



## **European Leather Industry Partner's Roadmap 2018-2025**

### **Introduction**

#### **Challenges and Opportunities for the Social Partners of the European Leather Industry in a Changing Industrial Landscape**

For over ten years now, the Social Partners of the European Leather Industry – COTANCE and industriAll Europe – have been meeting on European level. They have been conducting a successful social dialogue with the support of the European Commission for all these years.

The European social dialogue for the social partners is a decisive element in responding to the future of the tannery/leather sector; that is why they decided to develop a common vision through common actions for the next seven years through a 2018-2025 roadmap. Obviously, the social partners will adapt during this period to the evolution of their industrial sector.

The main aims for their dialogue are to contribute to a quality employment in the tannery/leather sector, which requires for the sector to be competitive, sustainable, innovative and socially responsible. To this end the dialogue should not be limited to social affairs but should focus as well on business issues, industrial policy, international trade in leather and its raw materials, environment and sustainable development, training and skills, and other issues.

Working groups of the Sector Social Dialogue Committee have debated on the following broad subjects: “competitiveness and employment”, “industrial policy, the image of leather and the sector, the defence of leather authenticity”, “trade policy, protectionism and export restrictions on raw materials, free trade agreements, social standards and rules of origin”, “education, training and lifelong learning” and “health and safety and Responsible Care”. The intense discussions in these working groups have become a rich breeding ground for the plenary meetings, Social Partner Conferences and several Social Partners Projects. From a vigorous and fertile dialogue right from the start, our meetings have turned into a model for social dialogue for other sectors. Current topics such as the economic crisis and restructuring, demographic change and the need

for qualified workers, sustainable development and a level playing field for the European Leather Industry vis-à-vis global competition have become the subject of mutual declarations. Among other documents a framework agreement on a Social Code of Conduct has been signed.

The Social Dialogue for the European Leather Industry is still young but, with the support of the European Commission that provided us with the necessary financial means, it already has a solid track record. Above all, we would like to thank the many active participants whose experience have given the discussions meaning.

To move forward, we need to look back, evaluate and learn from the past. This is the objective of the Social Dialogue for the European Leather Industry, and our “Call for proposals – Support for Social Dialogue – 2017” enabled us to develop this “European Leather Industry Social Partners’ Roadmap 2018-2025”. With many working group meetings, two major conferences in 2016 (A Future for European Leather) and 2017 (Leather is my Job), this common work will undoubtedly lead to even more dialogue, cohesion and cooperation in the sector.

Industry in Europe, including the leather industry, has been fundamentally transitioning. New technologies, automation, robotics, digitisation, business model innovation and product innovation... all these new trends have transformed our sector. Increased productivity and innovation have helped defending the competitiveness of companies. Today, the debate has shifted to sustainability: how can people; planet and profit go hand in hand? A “greener” industry, a competitive energy policy, circular economy and recycling as well as the attention to safety and health are all links that will shape the chain of sustainability in the future.

Furthermore, the social partners need to address the issue of the start of the lifecycle of leather and its implications for the tanning sector as well as the nature of raw hides and skins coming from the meat industry in the framework of the environmental footprint.

The subject of sustainable economy leads us to social and societal responsibility. Quality employment holds a key position when it comes to sustainability. The high youth unemployment rate in large parts of Europe is one of the main challenges for governments and social partners. Providing quality employment/jobs to all the young whose talent that is wasted today would help as well to manage the current budgetary challenges.

Not just the industrial landscape is changing. The leather industry is becoming more and more global, and in this global economy, we have to find a balance between economic and social needs. To this very day, social policy in Europe is to large extent determined at Member State level, which in itself is useful. However, if Europe wants to compete with the new global economies, a higher degree of cooperation is essential. Thanks to the « Roadmap 2018-2025 », the social dialogue for the European Leather Industry can make a solid contribution. This Roadmap gives us the opportunity to develop a number of actions that can lead to common positions and actions between the social partners across the Member States.

