



## VS/2011/0145 - Transparency of the origin of hides & skins

### **National Report from Portugal**

We received 10 replies to our consultation, corresponding to 40% of the sector's production in our country.

#### 0. IDENTIFICATION OF THE RESPONDENTS (IN PERCENTAGE)

The tanneries that replied to the consultation supply the following downstream sectors:

Footwear	60	Furniture	
Leathergoods	10	Automotive/aero/other transport	10
Clothing/Gloves	20	Wet Blue	
Other			

#### 1. PERCEPTION OF THE ISSUE

##### **1.1. What type of news regarding the conditions of sourcing of hides and skins has what level of shocking potential for consumers?**

<b>Social</b>	<b>Average</b>
-Child labour in connection with hides and skins	4.6
-Unhealthy working conditions in slaughterhouses	4.3
-Forced or Compulsory work in Farms	2.8
-Other:.....	
<b>Environmental</b>	
-Rainforest deforestation for getting grazing land for herds in connection to hides and skins	1.1
-Chemical Risks, including preservation Salt use	2.5
-Other:.....	
<b>Animal Welfare</b>	
-Animal mistreatment at the farm	3.2
-Animal mistreatment during transport to slaughter	3.1
-Non "humane" slaughter methods	4.4
-Other:.....	

Child labour, non humane slaughter methods and unhealthy working conditions score highest in terms of shocking potential in the perception of Portuguese tanners. Other animal welfare issues received a comparatively high rating. Chemical risks and deforestation for grazing land appear less likely to cause consumer concern.

##### **1.2-4. Perception of how consumers care when the Media bring shocking stories about irresponsible behaviour of economic operators in terms of Social or Environmental aspects in supply chains**

According to the tanneries consulted, only 40% of consumers in our country care when shocking stories on Social or Environmental aspects of their supply chain are portrayed in the media. Of these, 30% try to get assurances and only 10% forget.

### 1.5-6. Interpretation of customers of such societal concerns and consequent reactions

Percentage of customers who “are concerned”	100%
Customers don't translate such concerns into action	73
Customers contact suppliers and try to sensitise them on their values	15
Customers translate Societal concerns sooner rather than later into specific requests to suppliers	13
Other:.....	

Clearly, Portuguese tanners identify that their customers are concerned about sensationalist news in the media involving leather, but a majority of them don't translate that concern into action. When they do, they try to sensitise their suppliers on their principles and values. Only 13% develop a business strategy in this field.

### 1.7. When the media unveils a scandal in the leather sector who gets hurt?

	Average
the image of the leather industry in general?	4.6
the image of the entire leather sector in the concerned country?	4.9
the image of the leather sub-sector concerned independent of location, eg footwear leather/clothing leather?	3.3
the image of the leather sub-sector in the country concerned?	3.3
the image of the company/ies concerned?	3.4

Portuguese tanners understand that negative publicity involving leather hurts everybody in the sector at all levels. This is revealed by above average scores for all options proposed. However, peak average values can be reported for the image of a country in terms of leather supplies, but also for the image of leather in general.

### 1.8. Consequences mostly feared for business and personnel

	Average
less orders	4.2
cancellation of orders	3.4
reduction of volume in orders	4
less candidates for taking a job in the company	2.6
not getting top people for the company	2.5
staff getting stressed or depressed from the pressure of public opinion	2
losing staff for ethical considerations	1.4
loss in the value of the company brand name	2.9
loss of consideration in society as a tanner	4.2
official controls	4.5
pressure/attacks from NGOs	4.7
other:.....	

Portuguese tanners fear most that negative publicity on leather may provoke more important image deterioration through activism against tanneries, administrative distrust and social marginalisation leading to loss of business.

## 2. IDENTIFICATION OF THE ORIGIN OF HIDES & SKINS

2.1. The respondents to our consultation use the following raw materials :

Cattle 80%      Calf 50%      Sheep 20%      Goat 10%

### 2.2. Origin

Domestic	100	EU	100	Other European	70	Extra-EU	70
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2.3. **State** (% on an annual basis):

Fresh	10	Salted	43	Wet-Blue	31
Dried		Limed/Pickled	2	Crust	14

2.4. **Nº of suppliers reported on average by our national tanners:**

5-10:1  
10-20: 7  
20-50: 2

2.5. **Nº of orders (per year) reported on average by our national tanners:**

10-20: 1 company                      20-50: 5 companies                      more than 50 orders: 4 companies

Comment on questions 2.1 to 2.5: this is in line with the entire national tanning sector

2.6. **Relationship with suppliers as reported by our national tanners:** (% per category)

Stable	77	Occasional	23
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2.7. **Suppliers are reported to be in general** (% per category)

Bigger than tanners	30	Smaller than tanners	70
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*Capacity of European tanners to identify the precise provenance of the hides or skins*

**2.8. Our country's tanners can identify the source of the following percentage of raw materials supplies:**

60-80%: 5  
80-100% :5

The level of traceability of hides and skins in Portugal is reported to be quite high. The companies consulted report that they are able to identify the source of at least 60% of their raw materials and one in two even more than 80%.

