



SECTORAL SOCIAL DIALOGUE COMMITTEE FOR TANNING AND LEATHER

**27 February 2018
Working group meeting
MINUTES**

Chair : Commission

1. Approval of the minutes of the meeting dd. 5 December 2017, and adoption of the draft agenda

The minutes were approved. Regarding the draft agenda, it was announced that point 3.2 (Traceability and quality of hides and skins) was cancelled, since the Slaughterhouse of Autun (FR) does not make public announcements anymore following a television documentary where it was put in a negative daylight.

2. Introductory remarks of the social partners

No introductory remarks were made, due to time constraints.

3. Trade & Industry Topics

3.1 Joint Roadmap (previously work programme).

The social partners agreed to develop a multi-annual roadmap that will reflect a long-term vision on the challenges for the sector. The document will be subject to yearly stocktaking and monitoring. It is developed around 4 domains : industrial policy, trade, environmental issues and social and educational matters. The validation process will as follows: after a three week consultation to their respective memberships, industriAll-Europe and COTANCE will review comments received and negotiate the final document. If an agreement can be reached, a validated document will be sent to the Commission by the end of March.

3.2 Traceability and Quality of Hides and Skins

Cancelled.

3.3 Leather Authenticity – State of play

Ms KUSKE (DG GROW) informed the social partners that an impact assessment on the necessity of EU Leather Authenticity Regulation is under preparation. However, in order to present it to the Regulatory Scrutiny Board a robust dossier has to be put together. More in particular, DG GROW will need a number of cases to substantiate the file in order to assess the dimension and the impact of the problem in economic and social terms. Ms KUSKE informed that a set of questions was sent to Cotance earlier this month and asked the social partners for a pro-active approach and cooperation in this matter. If assessed positively, the file would fall under the next Commission's mandate. The social partners replied that an important volume of information had been already submitted and that a Study by MATRIX Ltd. had

already assessed the socio-economic impact. Also the result of a Public Consultation is already available. The Social Partners asked to receive precise information on the nature of information required in addition. They also claimed that existing national legislation (in 6 Member States) on authenticity cannot be enforced against products incorrectly sold as “leather” but legally produced or initially placed on the market in other Member States where such legislation doesn’t exist, due to the EU principles of freedom of circulation of goods; these national rules thus only have an impact on incorrectly marketed goods directly imported from extra-EU. An EU authenticity regulation would provide job security to Europe’s leather industry workforce, legal certainty to operators across the EU and transparency to consumers on the actual material of the product bought. Ms KUSKE stated that a single market is not equal to a single set of legislation. Also, she replied that the adoption of the Goods Package in December 2017 has set the conditions for a better enforcement of legislation.

3.4 EU-Mercosur FTA

.Mr HALLBERG (DG TRADE) sketched the general context of the negotiations between the Commission and Mercosur – Brazil, Argentina, Uruguay, Paraguay and Venezuela (at present suspended). The negotiations are now in the 29th and presumably last round. The tariff benefit for the EU of an agreement with Mercosur is assessed to be over 4 billion EUR in customs duties savings. The EU also exports services worth 21 billion EUR and provides investment in R&D and other domains generating employment.

For leather and articles of leather (HS chapters 41 & 42), the export value in 2017 to Mercosur (60 MEUR) is well below the import of hides and skins (809 MEUR). The EU thus aims at increasing the leather sector’s export to Mercosur, mainly by removing import duties on leather articles (35%) in Argentina and Brazil. However, the ongoing last-round discussions focus on Mercosur’s claim for an increased beef export to the EU, whilst the EU wants to lift its export of cars. A gradual dismantling of export barriers, notably on hides and skins has not yet been secured. The issue is sensitive for certain commodities (not hides & skins) because of the fiscal impact thereof on in particular the national budget of Argentina.