Our vision for 2025 is that of a socially and societally responsible, sustainable, competitive and innovative European Leather Industry. In order to meet these challenges, the Sectoral Social Dialogue Committee has determined four general priorities that will enable us to contribute to this goal and thereby to continue to work towards the creation of a favourable climate for the competitiveness and the quality employment of the sector as we have done since 2000 in the Sector Social Dialogue Committee:

## **1. Competitiveness, RDI, anticipation and management of change**

The protection of leather authenticity allowing us to put forward a positive image of our sector and our craftsmanship and innovation are the main pillars for guaranteeing a strong and competitive European leather industry and growth of quality employment in Europe. The tanning sector must be able to defend the identity of leather with consumers. For that purpose, authenticity regulations must be harmonised in Europe. Furthermore, the leather sector develops new products and valorises a great number of by-products. It is therefore essential for the industry to permanently develop products and processes. An innovative work organisation is vital for companies to face these challenges and provide sustainable employment. Through this priority, we aim to encourage and support innovative projects and continuous change. In order to do so, good practices must be shared and promoted.

It is not possible for a company to invest - especially in innovation - unless it has sufficient margins to do so. Those margins are all too often subject to pressure on prices and delivery times by certain customers downstream in the value chain, as well as on always more stringent requirements by large groups. Innovation (and investment in general) in the tanning and leather sector requires that customer buying behaviour evolves towards more balanced relationships.

Innovation (and the conditions needed for it to take place) must play a pivotal role in European and national social dialogue, as well as the exchange with the political institutions about the necessary framework conditions for a competitive, sustainable, innovative and socially responsible leather industry with regard - among others - to the broader regulations on industry, competition, trade or energy policies.

In addition, the anticipation of change must allow a better adaptability of the company and the employees.

## **2. Fair international trade rules for fair and sustainable exchanges**

A competitive European leather industry and solid quality employment require fair rules for international trade. An open trading environment, as desired by the European Union, cannot tolerate social and environmental dumping, nor can the economic progress of EU trading partners be to the detriment of the environment or their working conditions, human rights and labour rights. Fair and equitable international trade requires common rules and effective implementation.

It is also essential that trading partners do not create unfair competition through the use of protectionist measures, such as restrictions on the export of raw materials.

In addition, the leather industry and its upstream and downstream value chain must address the issue of "due diligence" and notably transparency and traceability.

European social dialogue cannot lose interest in international trade in an increasingly globalized world. Joint work and joint exchanges with the European institutions should inspire all European and national social partners' approaches to the political bodies responsible for international trade.

## **3. Employment and demographic change, Health and Safety at work, Responsible Care / Education, training and lifelong training**

3.1. Competitiveness and employment are synonymous with prosperity. Despite the economic crisis which started in 2008 and which is still not overcome in all member States, employment rates in the tanning industry have held up reasonably well compared to other industries, both in terms of direct and indirect employment.

The needs of a competitive production in the globalised economy of the 21<sup>st</sup> century may bring companies and employees to adjust to market development. Human resources policies and skill development have to support employees in this task. Inter alia, as a result of demographic changes, a new field has started to develop in social dialogue. Work-life balance, youth employment, knowledge transfer, organising longer working lives, inclusion of women in the sector, work mobility and employability of workers are themes around which concrete actions are considered.

3.2. The European leather industry has continuously shown its social responsibility in matters relating to health and safety. With REACH, the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals, the analysis of all chemicals is a guarantee for general safety and public health as well as for the workers who handle the substances. Both inside and outside of companies, an intensive prevention policy for health and safety remains a priority. Every accident is one too many and every work-related disease should be avoided. Timely dissemination of information about new technologies and substances deserve our attention.

3.3. Employability through lifelong learning (LLL) has been a topic on the Social Dialogue agenda from day one. Issues regarding innovation and employment have shown that the world of work will have to keep dealing with change. New techniques, new processes, digitalisation,... the speed of change was never this high. All this will have to be taken into consideration in personnel policy, as workers will continue to be faced with the need for new competences. Human talent is an important factor, including in human resources policy. All actors in Society have to perceive LLL even more as an investment in the future than they did in the past.

