EUROPEAN LEATHER INDUSTRY – A RESEARCH IN CURRENT CONTEXT

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ABSTRACT: As an industrial sector, the leather industry has contributed significantly to international trade. Due to growing concerns about sustainability, research in academic journals and scientific literature appears to be more common. Given the rapid advancement of technology and the resulting changes in all industries, the leather industry also faced obstacles that had to be surmounted. Despite the problems it is currently facing, the leather sector wants to keep its style and its knowhow within the European Union. This industry now has access to instruments that can increase yield, quality, and cost recovery speed because to advancements in technology. As a result, this work discusses issues that have arisen at the European level of the leather industry, including the revenue, the growth of EU leather industry in different countries, the value of import/exports, the number of companies that manufacture leather. The writers got these elements by analysing the data supplied by Statistics in their own manner.
KEYWORDS: leather, case study, Europe, metadata, tanning

1. INTRODUCTION

The EU performs a crucial function withinside the worldwide leather-based market. The merchandise and commercial techniques that make up the leather-based enterprise are varied. The European Commission aims to support industry growth and business competitiveness while safeguarding the environment and the well-being of consumers.

The leather and network products industry has around 36,000 companies with an annual turnover of EUR 48 billion. About 435,000 people work for such companies.

In terms of leather and other raw materials, some of the pricey calfskins originate from the EU. Tanneries are often small to moderate, family-run companies in the European Union. The industry often makes a considerable contribution to the neighbourhood economy by serving as the primary source of earnings and employment. [1].

In modern global market, where the leather sector is growing increasingly international, it's important to strike a balance between social and commercial needs. Social policy in Europe is still largely decided at the level of the Member States, which is helpful in and of itself. Nevertheless, greater collaboration is required if Europe is to thrive with the emerging global markets [2].

Authentic leather is safeguarded. The primary foundations for ensuring a robust and strong European leather industry and increase of quality jobs in Europe are enabling us to present a favourable image of our business and our craftsmanship and innovation. The leather industry must be capable of protecting leather's reputation among customers. Regulations governing authenticity throughout Europe must be harmonized for that reason. Additionally, the leather industry creates new goods and adds value to other by products. Therefore, it is crucial for the sector to continually develop new goods and procedures. For businesses to meet these problems and create long-term employment, an innovative work organization is essential.

Ethical trading regulations are necessary for a vibrant, dynamic European leather market and stable, high-quality employment. Economic cooperation, as the European Union seeks, cannot permit environmental and societal waste, nor can the economic development of EU trade agreements be at the expense of the environment, or of their workplace conditions, individual rights, or employment laws. Uniform norms and their successful application are necessary for fair and just world commerce.

Furthermore, it is crucial that trading partners refrain from enacting protectionist policies such limiting the export of raw materials to foster unfair practices [3]. Even though the leather sector is not specifically covered by EU law, it is still subject to several regulations regarding the environment, chemical use, advertising, and use of some harmful products, including use animal by products.

2. EUROPE'S LEATHER INDUSTRY

At European level, the leather industry contributes materials with high productivity gains to a variety of business processes, including those in the beauty, household, and automobile industries. Over 99% of the raw materials used in European tanneries are leather from animals, most of which are raised for their hair, milk, or food. [4]. This demonstrates the ecological importance of tanneries: without the leather business, it will be impossible to recover a by-product, which will put the focus on the field of sustainability. The dominant spirit of European tanneries focuses on tradition and innovation in order to maintain the reputation of a high-quality product, a number of conventional processing methods are employed. However, investments are also made in technology research and non-technological growth. [5].

In Europe, tannery initiatives for sustainable growth include vocational education and training, contemporary equipment and widely used chemical aids, automation and process simplification, protection of the environment, and cutting-edge social responsibility. Companies in the leather industry can continuously introduce new products to the market, but also new styles, applications, which ensure a competitive advantage at EU level, which will take into account intangible elements in their product and address the global crisis of sustainable growth from the viewpoints of the business, nature, and society.

