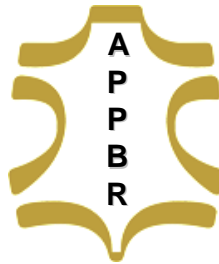


**APPBR
ROMANIAN LEATHER AND FUR
PRODUCERS ASSOCIATION**



**VS/2011/0145 – PROJECT
TRANSPARENCY OF THE ORIGIN
OF HIDES & SKINS**

NATIONAL REPORT FROM ROMANIA

2012

We ran the consultation from 14 October until 30 November 2011.

We sent reminders by e-mail on 10.11.2011 and by phone from 15 until 22 November 2011.

We received 7 replies corresponding to 39 % of APPBR's members, 20% of the sector's companies, 23% of the sector's turnover, and 35% of the sector's employment in our country.

0. IDENTIFICATION OF THE RESPONDENTS (IN PERCENTAGE)

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

Footwear	5 (71,4%)	Furniture	1 (14,3%)
Leathergoods	5 (71,4%)	Automotive/aero/other transport	1 (14,3%)
Clothing/Gloves	5 (71,4%)	Wet Blue	1 (14,3%)
Other	5 (71,4%)		

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?

Social	Total	%
-Child labour in connection with hides and skins	11	28,9
-Unhealthy working conditions in slaughterhouses	15	39,5
-Forced or Compulsory work in Farms	11	28,9
-Other:.....	1	2,7
Environmental	Total	%
-Rainforest deforestation for getting grazing land for herds in connection to hides and skins	9	31
-Chemical Risks, including preservation Salt use	19	65,5
-Other:.....	1	3,5
Animal Welfare	Total	%
-Animal mistreatment at the farm	15	29,4
-Animal mistreatment during transport to slaughter	17	33,3
-Non "humane" slaughter methods	17	33,3
-Other:.....	2	4

Comment:

The area of highest concern for the tanneries in our country are environmental - chemical risks, including preservation salt use aspects, followed by animal welfare (animal mistreatment during transport to slaughter and non "humane" slaughter methods). The lowest sector concern regards rainforest deforestation for getting grazing land for herds in connection to hides and skins.

Within the above areas, specific concerns relate to environmental - chemical risks, including preservation salt use.

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, consumers in our country care (57%) when shocking stories on Social or Environmental aspects of their supply chain are portrayed in the media.

An equal share of our tanners believe that the negative impression left in the mind of consumers tends to remain (29%), compared with 29% who believe consumers "care and forget".

The consultation reveals that tanners in our country understand that concerned consumers don't tend to react by boycotting leather in consumer goods (0%) but try to get assurances from the supply chain (29%) regarding the conditions of environmental performance and social accountability under which the purchased products have been sourced.

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

Percentage of customers who "are concerned"	2	29 %
	Total	%
Customers don't translate such concerns into action	665	95
Customers contact suppliers and try to sensitise them on their values	19	2,7
Customers translate Societal concerns sooner rather than later into specific requests to suppliers	16	2,3
Other:.....	0	0

According to our sector's operators, the manufacturers of leather articles, the customers of our tanners, perceive the negative publicity brought by the media as concerning (29%).

They believe that customers don't translate these concerns into action (95%).

Action is expected by the majority to be in the form of a non-compulsory dialogue (2,7%), closely followed by those who translate their concerns into specific requirements (2,3%).

Other Comments: Leather products (shoes, leather goods, clothing, upholstery etc.) are serving current human needs day by day and will remain key interests of customers. Customers, mainly due to the news/stories presented in media, are better informed regarding environmental and social issues linked with the leather products manufacturing. They care but don't react by boycotting leather products; they translate their concerns into specific request to suppliers starting with the ecological/toxicological and social criteria in addition to appearance, fashionability, durability and other physical characteristics of the products they buy.

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

	TOTAL	%
the image of the leather industry in general?	19	20,5
the image of the entire leather sector in the concerned country?	20	21,5
the image of the leather sub-sector concerned independent of location, eg footwear leather/clothing leather?	11	11,8
the image of the leather sub-sector in the country concerned?	15	16,1
the image of the company/ies concerned?	28	30,1

The perception of the tanners in our country regarding the damage caused by media scandals involving leather is that the image of the company/ies concerned gets hurt.

Other Comments: Media scandals affect mainly (30%) the image of the company/ies concerned and gradually the image of entire sector (21,5%) and of the leather industry (20,5%).

1.8. Consequences mostly feared for business and personnel

	TOTAL	%
less orders	16	12,8
cancellation of orders	7	5,6
reduction of volume in orders	14	11,2
less candidates for taking a job in the company	7	5,6
not getting top people for the company	9	7,2
staff getting stressed or depressed from the pressure of public opinion	9	7,2
losing staff for ethical considerations	7	5,6
loss in the value of the company brand name	15	12
loss of consideration in society as a tanner	15	12
official controls	16	12,8
pressure/attacks from NGOs	9	7,2
other:.....	1	0,8

Economic consequences of scandals rank 1st in the order of fears of the tanners in our country. Consequences regarding human resources are perceived as less important (2nd place), while those affecting the image of the company/industry are the 3rd.

More specifically, the potential adverse effect of a “sensationalistic” news in the media most feared by tanners is less orders equally with official controls (12,8%), followed by loss in the value of the company brand name/loss of consideration in society as a tanner (12% each).

Possible problems regarding cancellation of orders/ less candidates for taking a job in the company/ losing staff for ethical considerations (5,6% each) are not perceived as crucial.