**2.9. Our national tanners claim to be able to identify:**

-the precise country of the hides and skins bought                      100%  
-the precise slaughterhouse of the hides and skins bought                      50%  
-the precise farm/herd of the hides and skins bought                      No  
- the precise cohort of the hides and skins bought                      No

However, only 50% of Portuguese tanners can identify the precise slaughterhouse of origin. The origin of the animals, apart from the country, remains unknown.

*Capacity of European tanners to communicate with the originators of hides and skins e.g. husbandry, abattoir, type of communication personal/paper-based/electronic*

**2.10. Tanners claim to be able to set up communication channels with:**

-slaughterhouses                      50%  
-animal transport companies                      No  
-farmers                      No

**2.11. The preferred route for communications upstream of the tanning sector is:**

-Electronic communication (e-mail, blogs, chats...)                      50%  
-Paper based communications (letters, circulars, Newsletters)                      No  
-Personal contacts (meetings, telephone calls, fairs, auctions)                      50%

### 3. HOW TO ORGANISE A RELIABLE ASSURANCE MECHANISM?

Tanners were requested to rate from 1 to 5 (best option). The table shows the average values obtained regarding the preferred assurance mechanism.

a standard for a self-declaration of suppliers	4
a contractual clause in the supply contract	4.1
a company-based public societal commitment	1.3
a Multi-Stakeholder Code of Conduct	3.5
Other:.....	2.1

According to the tanners consulted, the preferred option for ensuring corporate social responsibility in the supply chain is by way of contractual clauses, closely followed by a standard for a self-declaration of suppliers and in the third place a multi-stakeholder Code of Conduct. Other options received below average support.

### 4. HOW TO PROVIDE A CREDIBLE ASSURANCE TO THE GENERAL PUBLIC?

#### 4.1. How to provide a credible assurance to the general public?

Tanners were requested to rate the various options proposed from 1 to 5 (best option). The table shows the average values obtained regarding the most appropriate assurance mechanism.

an identifying tag for identifying the origin of each hide or skin	4.7
a paper-based documentation for lots	
a self-declaration of herds	3.1
Slaughterhouses	
Suppliers	
a certification of herds	3.8
Slaughterhouses	
Suppliers	
a "black list" of suppliers	2.1
a list of "good" suppliers	1.4

Portuguese tanners prefer to take advantage of existing traceability instruments such as ear-tags to integrate more transparency into the supply chain. Their second preferred option is a certification mechanism for herds that would provide assurances on the enforcement of legal requirements and thus on a minimum standard. However, Portuguese tanners would also welcome a self-declaration by farmers. Other options do not retain much support.

#### 4.2. How should compliance be audited?

Tanners were requested to rate the various options proposed from 1 to 5 (best option). The table shows the average values obtained regarding the most appropriate audit mechanism.

by buyers	1.7
by an independent party: Veterinary/sanitary services	1.8
NGOs	2.7
Technical centres	4.2
Others:.....	
by the Sector institutions and Stakeholders jointly	4.8

Portuguese tanners could trust a mechanism of assurance monitored by sectoral institutions and stakeholders. Alternatively, they understand that auditing and certification tasks could possibly enter in the scope of activities of technical centres. All other options received much lower ratings.

### **GLOBAL CONCLUSIONS / OTHER COMMENTS**

The results of this survey reveal that the Portuguese leather industry is concerned with the proliferation of sensationalistic news in the media about leather and these stories do not reflect the reality of industry in

Portugal and in Europe. Certain media scandals featuring the situation in developing countries where child labour or misbehaving with animals is portrayed are perceived by Portuguese tanners as most revolting and capable of impacting adversely the image of the leather industry as a whole.

The survey also identifies that the structures of the Portuguese supply chain of hides and skins are highly fragmented but also that there are opportunities for setting up CSR mechanisms that could distinguish leather from Portugal from that of far away countries where social, environmental and ethical values are not a typical feature.

Finally, the Portuguese leather industry clearly favours traceability mechanisms that are based on existing instruments.