides producer and exporter. Much of it comes back as finished leather goods—upholstery, handbags, garments and some 1.4 billion pairs of imported shoes last year, the vast majority from China.

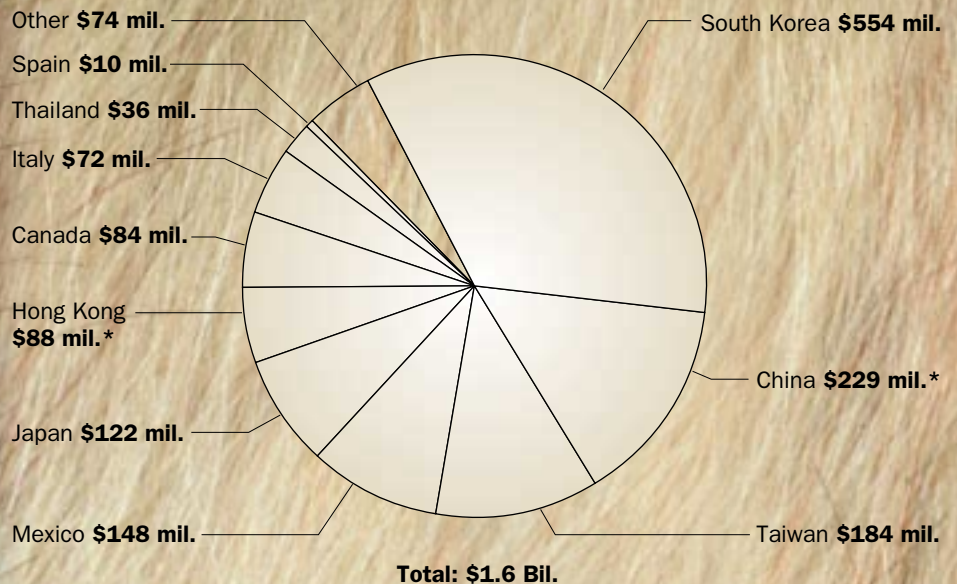
Among many customers, a few dominate. After two years of sluggish sales, U.S. hide exports to South Korea surged 61% to \$554 million in 2000. Credit goes to Korea's economic turnaround and the related recovery in its tanning industry, plus help from USDA export credit guarantees. The leather from South Korea goes into shoes and other finished goods made in China. But China is also expanding its own leather-making, boosting direct U.S. hide sales there by 137% to a record \$229 million in 2000. For the first time, China became our No. 2 market. Among other top markets, U.S. exports to Taiwan, also a leading footwear producer, rose 12% last year, while value fell 4% to Mexico for a second year of decline. Sales were up 45% to Japan and up 74% to Hong Kong, reaching a record \$88 million.

U.S. Hide and Skin Exports Recover From Two-Year Value Decline



Source: FAS from U.S. Census Bureau export data.

Top Three Markets Take 60% of U.S. Hide and Skin Exports in 2000



*New record for U.S. hide and skin exports to this market. Source: FAS from U.S. Census Bureau export data.