With an economic standpoint, leather is a vital material that creates jobs and wealth in a variety of production chain where it is frequently the primary component material, particularly in the shoes, fashion, leather products, household equipment, car upholstery, ships, and airplane segments, but also in a variety of other daily-use items. A precious product of regenerative source, leather is produced using progressively eco-friendly techniques that require least power, freshwater, and chemicals as compared to the past and achieve great rates of residue use and recycling. From the raw skin markets, which provide tanneries with raw materials from meat industry to create food for nutrition, to the manufacturing of consumer items from leather, the European leather industry is divided into various distinct areas. Some of the industries are very industrialized, while others demand a high level of skill, and for still others, commerce and welfare activities are their primary businesses. The leather business strictly speaking pertains to the leather tanning industry. The industry's subtracting, leather, makes a major contribution to most downstream industries, giving those industries a competitive edge. [6].

The most opportunity exists for European leather to increase the value of the items it is used in. The most significant benefits of employing the skin are its sanitary qualities, versatility, and compatibility to a variety of uses. Every form of application for leather, including footwear, apparel, gloves, leather products, automobile interior upholstery, boats, and aircraft, is produced on demand. Tanners create the production chain to transmit decorative and functional qualities needed by the various end customers. Producing leather, shoes, and leather items has a very old history in Europe. As a result, each of these sectors is present in the region and has a big impact on the global marketplace. The European leather industry has its roots in very old times. There are some archaeological remains left behind prehistoric tanning activities outside of skinning tools, just several items, a few references, and some illustrations. During the Italian city of Pompeii's ruins, which the eruption Vesuvius obliterated over than 2000 years ago, a sizable tannery was found. Additionally, industry has historically been important for the European economy, as evidenced by the fact that one of the biggest industries on the continent at the beginning of the 20th century was the leather industry.

As shown in Figure 1, one of most significant markets for tanneries inside the EU are:

- footwear – 41%
- furniture – 17%
- automotive – 13%
- leather goods – 19%
- clothes – 8%
- others – 2%

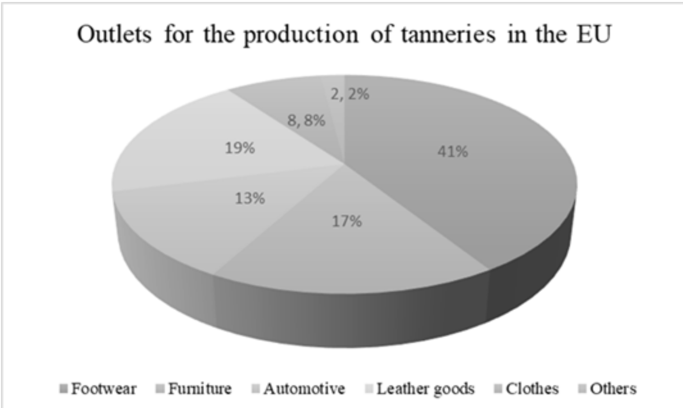

Figure 1. Outlets to produce tanneries in the EU

Tanneries in the EU rely heavily on having access to international markets and natural resources because the tanning market is a worldwide sector. The majority of the leather sold on the worldwide industry mainly comes from the EU tanning sector.

This is in regardless of the reality that the EU's market share has decreased as a result of the growth of the leather sector in other parts of the world, like Asia and America. But European tanners encounter two different kinds of trade obstacles:

- those who forbid exporting finished leather;
- individuals who limit the availability of raw materials.

These particular trade restrictions, which affect the competitiveness of European tanneries, are for the tanning of hides and are regarded as the most detrimental trade restrictions.

