



The main entrance to the Junda Leather tannery in Shuangquan. ALL CREDITS: WTP



Jinan Luri Junda Leather

Shuangquan, Shandong, China

Jiajun Chen is out to tell “the true story” of leather. The president of Jinan Luri Junda Leather says: “We need meat and milk, and leather is a by-product of those industries. Most people don’t understand the work of tanners and listen instead to negative stories, things they pick up here and there. We need to tell the true story about the leather industry and this is one tannery that has a positive story to tell.”

His leather industry adventure began 30 years ago. His family’s business was in wood and carpentry in Shuangquan, about 50 kilometres south of the city of Jinan, and when the authorities decided to set up a tannery there, they asked Mr Chen to run it. He has built it up into the business it is today. Junda Leather works with cow splits, bringing in 100,000 pieces every month. Of these, 40% comes from the US, another 40% from Brazil and most of the rest

A specialist producer of cow split, Junda Leather Company has forged a reputation as a creative supplier that footwear groups producing shoes and boots for domestic and export markets have come to count on.

from Australia. The company makes 50,000 square-feet of finished split leather from this material every day, around 95% of which goes into footwear. It says it is unlikely to increase these volumes in the months ahead and will aim to achieve growth by adding value instead.



Tariffs in tense times

Its biggest single supplier of wet blue is JBS and, for good supply chain management reasons (avoiding having too many eggs in one basket, as the old saying has it), it says it is working to find others. Jiating Chen, the company president's brother and vice-general manager for importing wet blue, explains: "JBS can supply consistent quality and we have to bear in mind that changing suppliers could, potentially, compromise the consistent quality of our finished leather." He says the company has felt the effects of the trade tensions that have been building up since the start of 2018 between the US and China. Because of counter-measures imposed by the Chinese government on imports from the US, containers of wet blue arriving from the US after May this year attracted tariffs of 13%; the previous rate was 8%. In the meantime, the tariff on wet blue imports from Brazil and Australia has remained at 3%.

"I have a long-term vision," Jiajun Chen explains. "I want this tannery to be around for at least 100 years, so there are another 70 years to go." He insists that by the time Junda Leather is celebrating its centenary, it, and all other surviving leather manufacturers, will be "completely sustainable". He says: "Demand for leather is there and we can bring even more demand back if we, for example, tell more positive stories about the industry and emphasise to people what leather's natural qualities are. People like natural things; synthetic fibres cannot compare. We need to be more creative and inventive, and then this industry will last for ever."

Heritage site

The tannery is on the site of a former brickworks and the current set-up integrates some fascinating elements reflecting that heritage. An old water tower, constructed from bricks that were made on the site, still stands in the centre of the courtyard and is still in use. There is underground water here and the purpose of the tower has always been to store some of the water from that source for use during the driest months, usually December, January and February in this part of China. Even when not serving its original purpose, the terracotta-coloured tower is still a splendid sight in the sun on a summer morning. Another asset Junda Leather has inherited from its brick-making predecessor is a large, old-fashioned kiln and, while it is no longer in commission as a means of firing the bricks, it is in use. In winter, when temperatures here can reach -10°C, the leather manufacturer heats the furnace to around 70- or 80°C and forwards hides on hang-rails to the kiln for drying.

In parallel, another component of the company's strategy for drying hides, an idea developed in-house, does involve bricks. It has made stands with a base of bricks and, above that, a metal prism with pipes in the middle. In winter, the company runs hot water through these pipes and places hides on the metal prism to dry. It has 33 of these stands in total and says it has developed them because of the possibilities they present for saving energy.

