



Put me on a highway and show me a sign

The hide market is struggling to break out of a slump and it appears that there is sufficient momentum being generated on the down side to confirm the impending reality. "I've fallen and can't get up"; this phrase aptly describes the current condition of the hide market.

While it is off-season for cherry picking some astute individuals will no doubt make a contrarian play and look for anxious producers who will promote end of summer sales. The existing fundamentals continue to betray an underlying weakness, so we can expect some gyrations. However, there is nothing in our market expectations that will change the current direction. The next fork to take along the descending hide road will occur in early September. As prices decline to tempting levels we grow concerned for signs of irrational exuberance when speculators become euphoric and indulge their addiction for cheap raw stock.

But, something else is taking place that only five years ago would have been impossible to comprehend. In various countries low grade selections are no longer economically viable for sale as a low-cost substrate. Whether in Central America, South America or even in the US the cost to process low grade hides is far greater than the value obtainable. This would suggest a new market dynamic where the producer determines that certain hides are worthless.

We are witnessing a paradigm shift, driven by a hide surplus. To cope with the abundance of raw materials we are adopting rules based on economic law. This effect is being embraced by both the supplier and, in certain circumstances, aggressively by customers. The residual burden of these low-grade hides must be absorbed by the remaining selections. Meat packers will have to figure out what percentage of their production is worthless and then amortise their costs on the remaining saleable hides.

The more interesting prospect is the opportunity to change the existing standards from an ambiguous interpretation of weights and brand locations to a more exact protocol based on application. It therefore becomes appropriate to ask the following questions: Are we to assume that machine-damaged raw hides are no longer suitable for leather production? Is excessive under-hair damage now a valid reason to claim and even reject a delivery? Are we witnessing an end to renderer hide transactions? Will the blending or "shake and bake" processors adopt a more conservative approach to hide deliveries? Inquiring minds want to know.

Producers who have invested in further processing will be able to make these determinations and resolve internally which hides can be included in deliveries or meet contractual

specifications. Raw material sellers, from collectors, processors and the few remaining traders, will recalibrate their approach to describing, using and shipping certain hides.

The international guidelines governing the shipment of hides will no longer be applicable as values drop and the few remaining buyers exercise a stricter approach to product standards and specifications. As we approach the hide market's vortex the resulting disturbance will further stress the ability of many shippers to manage customer expectations and relations. This is compounded by the latest round of tariffs and international political frictions. Regardless of which side you take, the effect is only negative and will continue to challenge the integrity of many transactions.

Ancient Greek philosopher Heraclitus of Ephesus was correct when he said: "The only thing that is constant is change."

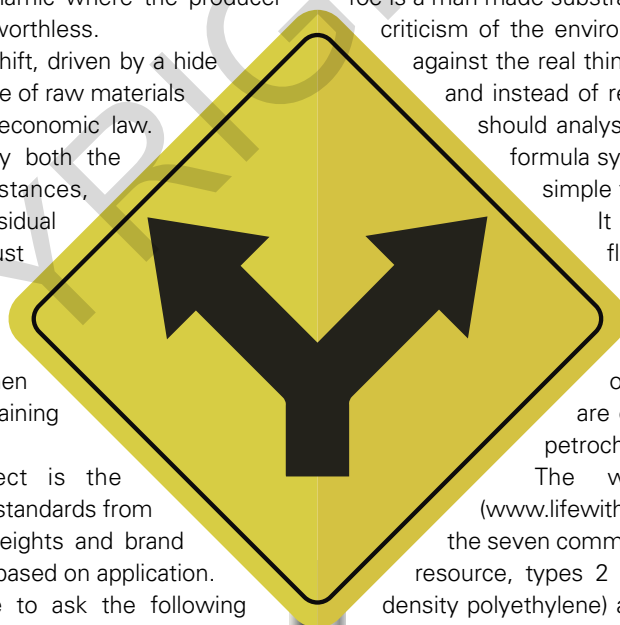
Plastic's easy ride

Meanwhile, there is no question that shoe business is good with emphasis on the athletic and comfort shoe markets. Retail, both 'bricks and mortar' and online, is producing good results for various brands. Unfortunately, the substrate of choice is anything but leather. That bastion of envy, our primary foe is a man-made substrate which appears immune from the criticism of the environmental dark state. The conspiracy against the real thing has achieved remarkable success and instead of retreating from our rightful place we should analyse, examine, study and emulate the formula synthetic manufacturers have used. In simple terms: we got a raw deal.

It is incredible to see the consistent flow of materials being fashioned out of products that were once discarded and left to either occupy landfills or were dumped into the ocean. These man-made products are often created from elements of the petrochemical industry.

The website 'Life Without Plastic' (www.lifewithoutplastic.com) gives a round-up of the seven common types of plastic. According to this resource, types 2 (high density polyethylene), 4 (low density polyethylene) and 5 (polypropylene) are "relatively safe" to use. Does that mean the lid of my travel mug is safe? It is polypropylene. We are supposed to avoid types 1 (polyester), 3 (PVC), 6 (polystyrene) and 7 (all others, including polycarbonate).

Polycarbonate is primarily made from the chemical Bisphenol A (BPA). BPA is often described as a hormone disruptor. Walk down the aisles of any drug store these days and you'll find rows of plastic products labelled BPA-Free. The point is that any form of plastic is bad, while leather is a safe material. Nevertheless, substitutes are prevailing.





Although not affecting the back of any camels, on July 1, Seattle became the first major US city to ban single-use plastic straws and utensils in food service. The last straw proclamation is indeed a noble and worthy attempt to drain society of plastic materials. Manufacturers and retailers are going to just suck it up in terms of switching to alternatives, which will most likely become paper based. We hope these materials will be recycled and biodegradable. Some estimates suggest that more than 500 million plastic straws are used each day in the US. I am not suggesting that we should be grasping at these water-logged straws and then converting them into a substrates for shoes.

Just when you thought that your chewing gum was safe on your bedpost overnight, there were reports that this adult oral pacifier is becoming a recycled material for shoes. The Gumshoe has been created as a potential solution to

the problem of chewing gum waste. It is a collaboration between sustainability company Gumdrop, marketing group lamsterdam and footwear brand Explicit. Gum is made from a synthetic rubber. When it is broken down, it can be turned into a new kind of rubber. The used gum is turned into a recycled compound called Gum-Tec, which is used to make the sole. Gumdrop says around one kilogramme (2.2 pounds) of gum is used in every four pairs of shoes. With a large volume of chewing gum consumed around the world each year, this represents a potentially interesting new material supply.

An honest material

While imaginative industrialists look to create the next and greatest replacement for leather we are reminded of the basic economic fact: value drives decision making. The collapse of the hide market will ultimately encourage designers, stylists, developers and purchasing

departments to do their best Christopher Columbus impressions and "discover" the new world of leather materials. The oxygen required to sustain synthetics, nouveau 'leather' and biofabricated replacements comes in the form of high hide prices. These substitute materials can only achieve sustainability on the basis that they are a more cost-effective alternative. Without that, there is no justification for using them.

We should accept that we have a disintegration of values and must also recognise that there are headwinds facing the future usage of hides. Essentially, we have a crisis of epic proportions. It is therefore incumbent on all parts of the industry to re-invent our value proposition.

So, let's take it to the limit one more time*: Leather is a good, honest material, while plastics are simply bad for the planet. ☹

**Glenn Frey, Don Henley & Randy Meisner*



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