



Alfa Romeo, one of the Italian automotive brands sourcing leather from the Italian leather industry. IMAGE: FCA



How Italy can meet growing demand for automotive leather

Automotive leather is growing in Italy, with the market more than doubling since 2002. But it is still only a handful of the country's 1,200 tanners that have invested in the technology and space required to add automotive to the range of markets they serve.

Italian tanners are among the most important suppliers of leather to automotive manufacturers (OEMs) worldwide because of the quality of the leather they can produce, their commitment to innovation and their reputation for promoting and maintaining high levels of sustainability. This is how national tanning industry body UNIC sums up the contribution Italy's leather manufacturers are making at the moment to the automotive leather segment.

"The Italian tanning industry invests around 4% of its turnover in sustainability projects, which is to say around €200 million per year," says UNIC president, Gianni Russo. "In 2002, the level of investment in sustainability was about half that amount. We are active participants in the work that is going on to improve chemical and environmental management and we guarantee our customers transparency and traceability." Since 2003, Italy's leather manufacturers have reduced their use of energy and water by 28.1% and 18.4% respectively. In addition, the volume of waste they generate has gone down by 13.5%. Now, 76% of all the waste materials that tanners do generate goes for recycling. "For us as tanners, sustainability is simply part of the way we work," Mr Russo concludes.

Lower than the EU average

Total production of all types of leather in Italy last year was

129 million square-metres, plus 11,000 tonnes of sole leather. Revenues from producing this volume of leather reached €5.1 billion, with €3.8 billion of that coming from sales in export markets. These figures represent a rise in volume of 6.1% and an increase in value of 1.9%. Footwear claimed the largest share of Italian leather in 2017, with almost 40% of the total volume. This was followed by leathergoods, with a share of 26.2% and furniture with 14.5%.

With an output of around 16 million square-metres of automotive leather in 2017, according to UNIC's figures, Italian automotive leather producers have more than doubled their supply of material to OEMs and their tier-one seating and steering-wheel suppliers since 2009. The figure went up by 107% during those years. "The production trend has been particularly positive in the last two years," UNIC states, "with strong growth in 2016 (+8%) and 2017 (+20%)." In the course of the last ten years, the automotive market has increased its share of overall Italian leather output, from 6% in 2008 to 12.6% in 2017.

Venetian advantage

Major automotive tanners are based largely in Veneto, forming part of the Arzignano leather cluster, but they are surprisingly few in number. Only ten medium-to-large tanneries in operation there are dedicated to automotive,



The interior of the Maserati Levante. If automotive grows to claim the same percentage share of total leather output in Italy as it has in the European Union as a whole, the small number of tanners making automotive leather now will probably have to expand their production capacity. IMAGE: MASERATI

UNIC states, whereas the overall Italian tanning sector comprises 1,213 leather manufacturers (458 of them in the Veneto region). Their customers include the most important Italian OEMs, such as Fiat, Ferrari, Maserati and Alfa Romeo, as well as international groups Audi, Volkswagen, Mercedes, Volvo and Peugeot.

With regard to the future of automotive leather production in Italy, UNIC calculates that this market segment's share of the total there is lower than in the European Union as a whole. Its figures suggest that tanners across the 28 states of the European Union in 2017 produced a little more than 215 million square-metres of leather, with 36 million square-metres of it going into automotive, 16.7%.

If projections prove accurate and vehicles such as sports utility vehicles and crossover utility vehicles become more popular in the years ahead, demand for automotive leather will stay healthy, at least at the higher end. This will be good news for Italian tanners, who insist there is no leather better than theirs. The question that arises is where the extra capacity will come from if demand for automotive leather from Italy goes up.

In the hands of the few

If automotive's share of Italian leather output were to reach the average across the European Union as a whole, at current levels, the volume would increase to 21.5 million square-metres per year, an extra 35%. It seems unlikely that tanners in the clusters in Tuscany, in Campania or in Lombardy would become part of the automotive supply network. Therefore, Veneto would have to cement further its position as a supplier of leather to OEMs.

Perhaps other leather manufacturing groups there will make the necessary investment in production space and technology to start making automotive leather in addition to their other products. This is far from impossible, but would

not be easy. A more likely scenario is that, if demand stays high, the small group of producers who have already made those investments and are already serving customers in the car industry will increase the volume of automotive leather they make. 🌐

Leather production in Italy in 2017

Total: 129 million square-metre

Footwear:	39.9%
Leathergoods:	26.2%
Furniture:	14.5%
Automotive:	12.6%
Garments and gloves:	4.6%
Other:	2.2%



The interior of the Fiat 500L. IMAGE: FCA