For COTANCE, Mr GONZALEZ-QUIJANO emphasized the crucial importance of ensuring the effective dismantling of export restrictions/taxes on hides, skins and wet-blue products of HS codes 4101, 4102, 4103 and 4104. He said that failure to achieve this objective would signify the condemnation of Europe’s Leather industry and all its jobs in a not too distant future, as the overall competitive environment for EU operators would be definitively imbalanced to their detriment. He said that Mercosur competitors play on the same high end markets (car interiors, furniture and leather goods) as Europeans and the unfair competitive advantage gained by export taxes would definitively put EU tanners out of business. He enquired whether EU negotiators are considering at all any symmetry between exported beef and the volume of hides and skins resulting thereof. industriAll pointed at the risk of trading off between two different sectors (agriculture and vehicles) in the negotiations, since the positive outcome for the vehicles sector might aggravate the already existing crisis in the EU agricultural sector. Mr HALLBERG replied that the foreseen size of a potential quota of beef would only represent around 1% of current EU beef consumption. He also assured the social partners that the negotiations include a chapter on phytosanitary measures. In parallel the EU is conducting a sustainable impact assessment to measure the impact of the trade agreement on the

environment. Finally, he stressed that the EU would continue to ask for dismantling of export restrictions on hides and skins.

The EU Social Partners agreed to adopt a Joint Statement on EU-Mercosur Negotiations.

4. Ongoing and proposed projects

4.1 Due Diligence Project.

COTANCE reported on the state of play of the Due Diligence project, aimed at an update of the OIRA tool and on increased knowledge on how the leather value chain exchanges communications on tannery workplace safety . The project leaders organised a successful working session on Due Diligence in leather in the context of the OECD Forum on Due Diligence in the Garment and Footwear sectors. During the OECD Forum a guide adopted last year was again presented for promoting that due diligence should be applied voluntarily in all sectors at all levels, and taking into account the geographical aspect.

industriAll-Europe and COTANCE emphasized that they stressed publicly the importance of the Social Partners in addressing Due Diligence and of Social Dialogue for developing the instruments that should further Due Diligence notably in sectors such as those of the leather value chain. They stated that due diligence has a strong link with traceability. COTANCE indicated that in the area of due diligence regarding “conflict minerals”, the EU Parliament changed the draft voluntary legislation proposed by the Commission with mandatory rules on due diligence, as they thought that the EU can only have an influence on third countries by enforcement of mandatory rules. Also, it is necessary to draw the buyers' attention to their responsibility, consisting in giving means and resources – i.e. a fair price. Mr ZIBELL also mentioned the Social and Labour Convergence project (SLCP), managed by a group in the OECD : <http://slconvergence.org/> . The project is focussed on social audits. Mr LEFEBVRE pointed at the importance of a genuine social dialogue where due diligence can be discussed between social partners at the correct level.

4.2 Digital TCLF – Blueprint

COTANCE provided a PPT explaining its role of the leather sector in two ongoing projects : Digital TCLF 2025 and Skills4Smart TCLF 2030. See the presentation attached. industriAll-Europe is a partner only in the Digital TCLF project, and Laurent Zibell gave an update of the state of development. Mrs Federica Chiarella (COTANCE) reported on the “Blueprint” project Skills4Smart TCLF that had just started and will be developed over the next 4 years.

4.4 Leather is my job III

The Social Partners are still discussing on whether and what project to submit for funding under the 2018 "Social Dialogue" call for proposals. The social partners are considering a new edition of the Leather is my Job project but the content is still not defined.

5. AOB

COTANCE informed the participants on the REF4 (Reach EnForce) report produced by the EC Chemical Agency in Helsinki on testing the safety of consumer products sold on the EU market. The sample of products tested included leather products, toys and childcare products.. The report stated that the products tested were generally non-compliant. COTANCE indicated that the report was shedding a very

bad light on leather products in general, whether they were complying and from reputable brands or not, as those tested. The representative bodies of the sectors concerned issued a statement complaining about the overall negative image conveyed on certain products while the product sample (5000 items) was not representative. In addition, fifty percent of examined products were either produced in China or of "unknown origin", which the leather sector considers a fair justification for the introduction of an EU origin marking regulation. A number of leather items were among the products. A joint statement of the Footwear, Toys and Childcare products sectors has been issued, supporting market surveillance and product safety, but criticising the unnecessarily alarming tone of the report. Mr GONZALEZ-QUIJANO enquired whether they could consider signing a joint statement of the social partners of the Tanning and Leather sector.

For industriAll, Mr ZIBELL stated that the report pointed out the failure of the market surveillance instances (i.e. customs) and asked for genuine enforcement.

Annexes :

- List of participants
- Presentation : Erasmus+ initiatives : Education and Training in TCLF (COTANCE)
- Joint Statement EU-Mercosur FTA Negotiations and Leather