#### **4. Environment and circular economy**

The future of the European leather industry will be environmentally-conscientious or the industry will not survive. Life cycle analysis allows measuring the environmental footprint of products and organisations. However, the methodology applied must be fair and distinguish between products and residues (waste and by-products). Thus, raw hides and skins, by-products of slaughter, must find a correct characterisation in terms of environmental footprint which grants them an allocation in accordance with their true nature. In this context, sectoral social dialogue is a key element in determining the nature of products.

These are the four general priorities, on which the social partners of the European leather industry have jointly determined concrete objectives forming the body of this Roadmap. We consider these objectives as opportunities from which the European leather industry and its workforce will benefit both in terms of competitiveness and quality employment for decades to come.

This is an ambitious program that we will evaluate jointly at each plenary meeting and after the conclusion of the road map in 2025.

## Roadmap

### 1. Competitiveness, RDI, anticipation and management of change

#### Topic:

Working towards quality employment in a competitive, sustainable, innovative and socially responsible tannery/leather sector has been at the heart of the work of the Sectoral Social Dialogue Committee since it was launched and will continue to be. The defence of the identity of "leather" and therefore the protection of the term against abuse and fraudulent use, is essential to ensure fair competition on the market. For leather to receive the harmonized regulation that it deserves as much as textiles, it is necessary to mobilise the political resources of the social partners, particularly at European level.

Innovation and constant change and adaptation to new situations is necessary for companies in order to stay competitive in global markets; this is especially the case in innovation and technology driven sectors like the leather industry. These necessary changes have to be managed properly. Management and workers alike, have to work together constantly in order to make this happen.

It is not possible for a company to invest - especially in innovation - unless it has sufficient margins to do so. Those margins are all too often subject to pressure on prices and delivery times by certain customers downstream in the value chain, as well as on always more stringent requirements by large groups. Innovation (and investment in general) in the tanning and leather sector requires that customer buying behaviour evolves towards more balanced relationships.

Since the establishment of the sectoral social dialogue committee for the leather industry, social partners have recognised authenticity, innovation and R&D, and anticipation as key drivers for economic growth and jobs. Our Working Groups meetings on competitiveness, employment and innovation, and a number of joint positions and statements that social partners signed throughout the years, prove this point.

We acknowledge the positive change at the EU level in regard to the recognition of these vital pillars, after the European Council's adoption of the Communication "Investing in an Industrial Policy Strategy: Investing in a smart, innovative and sustainable industry" in September 2017.

#### Goal:

In addition to our work on the broader framework conditions for a competitive leather industry a specific goal from the sector perspective will be to fight for EU policies and programmes targeting the regulation of the protection of leather authenticity for putting forward a positive image of our sector and our craftsmanship. A second goal will be to support policies and programmes that favour the development of innovation and increase investment in R&D as vital components for European competitiveness in the global economy. Innovative work organisations must aim at delivering competitive answers to the challenges companies are faced and also deliver added value towards sustainable quality employment.

#### Actions:

- Social partners will communicate on the importance and the urgency of regulating the uniform protection of leather authenticity on the EU market.
- The social partners will urge the EU to use its power of legislative initiative to develop and provide the EU with effective regulation in the protection of leather against unfair competition and consumers against misleading advertising and deceptive indications. For example, topics such as labelling or authenticity will be addressed through awareness campaigns.
- The social partners will engage in a dialogue with the whole value chain to rebalance the relationship between suppliers and customers, in order to achieve a better distribution of added value that is compatible with investment, innovation and quality employment in the tannery and leather sector.
- The social partners will communicate through a joint statement the importance of innovation.
- Wherever appropriate, innovation efforts will be encouraged; good examples of innovation practices and how workers adapt to or are at the initiative of them will be disseminated.

Particular attention will be paid to the impact of innovation, and in particular digitalisation, in the leather industry. In particular, the social partners will develop a joint project, including the sector of textiles, clothing and footwear, to effect a joint assessment of the digitalisation of labour. The social partners will actively follow the monitoring and impact assessment at European level in order to identify and exchange more good practices. They will collaborate with the European Foundation for the Improvement of Living and Working Conditions (Eurofound) and the European Centre for the Development of Professional Training (CEDEFOP), especially regarding workplace innovations and anticipation to change.