Although the leather business is not specifically regulated at the European level, it is still impacted by laws governing the climate, chemical consumption, advertising, and use of certain harmful products, as well as the use of animal by-products. Consequently, EU laws that affect the leather sector including:

- Regulation (EC) 1907/2006 on the registration, evaluation, authorisation, and restriction of chemicals (REACH), as industry is an important downstream user of a wide range of chemical preparations;
- Directive 2010/75/EU on industrial emissions according to which permit conditions, including emission limit values, must be based on best available techniques (BAT). The BAT reference document (BREF) for tanning hides and skins was adopted in 2013.
- Regulation (EC) No 1069/2009 and Commission Regulation (EU) 142/2011 on animal by-products and derived products not intended for human consumption, as hides and skins are materials of animal origin that are used outside the food chain.

3. EUROPE CASE STUDIES

The leather and cloth industry has seen significant shifts in the past 20 years, much like other mature industries in Europe. European businesses have changed how they function, and not just that, but each business has a different viewpoint on the change. In order to analyse how companies in the sector are currently positioning themselves and how they are facing the positive and negative effects of change in the face of globalization and growing competition, studies have been carried out in different countries in Europe.

Globalization is and will continue to be a key force in change. There are several variables that influence the worldwide setting for the leather industry, including part of the course from manufacturing to retail, innovative and evolving purchasing habits, trade agreements, and law. Globalization can be described in a variety of ways. Information and communication technologies (ICT) are increasingly being used to support all these advancements, through creation to manufacturing, distribution, marketing, branding, and market analysis. ICT makes it possible to adopt commercial tactics like successful outsourced and cutting-edge distribution networks. The combination of heritage and ongoing innovation makes the leather and tannery business in Eu an important part of the industrial sector. In terms of product quality, engineering, creativity, production, sustainability practices, community involvement, appearance, and fashion, European leather is a frontrunner. Depending on their product specialty, European tanneries exhibit a variety of characteristics at the national level. The largest tanning industries in southern Europe, including Italy, Spain, France, and Portugal, are predominately made up of small and medium-sized businesses and heavily focused on manufacturing leather for the apparel industry. However, due to the importance of economies of scale in their manufacturing processes, the tannery industries of central and northern Europe (Austria, the Netherlands, Germany, Sweden, and the UK) typically host larger enterprises.

Bovine leather, which makes up more than 80% of output in Europe, is then pursued by sheep and goat skin. In fact, the reuse of animal by-products, or waste from the food industry, accounts for about 99% of leather processing in the EU. The exotic leather market is quite small in terms of square meters (approximately 1% of the overall), but it is very important financially. Customers that shop in the luxury market are incredibly interested in these kinds of skins.

The footwear industry, which currently ranks top with a share of 38% of the total, has historically been the primary market for skin use in the EU. Other significant locations, like leather products (22%) and automotive interiors (13%), have expanded recently, nevertheless.

Excellence equals worth, and EU tanners offer the widest selection of target markets in all major populations and primary applications. Europe accounts for 34% of the medium-to-high value trade and 25% of worldwide consumption when it comes to the supply of clients in the elite and highest mean.

The usage of European skins also serves as a catalyst for creating value. Nearly 8 billion euros' worth of leather production produces about 125 billion euros of sales for its clients, supporting over than 40 thousand businesses and 2 million individuals who are employed.

For example, in Italy perhaps more than anywhere else in the world, leather production is an art that is zealously protected from tanneries. Top designers from all over the world flock to Linea Pelle to find the best sources of skin. At the same time, the Italian leather goods industry is one of the most important industries of national fashion. However, it is also among the supply chains that have suffered the most from the closures in 2020, with a collapse in sales both domestically (-24.4% compared to 2019) and abroad (over -25%).

As for the product categories, the bags have suffered particularly badly, with a reduction in value of 21.5% compared to the last 12 months: a heavy blow to an area of excellence that accounts for 65% of Italian exports. With 2021, the situation began to change in June, with exports increasing by more than 30.2%. Thus, it is essential, now more than ever, to find new ways to generate long-term growth. In an industry with a turnover of 9 billion, where big and small names coexist, artisanal businesses, it is a question of finding flexible and effective strategies.