Change for the better

Growing up here in the 1970s, Jiajun Chen has clear memories of the brickworks making bricks and of the life of the community in the villages close to the old factory. He says things have changed for the better; in his childhood, there was substantial poverty. "We didn't always have enough to eat then," he recalls, "and now people here have cell phones, cars and so on." In all,



This water-tower, a throwback to the site's former existence as a brickyard, is still in use. It stores water for use in the dry months.

about 30,000 people live in Shuangquan and the surrounding villages. Many work in the fields but more than 200 work in the tannery, 75% of them women. "Some of the younger people drift to the cities of course," the company president says. "Some are unenthusiastic about living in a smaller place and Jinan [population 8.7 million] is only half an hour away by road. But we also have a trend now of people coming back to Shuangquan. I've seen this in Europe too. I went some years ago and visited seven different countries there. I noticed that wealthy people wanted to live in rural areas and commute to work from there, while the people who lived in tall buildings in town tended to be poorer. It's a question of quality of life. Well, something like this is happening in China now and there are government policies to encourage people to live in smaller towns and villages and help make those places beautiful. For this to work, though, there have to be companies to create jobs in places like these."

This is Junda Leather's base and he insists the company will stay where it is, even though it is expanding its business and is involved in new facilities elsewhere, Shuangquan will always be home. Xuefeng Li, the company's vice-general manager, says the workers at the tannery are all local people; the furthest anyone travels to work at the moment is about five kilometres, and there are, she says, many people on the payroll who have worked for Junda for 20 years.



Junda Leather is constructing a new research centre at Changqing, near Jinan. It will build new homes for 500 families on the same site, with its own employees having the option to buy or rent the apartments at favourable rates.

Home from home

One recent development that is closer to the big city is a large, new research centre that Junda Leather is in the process of building in Changqing, about 30 kilometres from the tannery on the way to Jinan. As part of the same building project, the company is constructing two blocks of new flats, which will be on the same site as the research centre. Junda will make these flats available for its workers to rent or buy at affordable rates. In all, the new apartments will be able to accommodate more than 500 families; company employees will have first options on the new homes, which will be ready before the end of this year. "It's good to be able to do these things," Mr Chen says.

Mr Chen was part of a delegation of business leaders from across the manufacturing sector in Shandong Province to visit South Africa in the this spring to examine opportunities for investment there. He is not yet certain, at the time of our conversation, what this might lead to for the leather manufacturing company itself, but says any expansion will do nothing to change Junda's work on home soil. As a keen observer of what happens in the wider world of footwear manufacturing, he knows large numbers of producers have closed down factories in places such as Dongguan and opened up new facilities in Vietnam instead.

He says there are two main reasons for this. "Guangdong Province is very developed," he explains, "and the authorities there want more high-tech jobs. The provincial government can take in far less tax from tanneries and footwear factories than it can from high-tech manufacturers, so those are the companies it is now encouraging to set up in Guangdong." The second reason is labour costs. In the last ten years, he says, salaries in that part of China have more than doubled.

Footwear companies' commitment to leather

Most of Junda Leather's customers are Chinese footwear brands, including Salamander, Saina and Chunjiang. It has also won contracts from the police and military in China, which usually means a big order; Xuefeng Li says that one such order was for 2 million square-feet. "This is why we need a lot of stock," she adds. Indirectly, through agents, some of its leather goes into international brands' shoes, including the collections of Marks & Spencer, Ralph Lauren, Hummel, UGG and Bikkembergs.

In response to a question about customers' commitment to leather at the moment, the company president points out that his buyers from footwear companies that are making safety shoes or boots for military applications are tied into leather. "In theory, these companies could replace leather with synthetic materials," he says, "but they don't want to. Their belief is that they need to use leather and I support them in that conviction. But building this conviction up is something the whole leather industry needs to work on together and use all means possible, including films and celebrity endorsements. Apart from the fact that synthetic materials are not natural, we need to ask leather's opponents what they suggest meat companies do with the hides and skins they create as a by-product if we don't use them to make leather. How much pollution would that create?"

Chosen ones

Yang Xia, who is in charge of environmental management at Junda Leather, says she agrees and argues that too little attention is given to the volume of chemicals required to make synthetic materials that claim to be viable substitutes for leather. "To choose leather instead is to help reduce that pollution," she says. Her work is to keep finding ways to reduce Junda Leather's own impact on the environment, a task she embraces enthusiastically. "If tanneries cannot meet the requirements for ammonia, nitrogen and other indicators they will have to close," she says. "The government encourages tanneries to meet environmental standards and to operate in a standardised way, but some smaller tanneries have failed to meet these standards and have been forced to close," she says. "A large number of tanneries, in Shandong Province and across China, have already closed because of this. I know of more than 100." She explains that there were until recently around 30 tanneries, many of them quite small, operating in this area but says the provincial government would not continue to support those numbers and has closed down 28 of these companies. She says this is a situation that is being repeated right across China.