All these actions will be monitored and evaluated every year and at the term end of the “Roadmap”.

## 2. Fair international trade rules for fair and sustainable exchanges

### Topic :

A competitive European leather industry and stable quality employment require fair rules for international trade. An open trading environment, as desired by the European Union, cannot tolerate social and environmental dumping, nor can the economic progress of EU trading partners be to the detriment of the environment or their working conditions, human rights and labour rights. Fair and equitable international trade requires common rules and that these are effectively implemented.

Also, it is essential that trading partners do not create unfair competition through the use of protectionist measures, such as restrictions on the export of raw materials.

In addition, the leather industry and its upstream and downstream value chain must address the issue of “due diligence” and notably transparency and traceability.

European social dialogue cannot lose interest in international trade in an increasingly globalized world. Joint work and joint exchanges with the European institutions should inspire all European and national social partners' approaches to the political bodies responsible for trade.

### Goal :

The social partners will devote working groups, solely or in part, to issues of fair competition in international trade, particularly when it comes to reviewing the progress of free trade treaty negotiations or the granting of generalized preferences. Their attention will be focused in particular, on social and environmental standards as well as rules on the dismantling of import duties, quantitative restrictions or measures having equivalent effect, barriers due to technical regulations and rules of origin. They will also support a European regulation on the marking of origin of products and their main constituent material.

### Actions :

- To work with the European institutions for the development by the EU of an international sectoral agreement that regulates the implementation of a free and fair international market of raw materials for leather, and to incorporate into the social dialogue working groups, presentations by the Commission and debates on progress towards sectoral exchanges based on reciprocity and the elimination of protectionism.
- Write a general common declaration on social and environmental dumping.
- Promote a common action for the leather and footwear sectors in order to provide reliable traceability of information on social and environmental work conditions throughout the supply chain, including in third countries.

- As a follow-up to the work and to the joint declaration of the social partners, draft a joint statement supporting awareness activities to our respective members to ensure political impact at national level.

### **3. 1. Employment and demographic change, ...**

#### **Topic:**

With around 30,000 direct employees in some 3,000 companies, the leather industry is one of the smallest industries in the EU. However, the industry plays an important role, not only in the European and international leather, luxury and high-end fashion and technical products sectors, but also in improving the quality of life of citizens, since it valorises a by-product from the meat industry to make it a key product of the creative and cultural sectors. In order to continue to be an attractive employer, the sector must constantly improve its image and attractiveness to the outside world.

While specific demographic challenges vary from company to company, there are a number of areas of joint activity for the European social partners. Due to demographic change, many Member States are pursuing a policy of increasing the retirement age. In this respect, it is essential to organize life at work in a sustainable way in Europe. Sustainable employment is the key not only to allow older workers to stay longer, but also to attract young people and women to an area where the average age of workers is high.

#### **Goal:**

Stimulating young people to choose a technical and/or scientific education is a priority and attracting women in to careers where their numbers remain low is a matter we want to address; the management of a balance between work and private life should also be looked into. Workers retiring at an older age is a reality to which the sector and its employees need to adapt (this includes the development and introduction of new, innovative measures to enable a more sustainable working life, acceptable working conditions including change of workstations and their ergonomics).

#### **Action:**

- Adding value to the image of our sector putting forward the human factor that is at the heart of our craftsmanship.
- Prepare and implement a final “Leather is my Job” project.
- Launch a project that deepens the reflection that companies have started on the ergonomics of workstations in tanneries and makes general recommendations to improve the work.

### **3.2. ... Health and Safety at work, Responsible Care**

#### **Topic:**

Health and safety at work remain top priorities in the European leather industry, as evidenced by the OiRA projects developed in social dialogue, and the involvement of the leather sector in the EU OSHA “Healthy Workplaces” campaigns. Also, the European Union and the Member States have already adopted well-developed legislation on the handling of chemicals, the use of technical facilities and ergonomic measures. The leather industry has a good track record and high standards with regard to safety and health at work.