Also, with a long tradition in the leather industry, Spain operates, starting from craftsmen and progressively evolving to the current high technological level. The tannery sector in 2018 consisted of 98 companies employing more than 2,300 workers. Geographically, it is evident that a significant number of businesses are concentrated in the regional governments of Catalonia, Valencia, and Murcia, with additional tanneries dispersed throughout other districts. The production of the tannery industry in 2018 reached 690 million euros. Cattle skin production made up a tiny bit more than 65% of the sector's total output, after by sheep's hair and skinless sheep with about 19% each, and goatskin, pigskin, rabbit skin, and reptile skin with the other 16%.

Germany is the third-largest producer of leather in Europe. There are more than 100 leather factories in Germany. The industry has a 555 million USD annual revenue. Foreign sales contribute 70% of total sales revenue. The main industries that leather is extensively used are automobiles, furnishings, footwear, purses, and premium saddleries. 75% of the exterior leather manufactured in Germany is handled by clients in the auto and household sectors, 15% is used in the footwear business, and 10% is used to produce high leather goods and riding accessories.

Germany shipped leather goods and baggage worth roughly $1.12 billion during the first part of 2019. The export value during the comparable period in 2018 was $1.09 billion.

Another country with a developed leather industry is France. The leather sector in France is a deserving continuation of a lengthy history of know-how that dates back thousands of years. She has every right to feel proud of her highly qualified occupations, which rank her fourth in the global for producing leather. French industry suffered greatly in the 1970s and 1980s from the impact of globalization and the ongoing hunt for lower labour costs, although after losing nearly 90% of its businesses and workers, industry was able to halt its decline.

The leather industry has remade for the high-end market, and as a result, its brands, goods, and images are now well-known worldwide. The numbers speak for their self: the industry employs around 130 000 people, has 9 400 companies, more than 80% of which are small and medium-sized businesses, and produces 25 billion euros in revenue annually, including 12 billion euros from exports. Thanks to the extraordinary efforts of entrepreneurs and staff who have laboured hard to ensure the development of their enterprises, there has been a genuine economic and social rebound.

The cultural climate of the enterprises in the field saw significant changes in tandem with this economic transition. Animal welfare requirements and sustainability considerations have grown to be key topics in the modern society and its ideals. The leather sectors, which are frequently criticized for their effects on the environment and commitment to animal protection, have been significantly impacted by this transition.

Nevertheless, France's leather sector is always looking for ways to reduce its impact on the planet. This ongoing fight to adhere to extremely strict legislation and client needs, which is the product of tremendous effort, invention, and finance, needs to be acknowledged and made public.

Supporting existing businesses and young entrepreneurs, educating professionals in the sector and learning their special techniques, generating in an environmentally friendly and ethical manner, boosting the manufacturing of Made in France, and keeping an industry focusing on greatness are the primary issues confronting the French leather market

4. COLLECTION AND ANALYSIS OF METADATA IN THE LEATHER INDUSTRY IN THE EUROPEAN UNION

The leather business includes a variety of manufacturing methods and products, as was previously mentioned. Skin tanning is the process of treating raw materials or turning skins or animals to leather and processing it in order to be utilized in the production of a variety of consumer goods. The key markets for tannery manufacturing in the EU are the shoe, textiles, household, vehicle, and leather products sectors. Trade in leather and leather goods to Italy averaged EUR 1170,70 million from 1991 to 2021, reaching an all-time high of EUR 2428,99 million in July 2019 and a record low of EUR 369,98 million in April 2020 [7].