Junda was one of those in Shandong that won approval to stay open, because, Ms Yang explains, it had the means and the willingness to invest in a highly efficient wastewater treatment plant. Testimony to how well this plant is working is that the small hospital that serves Shuangquan and the surrounding rural area is just 300 metres from the tannery. "What we are doing now is working to try to make our wastewater treatment even more efficient without compromising the effectiveness of the operation," Yang Xia continues, "for example by finding ways of saving water during processing so that input to the water treatment plant decreases."

Proud history

Mr Chen is proud of Junda Leather's 30-year history and of the "smart and stable" management team he has managed to put in



place there. "Our technologists and our workers in the factory are part of this team and, because of this stability, we can keep the quality of our leather high." The company is now the largest producer of cow split leather for footwear in China and this has brought it to the attention of the wider leather industry there. Its relations with universities that research and teach leather science are strong, especially in the case of the Technical University of Qilu in nearby Jinan, and also with the University of Sichuan, whose Professor Bi Shi, although based much further away, has also built up a good relationship with the Shuangquan-based tannery. He and Qilu's Professor Liqiang Jin have been the inspiration for what Mr Chen describes as "lots of new ideas that have helped us stay creative and innovative". This led to Mr Chen taking part in a specialist committee that drew up national standards for wet blue.

For reasons of proximity, the partnership with Qilu University of Technology seems particularly strong. The leather technology course that Professor Jin runs there attracts 70 students per year. When students finish their four-year undergraduate course (Master's courses are also available), they go all over China to work in tanneries, although many stay in Shandong, with some, naturally, forming part of the team at Junda and, as in the case of Xuefeng Li, going on to have good careers there and ending up in leadership positions.

All of this has helped Junda Leather to achieve High-Tech Enterprise status, an official, government-awarded status. To have won the right to call itself a High-Tech Enterprise is good for the company, its president says, because it inspires greater customer trust.

New ideas

A recent development showing the company's commitment to partnership involves efforts to make a nubuck-style product from cow splits. This unusual idea came from a customer and proves the company president's point about buyers having a high level of trust in Junda as a supplier. Grain leather is expensive, Mr Chen

Nearby Qilu University has become an important partner for Junda Leather, as has the further away Sichuan University.

explains, and shoe companies are always interested in finding cheaper ways to make their products. Of the new material, he says: "It has almost the same properties as grain leather and is waterproof. We are producing it now and we are going to commercialise the idea." He calculates that using a product made from cow splits instead of nubuck is saving the customer around 40%.

Junda Leather says it is happy to a large extent with the machines in which it has already invested, but adds that the nubuck project has thrown up a new requirement. "As far as we know, we are the only producer making nubuck from cow splits and this has given us a problem with the dedusting machine we have in place," says Yang Xia. "It has the usual set-up with brushes inside and a vacuum pump to draw the air out, but cow split is a delicate material and the brushes can mark it."

Professor Jin and other academics from Qilu are frequent visitors to the tannery and offer a series of lectures on Saturdays, which workers attend and listen to carefully, even sitting exams afterwards to answer questions on what they have learned. To pass these exams can mean an increase in salary. To cement the tannery's ties to the universities even further, Junda Leather's new research and development centre in Changqing will provide space for researchers from both Sichuan and Qilu to try out new ideas, working alongside members of Junda's own team. These relationships are now deeply rooted and are bearing fruit. This pleases Jiajun Chen immensely. He likes fruit-bearing plants and has planted apricot trees at the company's main site in Shuangquan. This choice is highly symbolic because the words for apricot and for luck are homonyms in Chinese. Of course, the company's success is down to much more than luck. ☺