



Europe mulls best course of action

With the EC addressing the 'problem of labelling' and COTANCE calling for changes in skin trading, the industry is in a state of consultation about the optimal way forward.

The European Commission has launched a consultation on leathergoods, how they are defined and labelled in the market, and is calling for participation from government bodies, manufacturers, retailers and other affected by the issue to help draw up definitive standards.

The consultation will feed into an ongoing impact assessment procedure, with a view to a possible proposal of the Commission on an authenticity leather labelling system at EU level.

Problems arise from products that are fraudulently labelled as leather or are counterfeit as well as products that are labelled 'leather' (e.g. 'eco-leather', 'synthetic leather') and may induce the consumer to think that they are of animal origin.

The consultation covers all leather products and products which have the aspect of leather but are made of other materials. Since the labelling of leather shoes is already regulated by Directive 94/11/EC (Footwear Directive), shoes are excluded.

Consumer organisations, market surveillance bodies, test laboratories, interest groups, retailers, and other interested bodies can take part on the EC's website, until January 31, 2014.

Progress for Global Leather Co-ordinating Committee

The Global Leather Co-ordinating Committee, made up of members of ICHSLTA (International Council of Hide Skin and Leather Traders Association), ICT (International Council of Tanners) and

IULTCS (International Union of Leather Technologists and Chemists Societies), met for the fifth time in Bologna, Italy to review progress on a number of projects jointly sponsored by the three organisations.

The projects include worldwide registration and control of the international leather mark, construction of a centralised database of regulations and veterinary

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health certificates for leather, establishment of a leather carbon footprint profile and EC pilot project for green products, and drafting a list of critical substances in leather.

The ICT continues to compile its database of leather labelling standards and regulations by country, which will soon be made publicly available on the revamped ICT website. To date, there are over 60 entries to the database which also provides standard definitions for the correct labelling of leather products. The GLCC encourages the global leather industry to promote the standard definitions for leather labelling in order to protect leather's image in the marketplace.

Progress has also been made on mapping the registration of the international leather mark in a number of countries. The GLCC will continue to work towards full registration of the mark in all major markets, with the goal of linking the mark to the correct labelling of leather according to the established ICT definition.

Work on the leather carbon footprint data collection project also continues with multiple tanneries interested in participation.

COTANCE, the European tanning industry's representative body in Brussels, has successfully applied for the leather industry to be included in an EU pilot study that seeks to establish a single market for "green products". This study will seek to define Product Category Rules and System boundaries that calculate the carbon footprint for leather according to the UNIDO recommended method. This data will be used to establish the carbon footprint profile of the leather industry, ensuring the carbon emissions assigned to the industry are a direct result of the leather production process. Companies are encouraged to participate in the data collection process via a private consultant applying UNIDO protocols.

Finally, the IULTCS continues its work of drafting an official document on chemical substances of concern for leather products. The report will be used to ensure only appropriate chemicals are tested for, and that the right analytical techniques are used in restricted substances lists developed for the leather industry. IULTCS has an agreement with the International Organization for Standardisation (ISO) and the European CEN to develop test methods and documents for leather products.

The next meeting of the GLCC will be held at the Asia Pacific Leather Fair in Hong Kong in March 2014. ©

COTANCE sends stark warning to European trade authorities

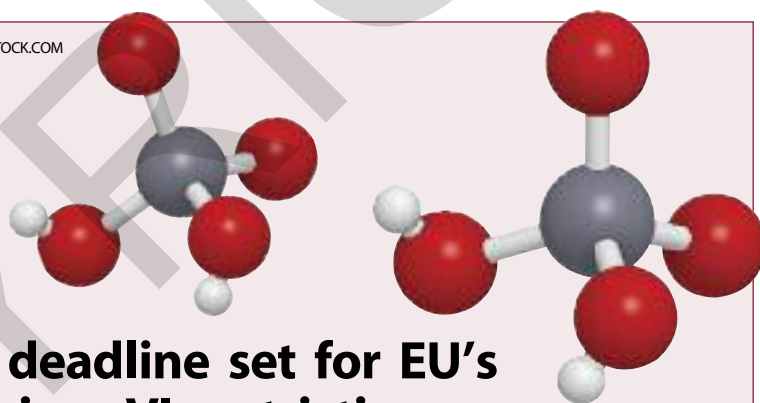
Without action, the European leather industry's "days are numbered" - is the stark message COTANCE wishes to send out as raw material prices squeeze European tanners into a "non-sustainable business scenario".