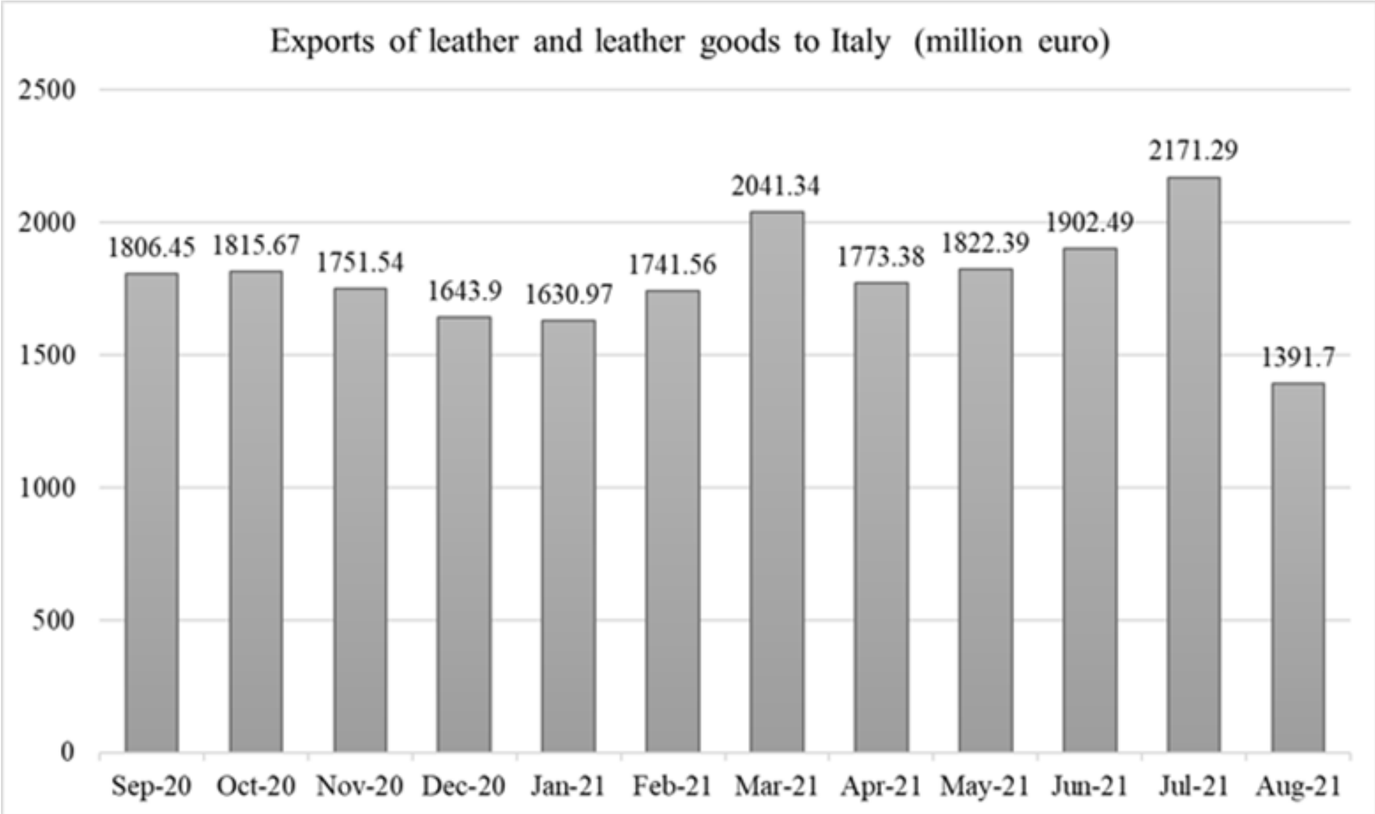

Figure 2. Exports of leather and leather goods to Italy [7]

