

Major EUDR concerns raised at Lineapelle

A seminar on the European Union Deforestation Regulation (EUDR) raised some serious issues for the leather industry during the Lineapelle fair in Milan last September, with a study showing how it will have impacts on hide and skin demand and prices. (See pages 12 & 14).

Since this seminar, the European Commission has proposed a 12-month delay for the EUDR to allow for proper implementation, meaning that the law would come into force on December 30, 2025, for large companies and June 30, 2026, for micro and small businesses. When the seminar took place, the industry expected the legislation to come into law on December 30, 2024.

The EUDR aims to tackle deforestation by requiring companies to provide detailed traceability information for exports to Europe and will cover beef byproducts such as hides and leather. As part of its Science Based Fashion Talks, Spin 360 hosted a series of experts to discuss the situation during the Lineapelle show on September 18. The EUDR is now a serious reality for the supply chain, even with the proposed delay, which is not yet able to meet

including reviews of literature and interviews, both of which made clear the status of leather as a byproduct of cattle raising and not the main driver, and therefore not directly linked to deforestation.

In summary, the researchers expect the EUDR to cause a supply shock in the hide market, with a demand collapse of 9.3-15.5% for bovine hides in the face of a price increase of 6-10%. The study also found that most hide-supplying countries to the EU are marginal beef suppliers (making up >10% of production). It also concluded that, where there are not established traceability systems in place for cattle in a country, they are unlikely to be set up in the short term, given the low value of hides when compared with the rest of the animal.

Marrucci went on to explain the university's predicted scenarios following the implementation of EUDR. The first scenario sees the current volumes of raw hides and skins from U.S. and Brazilian slaughterhouses going to China to be tanned before being sold into Europe. The second scenario concludes that U.S. hides and skins could go to domestic and Chinese tanneries, with as much as 20% going to incineration and landfill, while Brazilian hides and skins would primarily go to Chinese tanneries and 20% would go to incineration and landfill. Meanwhile, production of synthetic alternative materials would increase to fill the leather demand in Europe.

A complex situation for leather

Giulia Martin, Senior Analyst at UNIC, gave an update to the audience on the current standing of the EUDR for leather and what the organisation has managed to glean from discussions with the EU. She reported verbal confirmation (not official) that hides and skins will be traced by the batch while cattle will be traced head-by-head. She went on to clarify the specific exemptions under the legislation, which does not cover buffalo, patent leather, collagen, gelatine or leather goods, for example.

Gustavo Gonzalez-Quijano, Secretary General at Cotance, then discussed the standard being developed by the Leather Traceability Cluster, which is approaching its final stages, and let the audience know that the EUDR could expand to include skins from pigs, goats and sheep after it is established. He noted: "I don't know how you can implement traceability systems across the world in two months."

The talks were followed by a panel of experts from the supply chain, including Toni Baltés, President of the German Hide Association and ICHSLTA; Kevin Latner, Vice President of the Leather and Hide Council of America; Micaela Topper from the Australian Hide Skin and Leather Exporters Association; Dave Harrison, General Manager of Policy and Advocacy at Beef + Lamb New Zealand; and Ricardo Andrade, Technical and Sustainability Advisor at CICB/Brazilian Leather.

Even with the proposed delay of 12 months, the leather supply chain is in a serious predicament, having been unable to establish traceability to the farm across the board and with experts pointing to a low likelihood of accomplishing that task. With detractors complaining of the sector dragging its feet over the past year, the next 12 months will see the leather industry either rise to the task or prepare for a significant shift in the market. |



Assistant Professor Luca Marrucci speaking at Lineapelle.

the traceability needs. As Spin 360 CEO Federico Brugnoli noted in his opening remarks: "We're not discussing the principle but the regulation."

Luca Boltri, Vice-Director at UNIC, introduced each speaker, who he noted are key experts from across the supply chain, and highlighted that there is still no clear information from policy makers for leather.

The major impacts of EUDR

The next speaker was Fabio Iraldo, Professor at the Institute of Management at Scuola Superiore Sant'Anna in Italy. He said: "I've never seen a change of approach like the one that the European Commission has adopted."

He explained that the EUDR represents a peak of EU policy action, and introduced his colleague, Assistant Professor Luca Marrucci, who would discuss the university's research project into the impacts of the regulations. The research was extensive,