



Serious about leather - serious about sustainability

Dr Matthias Halusa, global vice-president of BASF's leather chemicals business unit, reflects on his first six months working with tanners around the globe. He says he's impressed by how serious the leather industry is about sustainability.

Six months after taking over as the global vice-president of BASF's leather chemicals business, Matthias Halusa says his organisation's ongoing interest in leather after 125 years boils down to the fact that the end product is "highly desirable and individualistic, with a big emotional appeal". He also likes the "unusual" fact that no two hides are the same.

"It's an old industry, of course," he points out, "but one that still has lots of potential. It was one of the earliest business units that BASF set up, so I would say we have a lot of experience and knowledge of leather and a rich history in serving the industry."

Areas in which he is optimistic about further innovation include sustainability, plus endowing leather with new performance characteristics and enhancing its appearance.

In the visits he has been able to make to tanneries in different parts of the world during his first months in his new position, Mr Halusa says he has been struck by how technical the leather-making process is (despite strong elements of craftsmanship and artisanal ways of working). "This means the need for technical service and support from companies such as ours is considerable," he says, "and that gives us room to differentiate





ourselves; the more technical a business is, the more opportunities for us to meet the technical performance and ecological requirements of our customers. This has definitely contributed to our strong business performance this year.”

He adds that the seriousness with which the leather industry is addressing its need to become more sustainable is something else that has struck him and pleased him since he took up his new role in July 2016, after almost six years in charge of BASF's water solutions business unit. He even sees potential for his previous business unit in the leather industry because it has developed new solutions for wastewater treatment.

Asian insight

Having lived in Asia before and now based in Singapore with responsibility also for the leather research department at BASF's innovation campus in Shanghai, Mr Halusa's Asian insight suggests to him that claims from the China Leather Industry Association that tanners (like so many manufacturers in China) are now moving away from being the workshop of the world to add greater value ring true. “I've already had the opportunity to interact with a lot of customers and channel partners in China,” he says, “and I can absolutely confirm that this transition is taking place. It's already the case that customers in China who have a high value-add product to sell are doing much better than those in the volume or standard market.”

He feels certain that tanners in China and finished leather product manufacturers that are positioning themselves as higher value-add suppliers have a good future.

No match for leather

At the lower end, competition from manufacturers of synthetic materials is likely to remain intense. We hear frequently these days that many footwear manufacturers are happy using synthetic materials as alternatives to leather and there are real concerns that the low-end, mass-produced footwear business may never come back to leather. “Synthetics have certainly gained,” Matthias Halusa agrees. “One factor is that the raw material for leather became very expensive [reaching a peak in 2014] and that didn't help. Oil prices are low and that has helped materials that are made from oil derivatives; these alternative options have been very competitive. But hide prices have come down and leather will gain cost-competitiveness again and that will translate into higher demand, even in the mass market.”

From a performance perspective, he says artificial materials “still cannot match” leather owing to its emotional appeal, and he insists there will always be a “justification” for the natural

material. “Then we come to sustainability,” he adds. “There is a lot of misunderstanding that has led some people to perceive that leather is not sustainable. We can see that this is not the case, at least not compared to non-renewable resources. This is something that will come to the forefront more and more. That's not to say the market for artificial materials won't still grow; it will, but those materials will never completely replace leather.”

Lower environmental footprint

Major leather chemicals manufacturers, including BASF, have been working for years to help tanners make leather production even more sustainable. Developing chemicals with a lower environmental footprint requires investment and innovation. Meanwhile, tanners resist cost increases and complain that they are unable to pass any extra cost on to buyers of leather who often seem to want the moon and the stars, but without paying for them. For Mr Halusa, the answer to this conundrum starts with each of us, consumers who want not just leather and finished products made from leather, but everything at a cheap price. The pendulum could swing the other way, with consumers accepting in greater numbers that products that reach high standards must come at a premium; Mr Halusa says that this acceptance will take time as it involves a shift in mindset. Nevertheless, he insists that there is no alternative to addressing sustainability questions head on.

“It can't be one or the other,” he says. “As an industry we have to make sure our products meet all the regulations. But from our point of view this does not necessarily have to mean an overall cost increase for our customers. Many tanners may only see an immediate price increase but they neglect to consider the savings that come with a reduction in water and energy consumption.” He offers BASF's DryFast beamhouse system as an example, saying that it will help tanners reduce water consumption, effluent management and processing time.

“Like all stakeholders along the value chain, we support the cause for sustainability,” he concludes. “We want our customers to save water and to save energy. Coming into the business relatively recently, I have been surprised by how serious people are about sustainability; I'm immensely impressed by this. This will help tanners achieve differentiation; more sustainability and more value-add will help them differentiate themselves from the mass market and will bring them higher profitability.”

He believes that the leather industry is taking steps in the right direction and that, with a unified effort, it will be able to correct misconceptions and raise its reputation. 🌍

Dr Matthias Halusa took over as global vice-president of the leather chemicals business unit at BASF six months ago.

CREDIT: BASF