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For further information:

COTANCE, 40 rue Washington, B-1050 Bruxelles, Belgium
cotance@euroleather.com

www.euroleather.com
www.industriall-europe.eu

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Manifesto of the Social Partners of the Leather Industry at EU level

*This document synthesises the main messages of the **Social Partners** of the leather industry at **EU level**, developed in the context of their joint **Social Dialogue** project “**A Future for European Leather!**”. The **Manifesto** was approved in the **Plenary Meeting of the Leather Sector’s Social Dialogue Committee** held in Brussels on December 15, 2015. It complements the brochure that illustrates the initiative and summarises the main areas of need for the industry in which public support is required to ensure a prosperous **future for European Leather**.*

NEEDS OF THE INDUSTRY IN TERMS OF INDUSTRIAL MATTERS

Support and funding for R&D+I for the adjustment of the leather industry to the structural change that our Societies are undergoing with an increasing urbanisation and expansion of cities. This leads to new challenges of logistics for the leather value chain in supplies and communications and a rapidly advancing digital business.

Globally, society is experiencing fundamental changes in population and urbanisation. Leather will have to compete for market share against a myriad of alternative materials, whose performance is constantly improving. Leather can ensure its continued competitiveness by building on its intrinsic and specific values and successfully communicating its distinct identity to the general public.

However, consumers of leather articles have no guarantee that those articles are made with genuine leather, as numerous synthetic products are erroneously labelled or marketed as leather articles. Europe, the worldwide largest market for consumer goods,

still has a fragmented leather-labelling environment. This situation has led to the erosion of market shares for leather versus alternative materials and, worse, the unscrupulous free-riding of its name and reputation. Without a clear and uniform regulatory framework regarding its description on the market and effective enforcement of such by public authorities, leather is condemned to lose its appeal in Society. The Textile industry enjoys uniform labelling rules in Europe which protects consumers against false descriptions. Leather does not enjoy the same protection in Europe. For European leather to have a future, both sides of the industry agree that it needs to be recognisable by consumers, who should have the confidence that they are purchasing genuine leather.

Leather is a component brand. It adds value to consumer articles; an article made with leather fetches higher prices than the same article made with other comparable materials. Its perceived higher value, due to its natural origin, renewability and durability, is lost if

not effectively communicated. Risks of defamation are increasing alarmingly in the areas of animal welfare and social and environmental footprint. The times where leather sold itself are long gone and both sides of the industry agree that for European leather to have a future, its value to Society needs to be effectively communicated to the public, whose opinion is increasingly influenced by digital communications and social media.

Supplies of raw materials, the distribution of leather production and sales of leather and leather articles will be affected by the transformation of cities. To guarantee its future, new business models, which take advantage of a concentration of supplies, customers and/or consumers, are required by the leather industry in Europe. Both sides of the leather industry agree that this adjustment requires the support of the public hand to ensure a balanced industrial development across sectors and to preserve the variety of quality leather produced in Europe, which is its biggest asset.

NEEDS OF THE INDUSTRY IN TERMS OF TRADE MATTERS

The end of unfair competitive trade measures and of protectionism beyond the infant industry stage that is attained once the foreign protected leather sector participates in global value chains

The economy is Global and value chains span across countries and continents. The leather value chain has an important impact on the international marketplace. The value and volume of its trade at global level has an important impact on the economies involved with positive and less positive effects. Protectionism and corruption in third countries are the major threats to the European leather sector. Their perverse systemic effects contaminate businesses up and down the leather value chain. Export restrictions on raw materials, that persist longer than the time taken to internationalise an infant industry, have significant, deleterious impacts for the international leather industry. Their effective removal is unfinished business for Europe's trade policy.

The policing of trade liberalisation commitments in the leather sector and an end to the continued violation of the

legitimate trade rights of the prejudiced EU leather sector without compensation.

Both sides of the leather industry have pleaded consistently for the redress of persistent dysfunctions in the enforcement of the rules negotiated with trade partners. They understand that the sector has a legitimate right to expect that the legal framework conditions for free and fair trade to preside over the EU market.

A Development policy that prioritarily addresses the attainment of fair social and environmental trading standards in foreign leather sectors and does not subsidise the maintenance of sub-standard working conditions which prejudice the image and good reputation that the leather industry seeks for itself.

Europe's Development policy needs to be focussed on administrative competence to assist beneficiary countries to ensure that internationally acceptable working conditions are effectively applied in production. Both sides of the industry understand that the risks for reputational damage,

from certain scandalous business circumstances in the poorest countries, could be addressed by a registration of companies authorised for export because of their compliance with an internationally acceptable standard on working conditions.