"Every day we receive more information on supplier countries throttling exports of raw hides, skins and wet blue," it said in a statement. "More and more countries are adopting protectionist measures, reducing the supply in the open market and competitors operating behind such 'protecting walls' increasingly consume those resources remaining."

"Argentina, Brazil, Andean Countries, India, Pakistan, Bangladesh, Ethiopia, Indonesia, Russia, Ukraine, Morocco, Nigeria and now Turkey do not allow European tanners to source freely raw materials in their domestic market while they raid barrier-free markets such as Europe. Without reciprocity the European leather industry's days are numbered."

"Europe needs to make up its mind whether it wants to keep the world's top leather industry at home generating wealth and employment or whether it will surrender without resistance to unfair trade barriers and rogue business practices." ©

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2015 deadline set for EU's chromium VI restriction

The European Commission has notified the World Trade Organization (WTO) of a draft commission regulation amending REACH Annex XVII of (EC) No 1907/2006 regarding chromium VI compounds in leather articles and articles containing leather parts.

The proposed date of application is expected in the first quarter of 2015.

The draft regulation prohibits any leather articles or articles containing leather parts that come into contact with skin which contain three or more mg/kg (0.0003%) of chromium VI from being placed on the market. It does not apply to second-hand articles which were in end-use before the first day of the 13th month after the date of the entry coming into force.

The proposed restriction focuses on the risk of skin sensitisation related to direct or indirect skin contact under normal or reasonably foreseeable conditions. It is not limited to consumers but covers workers who might be exposed to chromium VI compounds in their workplace, such as when wearing leather gloves or shoes.

Chromium VI compounds are toxic and are formed in leather through the oxidation of chromium III compounds, used in tanning procedures to stabilise the hide and to increase the dimensional stability and resistance to mechanical action and heat.

The proposed inclusion of chromium VI in the regulation for leather products will bring REACH in line with current legislation in Germany for leather materials in toys and other consumer products.

In 2010 the European Chemicals Agency added chromium VI oxide and other chromium VI compounds to the candidate list for substances of very high concern. ©



EC outlines leathersgoods plan

The European Commission has outlined an action plan that aims to boost the long-term competitiveness of the European leathersgoods and textile industries.

The 11-stage plan looks at both the fashion and high-end sectors and sets out initiatives, to be implemented over the “next few years”, that will enable it to better compete on a global stage.

Two ‘stages’ focus on skills and training - setting up Europe-wide apprenticeship schemes and encouraging young people to enter the industry.

The EC will offer IT help to help companies to keep pace with the increasing use of mobile devices and a growing demand for content. It will also encourage

the development of clusters of similar manufacturers to foster innovation and improve access to loans.

To deter counterfeiting, a ‘Stop fakes’ campaign will launch in member states; customs officials will be offered more training; and customs relationships with countries such as China and Hong Kong will be reinforced.

The EC will improve procedures for obtaining visas, since a high number of luxury leathersgoods purchases in Europe are made by tourists from Asia. The commission will propose modifications to the visa code and to the other main visa policy instruments, in order to take fully into account the economic potential benefits. ☉

France: French leather market ‘safest’ for consumers

The Conseil National du Cuir (French National Leather Council) has released a statement emphasising how safe it believes the French leather market is in response to reports in the press criticising the production methods used to manufacture leather items in certain countries.

Leather manufacturers, importers and distributors are required to conform to French, European and international regulations regarding the innocuousness of products. “These regulations are very strict and there is no equivalent anywhere else in the world,” said the council.

“The French authorities (Customs and Prevention of Fraud, DGCCRF) pay careful attention to products that are imported and commercialised in the country. Consequently, France is the only country in Europe to take samples from finished products and analyse them, making our market one of the safest for consumers.”

