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The future of European leather

COTANCE, the leather industry's representative body to the European Commission, spent 2015 looking in detail at what the European leather industry might look like in 2025. Working with its "social partner", trade union organisation industriAll, it held four seminars in four different countries. Each seminar examined a different aspect of the industry of the future. This article offers a summary of the main themes to emerge from the discussions.

The first of four 2015 seminars on the future of European leather took place in Bucharest in April, with industrial issues chosen by organisers COTANCE and industriAll as the main theme.

At the start of the event in the Romanian capital COTANCE secretary general, Gustavo Gonzalez-Quijano, said the leather industry is an essential part of the European economy, but he said social dialogue was necessary because tanners and their workforces need to work together to find "strategies that will allow us still to be here in 2025 and beyond".

Main speakers at the seminar included Paul Pearson, secretary of the International Council of Tanners, Mike Redwood from the University of Northampton and Guido Nelissen, an industrial policy expert at industriAll. They set out how major trends such as urbanisation, demographics and technological innovation might affect the production and consumption of leather in the next ten years.

Social challenges

After this successful start in Bucharest, the 'Future for European Leather' seminar programme moved to Paris in June, with the programme this time dedicated to the social challenges the European leather industry is likely to face in the next decade.

Participating speakers this time included Xavier Royer, a specialist in skills training for the leather industry, Franck

Boehly, president of the French leather industry association the Conseil National du Cuir, and Dominique Jacomet, director general of the fashion and design body, Institut Français de la Mode.

During the discussions, Gustavo Gonzalez-Quijano pointed to a lack of fairness in the global hides and skins market, which he said is affecting the competitiveness of tanners. He said: "There is no level playing field. A lot of the countries that supply hides to the global market are caught up in some sort of protectionism. In fact, 60% of all the raw material available to the leather industry across the world is subject to some kind of protectionism and this is having an impact." He said tanners have no option but to source hides and skins to make leather and that protectionism is having an effect on prices that tanners in the EU have to pay, putting them at a disadvantage compared to competitors in other parts of the world. "We have a hard time making the authorities in the EU understand this," he said, "but this is what is happening and it is unsustainable."

COTANCE president, Jonathan Muirhead, opened the Paris seminar by pointing out that, in the leather and footwear sector in the EU, there is a contribution of €80,000 in turnover per employee each year. "It's true that the industry is made up of many small companies," Mr Muirhead, who is also chairman of the Scottish Leather Group, said in his address, "but we should not underestimate the importance of our industry to the European economy."



Talk about trade

The organisation picked this theme up again in October at the third seminar in the series, for which the venue was Portugal's principal leather-producing town, Alcanena, and trade the main theme. At the Portuguese event, Mr Gonzalez-Quijano insisted that leather continues to create wealth in the EU. "We still have around 20,000 people directly employed by the leather industry," he told delegates, "but the number of people in the EU whose jobs, directly and indirectly, depend on leather could, at the outside, be as many as 1 million. We are processing almost 150 million square-metres of bovine leather per year, and more than 40 million square-metres of sheep and goat leather. Our combined turnover is €7.1 billion per year and we have a trade surplus of €1.2 billion."

With the industry such a strong contributor to global trade, though, what happens in the world economy can clearly have an enormous effect on the European leather sector. Deputy general secretary of co-organiser, trade union organisation *industriAll*, Luc Triangle, warned of potentially "dramatic consequences" for manufacturing jobs in Europe if a possible change to China's status as a trading partner with the European Union (EU) comes into effect. Mr Triangle told delegates that negotiations are well under way for the EU to grant 'Market Economy Status' (MES) to China. One of the consequences of this change would be that manufacturing industries in Europe would no longer be able to ask the EU to impose anti-dumping measures on their Chinese competitors, even if they could show that imported products were being imported from China at falsely cheap prices. The European footwear industry successfully applied for anti-dumping measures against leather shoes imported from China between 2008 and 2011, but MES will free Chinese exporters from similar measures in future.