More balanced inter-sectoral business relations.

The small dimension of Europe's tanneries is one of its best assets. Thanks to their size they have resiliently overcome the worst of the financial crisis and maintained the versatility of leather production in Europe. But this asset constitutes a handicap when it comes to dealing with upstream and downstream value chain partners that are concentrated in large groups. This puts the industry at a disadvantage when it comes to addressing issues with structural effects. Both sides of the industry understand that public authorities ought to protect and assist SMEs at sector level to ensure a legitimate balance of influence between sectors in defining the business terms of the future.

A FUTURE FOR EUROPEAN LEATHER!

NEEDS OF THE INDUSTRY IN TERMS OF SOCIAL/SOCIETAL MATTERS



With an ageing population, structures and mechanisms are required for ensuring the renovation of the workforce and the preservation and transmission of knowledge...

Europe is facing longer-term challenges of demographic change and falling birth rates. These have been magnified in recent years by an economic crisis, which has provoked rising unemployment notably for young people.

Overall, the old age dependency ratio in the EU (the ratio of people aged over 65 years relative to those of working age) will rise from 27% in 2013 to over 50% in 2060. If current trends continue, the EU labour force is estimated to decline by 45 million people up to 2060. The impact of these demographic changes will vary in each EU member state. .

Europe's leather industry offers about 30.000 direct jobs in the tanning sector and an estimated 700.000 in related economic activities dealing with leather, which includes the most famous brands in high-end fashion sector and more functional applications in the automotive and interior furnishings sectors. This is both an important aspect of Europe's industrial heritage and the key asset for the future for the European leather industry. Both sides of the European leather industry agree that this important responsibility needs to be shared fairly between all private and public stakeholders to ensure a future for the leather business and its human resources.

... as well as the acquisition of new skills, notably those that should enable the transition to the business environment of the future; a Global market where international validated standards provide a level playing field for companies and workers.

Resources need to be pooled, coordinated and applied at the

appropriate level of governance for the provision of services required by the leather industry in terms of recruitment, education & training and appropriate sector HR management practices. The EU Sector Skills Council in Textile & Leather could be this important hub, provided that public hand support accompanies its development over a realistic time horizon.

In order to develop and maintain the good image of leather and provide a level playing field for companies and workers, international validated standards on working conditions in the leather industry need to be effectively applied throughout the global leather value chains.

The Social Sectoral Dialogue is the driving force behind the sustainable development of the leather industry in Europe and an important model for the rest of the world. Social Dialogue at all levels need therefore to be strengthened and measures to better anticipate change must be developed.

NEEDS OF THE INDUSTRY IN TERMS OF ENVIRONMENTAL MATTERS

Research and development for cleaner production technologies that improve environmental performance while maintaining and improving the quality of products and processes.

If current trends of production and consumption continue, the resource equivalent of 2 and ½ planets will be needed by 2050 to support global population. A radical change of paradigm to a circular economy is unavoidable. Leather production in Europe is the driver of technological R&D+I in the global leather industry. The challenge of reduced availability



of leather chemicals and other inputs, including water, need to be addressed with support for technological research activities offering top class innovation to leather products and processes.

The enforcement on the market, without discrimination, of the rules on chemicals for products.

To prevent its spirit being nullified through the backdoor by imported products, Europe's ambition in terms of chemicals policy in articles, needs to be consistent with its policy regarding registration, intended use and exposure scenarios (REACH). Both sides of the industry agree that the future of the European leather industry requires an effective enforcement on the market of restricted and banned substances in articles. This should accompany the efforts of supply chain partners in the area of Restricted Substance Lists (RSL) and Material Restricted Substance Lists (MRSL).

Internationally and intersectorally agreed product category rules for the footprinting of the leather value chain that recognise the status of hides and skins of slaughter-animals as by-products and of the tanning sector as a recycling industry.

The leather industry has high hopes for the Circular Economy Package that was launched by the European Commission. The sector's operational principles and values naturally match the objectives of a circular economy. Tanning, which is the recycling of Animal-By-Products into leather and where all solid residues can find an appropriate recovery and destination of use, cannot but profit from such a policy. Both sides of the industry understand, however, that for a sustainable future the environmental footprint methodological rules will have to acknowledge and encourage the distinct value of the recycling of by-products and give those by-products the same allocation factor as for the recycling of waste.