French leather, footwear and leathersgoods industry have included a detection limit of 3mg/kg chromium VI in most leather manufacture or purchase specifications documents since 2009. “Companies dedicate large proportions of their budgets to the analysis of leather by independent laboratories, with the aim of identifying products that breach these limits.

“The chromium III used in the manufacture of leather and leathersgoods is totally harmless. It should not be confused with chromium VI which can appear in certain finished products when the tanning process has been poorly managed. As this latter product has been recognised as an allergen for around four people in 100,000, the European Union will include in its REACH regulations of 2015, very low authorised levels for this product (3 mg/kilo).

“It should be noted that chromium VI can be toxic by inhalation or by ingestion, but these are not normal modes of usage for the leather products available on the market. The European Union, via its ‘Risk Assessment Committee’, considers that the environmental risk related to the presence of chromium VI in leather is very low.”

CTC, the national centre of expertise for leather, footwear and leathersgoods, works with the European Commission, CEN and ISO to increase safety in the French and international markets.

“The French leather industry is the only one in the world to have worked for the last two years on its social responsibility, within the framework of the ISO 26000 standard on CSR, one aspect of which concerns the harmlessness of products,” said the council, adding that these undertakings will soon be made public. ☉



Ozge Ulusoy walks on the Studio Vogue Leather catwalk during the 8th Istanbul Leather Fair runway show at the end of November.

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Turkey: Leather zone earmarks \$20m for waste facility

The Usak Leather Industry Zone, located in the Turkish city of Usak, is preparing to update its waste treatment facilities and has earmarked \$20 million for the upgrade.

The zone houses 50 sheepskin tanneries with a production capacity of 15 million skins per year.

The tanneries recently increased the capacity of their wastewater treatment plant from 16,000 to 24,000 cubic meters per day and now want to tackle the solid waste.

The director of the zone, Akif Kuplemmez, said: “We are considering incinerating solid waste without creating hazardous gases which will produce steam for our facilities. We are negotiating with a Scottish company on feasibility studies and are expecting to spend \$20 million on the project.” ★



Leather buoys Kering's luxury giants

Gucci owner Kering has reported that sales in its fashion and leathergoods division increased 6% during the third quarter. Gucci's sales were up 0.6%, buoyed by its leathergoods and footwear which "posted very solid results in directly operated stores". Handbags were particularly robust, driven by the success of new no-logo leather lines. Bottega Veneta posted solid growth, with leathergoods up 18%.

François-Henri Pinault, Kering's CEO, said: "Kering posted another quarter of growth, propelled by the Luxury Division's strong performance, notably in our own store network. This performance underscores the strategic rationale of our multi-brand business model and the success of our diversification strategy in terms of geographical coverage, distribution channels and product categories." ●

Germany/Switzerland: Changes for leather chemicals suppliers

Both Clariant and TFL announced they were selling their leather chemicals divisions in recent months, with TFL bought by US-based asset management firm Black Diamond Capital Management and Stahl in 'exclusive' talks to buy the Swiss firm's assets.

In a statement given to *leatherbiz*, TFL said: "TFL will operate in the same manner as before and keep its high standard in the market." The statement said Black Diamond Capital Management had been an investor in TFL for a number of years, adding that it believed that, as the new owner of the company, the asset management firm would continue to invest to help TFL move forward.

Clariant said of its deal, which is expected to close early next year subject to regulatory approval: "The combination of both businesses would create a global leader in leather chemicals with a higher growth profile than the stand-alone entities and with significant synergy potential."

In the proposed transaction, Clariant would receive 23% of the shares of Stahl and a cash payment of approximately CHF 85 million (\$95 million). The transaction includes Clariant's manufacturing sites and labs in Germany, Italy and India.

Stahl said: "The contemplated project is to create a joint venture between two of the leading suppliers to the global leather industry in terms of service, technology and innovation through the transfer from Clariant to Stahl of the respective production plants and facilities worldwide, as well as the procurement organisations. It would also encompass the associated R&D and application departments, sales and marketing as well as the support functions."