Steps backwards have been taken both in exports – which estimated to have lost €2.7 billion in 12 months, undoing the strong expansion over the past two years – and in retail sales in Italy (-24.4%), which have been hit hard by bottlenecks. Despite the understandable growth of online purchases, household consumption has declined significantly, and tourist shopping has collapsed. Overall, the trade balance of the sector decreased by -28.6%. For Italy's leather sector, therefore, there has not been a significant rebound after the lockdowns, with a decisively disappointing end to the year and an unfavourable start to 2021: after the Christmas shopping season, the new wave of the pandemic has also hit hard the sales season, putting on the restart. The selection among companies continued (almost 200 fewer than in 2019, between industry and crafts) and tensions arose in hiring: 8 out of 10 companies analysed resorted to shock absorbers in the fourth quarter (+900% compared to 2019). All major sectoral variables showed significantly negative trends in 2020, with a small improvement in the third and fourth quarters.

The import seems to be almost stable in quantities (+0.7% in the first 10 months of 2018), with +5% in value, as the low dynamism shown by the international market. The average price per KG (+4.3%) was €22.60, more than 7 times lower than exports (€ 162.24). Imported leather products fell by -7.6%; the amount of goods from other materials (mostly the majority, as it covers almost 90% of the volumes entering Italy) increased by 2% (but by +23.5% for bags). Both leather and replacement products increased by about 5% in value.

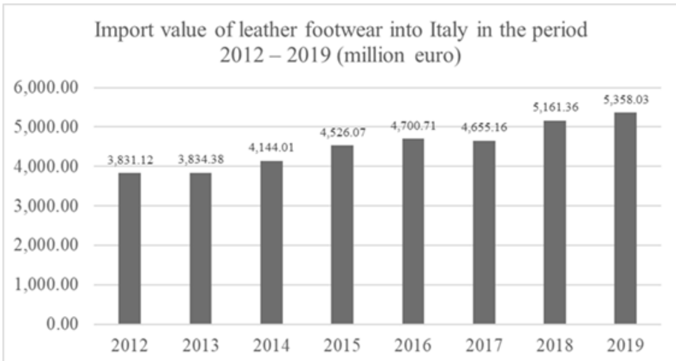

Figure 3. Import value of leather footwear into Italy in the period 2012 – 2019

France and Germany (where the cooling of the economy seems to have induced distribution to greater caution in purchases, causing the quantity of –5.9% to decrease, compared to a substantial stability of value) have always been the main destination markets of the Italian producers, which also in 2019 directed 60% of the quantities exported to the 27 partners of the European Union (compared to a much more limited share in value, equal to 27%, due to an average price of EUR 72,60 per KG, four times lower than that of goods sent to Extra EU (EUR 298/KG) [7].

Figure 4. Number of manufacturing companies in the leather industry in Germany in 2008 – 2018 (Own processing of data provided by [8])

Regarding the market in the leather industry, we can mention that the number of manufacturing companies from 2008 to 2018 varied between 999 and 1272. It can be seen from the graph that in 2016 their number reached a maximum of 1348.

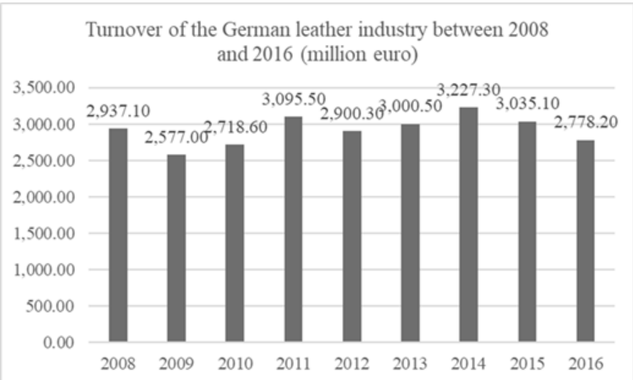

Figure 5. Figure 5. Turnover of the German leather industry between 2008 and 2016 (Own processing of data provided by [10])

Figure 6. Personnel cost in the German leather industry in the period 2008 – 2016 (Own processing of data provided by [10])

Figure 7. Number of employees in the leather industry in Germany between 2008 and 2016 (Own processing of data provided by [10])

Although it was observed the increase in 2016, both in turnovers and in the number of companies, it seems that the highest number of employees was recorded in 2008, and the cost of personnel supported by companies recorded the lowest value in 2009 and the highest in 2012. However, the values recorded have low variations which demonstrate stability among jobs in the leather industry in Germany.