In addition, the REACH Regulation provides a good framework for a harmonized and standardized approach that helps ensure safe, responsible and sustainable management of chemicals. Voluntary initiatives such as Responsible Care are also useful tools and have been supported by the Sectoral Social Dialogue Committee since its beginning.

**Goal:**

The social partners will continue focusing on the subject of health and safety at work. Preventive actions for work-related accidents and diseases remain important challenges in the battle for a results-oriented policy on health and safety at work. New risks arise and therefore it is necessary to boost innovation to ensure the competitiveness of the European leather industry. It is also necessary to manage these new risks which can sometimes be linked to such innovations with due attention and provide adequate protection, information and training for workers to continue handling all products and substances safely.

**Actions:**

- Participate in the 2018-2019 campaign of the European Agency for Safety and Health at Work if it is relevant for the European leather industry.
- Conclude the revision of the OiRA online tool for tannery risk prevention as part of the Due Diligence social dialogue project initiated in 2017 and eventually developing it into a certification tool for our enterprises.
- Study the adaptation, as part of a new sectoral social dialogue project, of the tool developed in social dialogue for the textile/clothing industry to estimate the risks in terms of Social and Environmental Corporate Responsibility linked to suppliers upstream of the value chain.
- Based on the “Due Diligence” project initiated in 2017 for Responsible Care, examine the development of a broader active platform encompassing Responsible Care, as well as other relevant issues and initiatives for all social partners.

### **3.3. ... Educating, Training and Lifelong Learning**

**Topic :**

In order to ensure competitiveness of the European leather Industry and to enable further creation of quality jobs, it is crucial to have high competence level of all employees at all levels in the sector. Therefore, the image of the sector and education and training, and in particular Lifelong learning have been topics on the Social Dialogue agenda from day one. Issues regarding innovation and employment have shown that workers will have to keep dealing with change. Giving employees the ability to acquire new skills and qualifications throughout their life in order to adapt to change and possible shifts in their career will remain a major challenge and a joint responsibility for companies and employees.

**Goal:**

The leather sector wants to support the EU 2020 strategy by developing actions to promote education, training and lifelong learning. With a special focus on youth employment on one side and on active ageing on the other, the sector wants to contribute fully in increasing the activity rate in Europe.

**Actions:**

- The social partners will contribute to the ERASMUS+ « Digital TCLF » project.
- An apprenticeship – type training will be studied in a certain number of countries with the aim of improving the technical knowledge and the positive attitude to work for young people
- The sharing of good practices on the above-mentioned apprenticeship programmes as well as on specific programmes to provide young people without school leaving certificates with the basic skills needed to successfully start apprenticeship programmes will be promoted.
- The transfer of intergenerational competences will be promoted. Possible systems of tutoring and mentoring will be explored.

#### **4. Environment and circular economy**

##### **Topic :**

The future of the European leather industry will be environmentally-conscientious or the industry will not survive. Life cycle analysis allows measuring the environmental footprint of products and organisations. However, the methodology applied must be fair and distinguish between products and residues (waste and by-products). Thus, raw hides and skins, by-products of slaughter, must find a correct frame in terms of environmental footprint which grants them an allocation in accordance with their true nature. In this context, sectoral social dialogue is a key element in determining the nature of products. The defence of the nature of the tannery sector as a by-product valorising sector is an issue that is related to the identity of the industry and therefore the dialogue between employers and employees.

##### **Goal:**

The social partners want to emphasize the fact that the leather industry carries out a by-product valorising activity and therefore one of public utility. It is an economic activity that not only makes it possible to efficiently process by-products from another industry, but also to contribute to the creative and cultural development of societies in Europe. The characterisation of this industry and its products in terms of environmental footprint is an issue that touches upon the identity of the sector and therefore its millennium-old know-how.

##### **Action:**

- The social partners undertake to jointly defend the industrial and cultural heritage of this industry and its appropriate characterisation in terms of environmental footprint and circular economy.

All these actions will be monitored and evaluated at the end of each year in the plenary meeting and in 2025, at the term-end of this “Roadmap”.

Brussels, 14 June 2018