"The focus would remain on excellent service, reliability in quality and supply as well as product innovation."

In 2012, the Clariant leather services business generated CHF 266 million (\$300 million) in reported sales and earnings of CHF 24 million. The business employs 550 employees in 24 countries world-wide, predominantly in Germany, India and Italy.

Huub van Beijeren, CEO of Stahl, said: "This transaction would expand Stahl's geographic coverage and its product range even further, so as to respond even better to customer needs. It would strengthen Stahl's leadership position in leather-finishing products, both in terms of its market share and its range of technical solutions."

Clariant had announced its intention to sell the business in November 2012. ●

Gucci owner invests in snakeskin research

Luxury goods group Kering has teamed up with the International Trade Centre (ITC) and the International Union for Conservation of Nature to launch a three-year research project which aims to improve sustainability of the python trade.

The Python Conservation Partnership will focus on transparency, animal welfare and local livelihoods and the findings will contribute to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) process, which supports a framework for countries to manage their trade in endangered species.

The research will cover five areas: monitoring wild capture to improve sustainable sourcing; differentiating between captive-bred and wild animals through technology; developing and promoting high standards of animal health and welfare; exploring ways to improve captive breeding; and better understanding the impacts of the trade on local livelihoods.

"Collaboration between the private sector, NGOs, IGOs and governmental agencies is an important step forward for stakeholders to explore different ways of overcoming the various challenges the python trade faces," said Marie-Claire Daveu, chief sustainability officer at Kering.

The programme will be managed by a steering committee comprising experts from Kering and Gucci, the IUCN SSC Boa & Python Specialist Group and ITC, together with external advisors.

The Gucci and Bottega Veneta owner has upped its focus on exotic skin supply recently, purchasing the Normandy-based France Croco alligator tannery in March. ●





Italy: Finance deal will help shoe firms buy leather

Assocalzaturifici, the industry association that represents Italian footwear manufacturers, has said a system of helping small- and medium-sized companies in the sector to secure funding for promoting their shoes, at home and overseas, will continue and will now help fund footwear production too.

Loans to help meet the cost of participation in Micam in Milan, and in overseas events that Assocalzaturifici runs in markets that present strong opportunities for growth, have been available to footwear companies from Italy-based banking group UniCredit for some time. Assocalzaturifici announced at the end of November that the arrangement will continue.

Perhaps even more importantly, UniCredit will now help Italian firms to finance the production cycle of orders they generate at Assocalzaturifici events. In other words, the help available to companies will make it easier for them to attend the exhibitions, meet buyers, secure orders, go home, buy leather and other materials, make and deliver the shoes and invoice their customers.

Cash-flow pressures have been one of the biggest hurdles these companies have had to overcome in recent years, with the Italian economy still struggling to overcome the economic crisis that began in 2008 and many banks displaying a reluctance to give smaller companies the help they need. The agreement between UniCredit and Assocalzaturifici is aimed at easing some of these pressures.

On making the November announcement, Assocalzaturifici president, Cleto Sagripanti, called it “concrete help for member companies”.

Made in Italy offers hope for unemployed youngsters

With youth unemployment in Italy currently running at 31%, various industry figures are urging young people to consider learning artisan shoe-making and leathersgoods-making skills with the promise that those coming through the various training programmes that are already in place will be practically guaranteed a job.

President of employers' federation Confindustria, Giorgio Napolitano, has said on many occasions in recent months that demand for quality products that are made in Italy remains high and that, therefore, the country's tradition for manufacturing goods, including leathersgoods and shoes, offers one of the best routes into employment for young people.

Enrico Bracalente, who runs BAG, the Marche-based company that owns the successful footwear brand NeroGiardini, has provided funding for a training programme for new artisan footwear manufacturers. Fourteen young people aged between 16 and 18 have already completed the course and others are already in training. Those who have finished are already in work.

“We have never taken our production overseas and we never will,” Mr Bracalente told local media recently. “Not a lot of people realise this, but ‘Made in Italy’ is the third-most recognised brand worldwide. It pays to make your product here.”



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