Further analysis of the data includes France. The data found for France allows for the analysis of 2020 inclusive, which shows that the COVID pandemic has had an impact on the turnover in the leather industry. It can be seen from figure no. 9 an upward slope in terms of turnover, but nevertheless 2020 led to a decrease of 8%.

Figure 8. Personnel cost in the German leather industry in the period 2008 – 2016 (Own processing of data provided by [10])

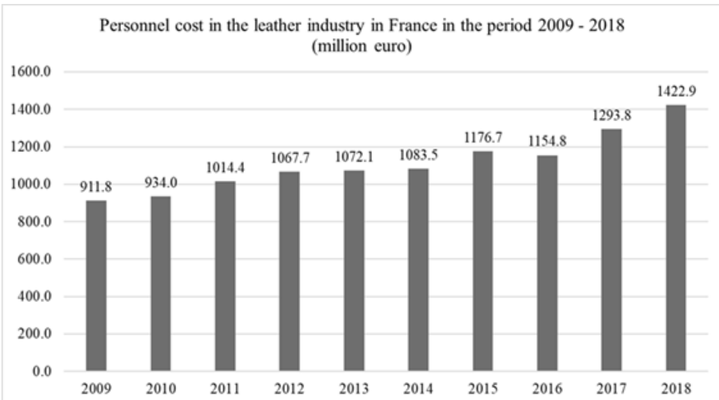

Figure 9. Personnel cost in the leather industry in France in the period 2009 – 2018

With small occultations and the cost of personnel increased from year to year from 2009 to 2018, 57%. It can be seen from figure no. 10 the fact that in 2009 the staffing sector was the lowest by 911.8 million euros to 1422.9 million euros in 2018.

Further analysis of the data, the highest production in France could be observed for small leather goods such as glasses heels, materials for shedding, etc.

At the same time, the smallest recorded production was made for suitcases, briefcases, small bags, etc. The most appreciated handbags are on the second place in terms of volume produced according to figure no. 10.