Quoting a study by US think-tank the Economic Policy Institute, Luc Triangle said MES would lead to an increase in imports into the EU from China of between 25% and 50%. He continued: "If it's 25% we can say that 187,000 jobs connected to the EU leather sector would potentially be affected. If it's as high as 50%, the number of jobs connected to the European leather industry that would be affected would rise to 374,000. I know this is alarming. I want to alarm people. There is not nearly enough attention being given to this."

With trade the main talking point at the third event in the series, and hides and skins certain to remain a quintessential part of the trading that tanners carry out in 2025, it was fitting for the president of the International Council of Hide, Skins and Leather Trade Associations (ICHSLTA), Nick Winters, to be another of the main speakers in Alcanena. He said hide availability, globally, is likely to grow in the course of the next ten years, but that the additional volume of raw material will come from origins other than Europe.

Mr Winters projected that growth in world population and an increase in the numbers of people in developing economies who are entering the middle classes and are, therefore, able to afford to eat meat more frequently, will push beef production 22% higher between now and 2025. ICHSLTA's estimates are that global cattle slaughter is around 290 million head per year at the moment but will reach 430 million head in 2025.

"The new middle class in China is 65 million people per year, the equivalent of a new France each year, and they want to eat more beef and consume more leather," Mr Winters said. "However, meat consumption in Europe is projected to fall slightly so the extra hides will be from developing countries and

will not offer the same quality of raw material as European hides do." He said he was confident European tanners would still make the best leather in the world, even from these hides. "European tanners have the experience, the technology and the savoir-faire, the fantasy side," he said. "They can make amazing leather, even from mediocre hides."

A sustainable industry

COTANCE and *industriAll* completed the series of four seminars on the the future of European leather with an event in Glasgow in December. The main theme this time was environmental management; one keynote presentation came from Tony Covington, emeritus professor of leather science at the University of Northampton, who spoke on the subject of how sustainable the leather industry is, while industry consultant Federico Brugnoli gave an account of the detailed work he has done to determine the carbon footprint of leather (please see *Nothing To Hide*, Essay 12, in this issue of *World Leather*).

Professor Covington said he has high hopes for the use of bead technology in the tanning industry of the future. Xeros Technology Group, a UK start-up that has developed a patented polymer bead system that it claims can save large volumes of water in leather production, has been working with the University of Northampton since the start of 2014 to adapt its technology, which it says works well in dry cleaning applications, to leather production. In May 2015, Xeros entered into a partnership with major leather chemicals manufacturer Lanxess, saying it hoped this would lead to its being able to use the technology to process high-quality leather "on a commercial and scaleable basis".

Professor Covington brought the subject up in Glasgow but said that he was restricted in what he could tell delegates by legal agreements and did not mention any technology provider by name, but went on to refer to bead technology as "a new development in which water is replaced by a solid medium in a very different approach" to leather manufacture. He went on to say that for new ideas to be a success in the leather industry, they have to be compatible with what tanners can reasonably be expected to do in their existing production set-ups, but he insisted that bead technology is "practical and developable". One tanner in the audience, Colin Wade, the managing director of Andrew Muirhead & Son, asked the professor if he really thought it would be possible for companies to replace all water throughout the whole of the leather production process. Professor Covington answered: "In principle, the possibility is there."

A panel comprising these two speakers, plus the recently retired sustainability director of Stahl, Mike Tomkin, Iain McFadyen, managing director of the Scottish Leather Group, the chief executive of specialist laboratory services provider *Ars Tinctoria*, Gustavo Adrian Defeo, and Philippe Richard, secretary general of the International Chromium Development Association answered questions on the future of European leather during the afternoon session, with *World Leather* chief executive, Simon Yarwood, moderating.

A round-up event for 'The Future of European Leather' is to take place in Brussels in early February 2016. Capturing all of the main points from each of the four 2015 seminars, the Brussels event will culminate in a "manifesto" in which the European leather industry will present its needs for the period up to 2025 to the European Commission. ●