2. IDENTIFICATION OF THE ORIGIN OF HIDES & SKINS

2.1. The respondents to our consultation use the following raw materials (indicate % or circle):

Cattle: 57% Calf: 57% Sheep: 57% Goat: 14% Other:.....

Compared with the entire national tanning sector, this is representative.

2.2. **Origin** (give percentage on an annual basis):

Domestic	6 (85,7%)	EU	0	Other European	2 (28,6%)	Extra-EU	3 (42,9%)
----------	--------------	----	---	----------------	--------------	----------	--------------

These data reflect well the supply situation in our country. Romanian tanneries are processing about 86% domestic hides/skins, mainly cattle and sheep. Although the internal resource is low and only 30% are listed as first quality, there are some factors which sustain the domestic supply: reduced number of tanneries, permanent increasing prices of the raw material and losing touch with traditional foreign suppliers.

2.3. **State** (give % on an annual basis):

Fresh	4,3 %	Salted	69,7 %	Wet-Blue	0,6 %
Dried	0 %	Limed/Pickled	14,3 %	Crust	11,1 %

These data reflect well the supply situation in our country. In Romania most processing (about 70%) is from salted hides/skins; there is no availability of chilling systems for transport or for storing raw hides, and only tanneries near a slaughterhouse process fresh raw material.

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

	1-5	5-10	10-20	20-50	more than 50 suppliers.
No of suppliers	1-5	5-10	10-20	20-50	>50 suppliers
	43 %	0 %	29 %	29 %	0 %

These data reflect well the supply situation in our country.

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

	1-5	5-10	10-20	20-50	more than 50 orders.
No of orders	1-5	5-10	10-20	20-50	>50 orders
	29 %	0	0	0	71 %

These data reflect well the supply situation in our country.

The points 2.4. - 2.7. all correlate with each other; Romanian suppliers are small companies (83% smaller than tanners) and the tanners usually have a stable relation with them. Tanners' orders for raw material depend on the finished leather assortment requested by their own customers and available working capital at the time.

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

Stable	88,6 %	Occasional	11,4 %
--------	--------	------------	--------

2.7. Suppliers are reported to be in general (% per category)

Bigger than tanners	17,4 %	Smaller than tanners	82,6 %
---------------------	--------	----------------------	--------

- 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: (circle or underline answer)

0% 10-20% 20-40% 40-60% 60-80% 80-100%

Comment: 71% from the respondents can identify 80-100% of raw materials source and 29% can identify 40-60% of the source.

2.9. Our national tanners claim to be able to identify: (circle or underline answer)

-the precise country of the hides and skins bought	100 %	Yes	No
-the precise slaughterhouse of the hides and skins bought	29 %	Yes	No
-the precise farm/herd of the hides and skins bought	0 %	Yes	No
-the precise cohort of the hides and skins bought	86 %	Yes	No

Comment: All (100%) Romanian tanners are able to identify the country and largely (86%) the cohort of the hides and skins bought, but none can specify the farm/herd.

- 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	57 %	Yes	No
-animal transport companies	0 %	Yes	No
-farmers	0 %	Yes	No

Comment: 57% from Romanian tanners are able to set up communication channels with the slaughterhouses but they have no communication with the farmers and/or animal transport companies due to the dispersion of these over the country.

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

-Electronic communication (e-mail, blogs, chats...)	43 %	Yes	No
-Paper based communications (letters, circulars, Newsletters)	14 %	Yes	No
-Personal contacts (meetings, telephone calls, fairs, auctions)	86 %	Yes	No
-Other:.....	0 %	Yes	No

Comment: The preferred routes for communications are personal contacts (86%; mainly telephone calls and direct meetings) and electronic communication (43%).

3. HOW TO ORGANISE A RELIABLE ASSURANCE MECHANISM?

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

a standard for a self-declaration of suppliers	2,43
a contractual clause in the supply contract	3,86
a company-based public societal commitment	3
a Multi-Stakeholder Code of Conduct	3,43
Other:.....	0,14

Comment: The Romanian tanners' preferred assurance mechanism is "a contractual clause in the supply contract" followed by "a Multi-Stakeholder Code of Conduct"

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	2,43
a paper-based documentation for lots	2,57
a self-declaration of herds	0,86
Slaughterhouses	2,14
Suppliers	1,86
a certification of herds	0,71
Slaughterhouses	1,86
Suppliers	1,29
a "black list" of suppliers	4,29
a list of "good" suppliers	4,57

Comment: For Romanian tanners the most appropriate assurance mechanisms rank as follows: first: " a list of "good" suppliers ", second: " a "black list" of suppliers", third: " a paper-based documentation for lots " and less important: " a certification of herds ".

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	2,71
by an independent party: Veterinary/sanitary services	2
NGOs	1,14
Technical centres	2,14
Others:.....	0,14
by the Sector institutions and Stakeholders jointly	3,14

Comments: The Romanian tanners consider that the most appropriate audit mechanism should be applied by the Sector institutions and Stakeholders jointly.

GLOBAL CONCLUSIONS / OTHER COMMENTS

Transparency of the origin of hides and skins, for Romanian public/customers, today, has an insignificant importance.

At this moment, in Romania, traceability is not a current practice. Some elements are used for raw material only. Thus through regulations, the animals, the source of raw material for tanneries, are ear-marked. The data included on the tag provide information regarding the animal.

There is no requirement that the hides and skins keep this tag throughout the whole production/commercial chain.

In any case, for the Romanian leather sector, the introduction of traceability for the whole leather chain would involve a considerable amount of time and money.