



Focus on: Automotive Leather

Jaguar Land Rover has said it will aim to work with local suppliers at its new factory in Itatiaia, Brazil.

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Better from Brazil

Improvements in livestock farming and in raw material handling are helping Brazilian packers produce better quality raw material, argues JBS Couros's Guilherme Motta. He believes it could be time for automotive companies to make more use of Brazilian hides.

The automotive leather director of JBS Couros, Guilherme Motta, is of the opinion that leather is increasingly proving its importance to automotive brands (OEMs) and to consumers. "Year by year, the appeal of leather inside a car, the value of leather, is making all the difference," he says. "I have seen a study in the US in which having genuine leather seats was third in a top ten of properties consumers want in a car. But numbers one and two were air conditioning and power windows, but I don't think there would be much interest in cars today that don't have those two things. That leaves genuine leather seats as the first expression of customers' wishes."

Other items in the list relate to heated seats, high-quality audio systems, navigation systems and so on, and then leather appears again at number eight, as people desire leather on their steering-wheels. He believes this is good news for OEMs because it allows them to use leather to promote their vehicles, as well as being good news for the leather industry. And he agrees that if the automotive leather sector continues to grow, it won't be long

before 25% of all the hides in the world go into automotive. "David Peters says 250 million per year is the global availability; we think maybe 270 million, which is within an acceptable margin. In any case, 25% of that is a really big number."

Luxury needs more luxury

One of the things he believes automotive tanners need to do in order to maintain levels of growth and to keep producing a material that OEMs and consumers find attractive is to try to increase the exclusivity of their leather ranges. He recounts a conversation with representatives of Louis Vuitton during a visit to a JBS Couros tannery. The people from the Paris-based luxury brand made it clear that what is required in the luxury sector is "even more luxury". For Mr Motta, that suggests that the more exclusive the leather in a vehicle's interior, the more appealing the car will be.

His company's calculation is that, if 5% of Brazilian hides were going into automotive in 2000, the percentage now is 30%, or



close to it. He says he knows observers of the global leather industry will find it difficult to imagine large numbers of Brazilian hides adding to automotive leather's exclusivity, but argues that Brazil's volume of hides can make other contributions, for example by enabling automotive tanners to make their leathers more easy-care, which is also important in today's market.

By 2023, he says the world will consume 75.6 million tonnes of beef per year, compared to 67.4 million in 2014. "Beef production has to go up," the JBS Couros director says. "Both the US and Brazil will add an extra one million tonnes of beef to their annual production by 2023." Overall, Brazil has a target of producing 15% more beef by 2023, to make a crucial contribution towards meeting global demand. Mr Motta says his country believes it can meet this beef target while increasing its cattle herd size by only 3% over the same period.

Bigger than jumbo

He agrees that the principal way of achieving this increase will be by producing bigger individual animals rather than more of them. He says his company's experience of making crust for automotive customers around the world has given him the clear impression that the size of hides is already increasing. "There has been a huge difference in the last 15 years," he explains. "Now only 5.5% of the hides we tan are small, which for us means less than 41 square-feet in area, while 34.7% are medium (42-51 square-feet), 50.3% are big (52-61 square-feet) and 9.5% are jumbo (more than 62 square-feet)." He adds that one recent container load of JBS hides included 11 hides that measured at least 100 square-feet each. "It's something that has started to happen now. These are big hides; they represent a real challenge with regard to how best to handle them and how to process them with the machinery we have today," he says, "but it's a reflection of the changes that have taken place in the type of animal we now have in Brazil."

He also says that, in 1994, the average age of Brazilian cattle at the time of slaughter was five years old. By 2009, this had fallen to an average age of three. This compares to a maximum of two years in the US, he says. One advantage of this is that the less

Brazilian leather on display. Hides there are becoming bigger.

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time an animal spends out in the fields, the less exposed it will be to parasites, thorns, horns and other hazards, meaning there ought to be fewer defects in the hide; this is coupled with what he describes as big improvements on Brazilian farms and in abattoirs on animal welfare. JBS runs its own abattoirs, of course, but Guilherme Motta points out that his division of the group, JBS Couros, has 80 people working inside the slaughterhouses to guide workers there on the best way to handle hides so as to allow their colleagues in the 19 tanneries the group runs in Brazil to maximise the value of the raw material.

Worth considering

Therefore, at the same time as achieving more meat per animal and more animals per hectare, the suggestion from Mr Motta is that Brazil may begin to produce better quality raw material now and his hope is that this will help convince automotive companies and the main producers of finished automotive leather that Brazilian hides are worth considering. It could be great news for tanners in Brazil that major automotive groups are opening car production plants there. BMW inaugurated its factory in Araquari in Santa Catarina in 2014, and in June, Jaguar Land Rover officially opened its first wholly owned overseas facility in Itatiaia, in the state of Rio de Janeiro. Jaguar Land Rover has specifically said it wants to use as many local suppliers as it can in its value chain in Brazil.

"In Brazil we have a saying that being a tanner is half art and half engineering," he concludes. "Maybe in automotive leather, it's more about the engineering than the art, but you still have to keep the mentality of a tanner. Tanning may be a bit behind automotive, with all its robots, but the automotive industry has taught tanners how to be disciplined and the importance of meeting customer specifications. We can keep following automotive's example, keep getting better and be part of this amazing supply chain." 🌐