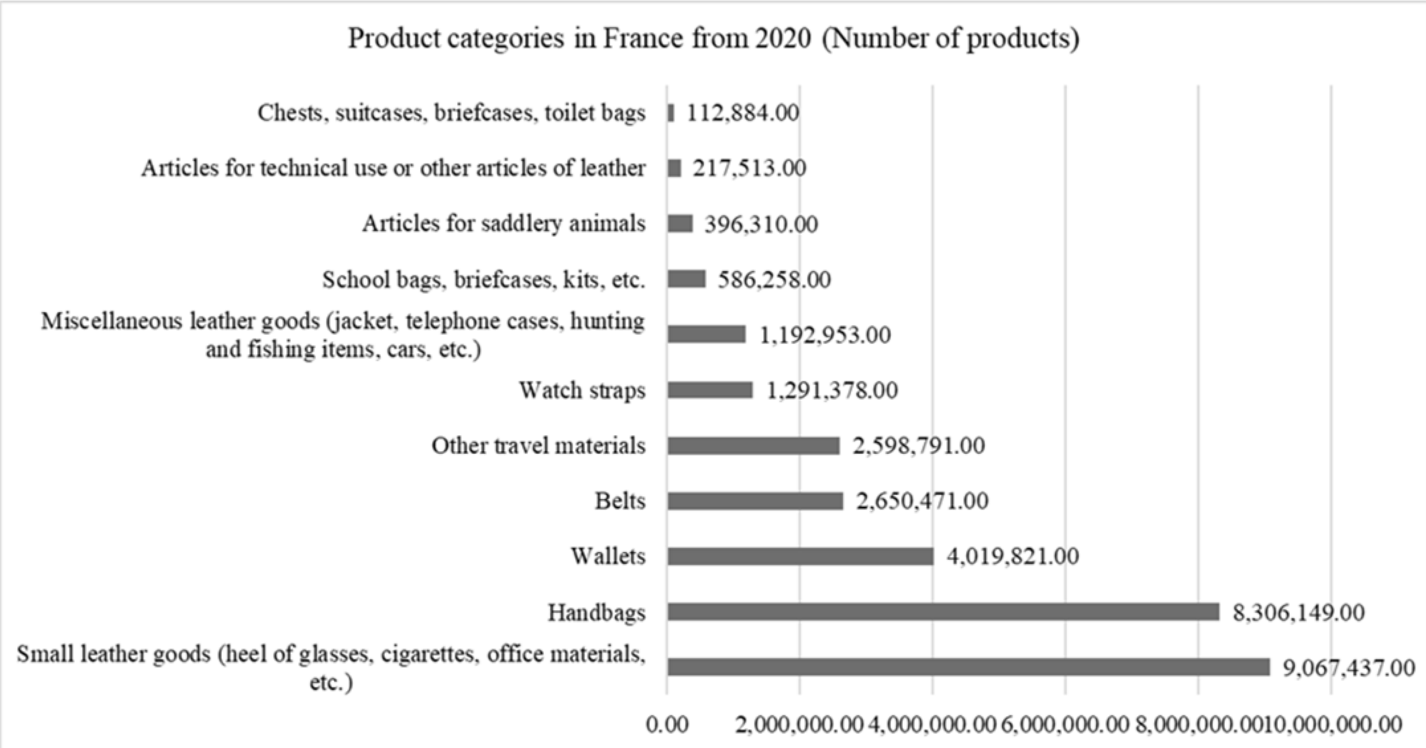

Figure 10. Product categories in France from 2020 (Own processing of data provided by [10]

5. CONCLUSIONS

The leather-based enterprise is one of the oldest industries withinside the world. In historic times, unique sports had been prepared to fulfill the nearby call for for leather-based shoes, drums and musical instruments. As the populace grew, so did the call for for leather-based and its products, and massive business tanneries had been established.

At European Union level, the leather industry has a history of more than 2000 years and is an important aspect of the manufacturing sector and places emphasis on linking tradition to continuous innovation. European leather is considered a leader when referring to quality, technology, innovation, processing productivity, environmental performance and social responsibility, design and style. European leather production has constantly pursued the development of the ability to process the skin of the main animal typologies, but also to respond to customer demand at the level of all production actions. Leather from cattle is the most used in the main production in the EU, followed by sheep and goatskin Similarly, nearly 99% of leather generated in the EU is made from reused animal byproducts and by-products of the food sector. At EU level, the leather industry is constantly being modernised through investment in training, the development of environmental infrastructure, research, development and promotion of exports, thus providing industry operators to look at the future with confidence.

On the other hand, the textile, clothing, leather and footwear sectors are often accused of being among the most polluting industries, many of which can be avoided with foresight and responsibility. While the modern production sites of these sectors in Europe have long since changed and today operate according to strict environmental considerations, there are still many non-EU countries that supply materials, components and finished products that do not comply with international environmental standards, thus continuing to tarnish the image of the sector.

In December 2021, in Brussels, 118 organisations signed the TCLF Competence Pact (Textiles, Clothing, Leather and Footwear), an initiative of the European Commission, covering the entire ecosystem, including the fashion and retail segment of the industry. This initiative was carried out as a result of the challenges encountered in the textile and leather system and aims to make investments in the retraining and up-skilling of workers, the integration of green and digital skills and the improvement of the attractiveness of this sector.

6. ACKNOWLEDGEMENTS (HEADING 1)

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