



CREDIT: CTC

THE CARBON FOOTPRINT OF THE FOOTWEAR AND LEATHER INDUSTRY

Global warming has become a major environmental problem. With funding and encouragement from France's agency for the environment and energy control (ADEME), Lyon-based testing and research centre CTC has come up with a method of adapting the agency's own tool for calculating the harmful gas emissions of industrial companies, called Bilan Carbone, or 'Carbon Balance Sheet'. Over the last 18 months, it has been working with companies in the sector to help them assess their carbon footprint using the tool.

CTC started urging companies in the leather and footwear industries to think about global warming in 2005, first through presentations to, and meetings with, industry associations such as the French Association of Leather Chemists and Technicians (AFICTIC) and its counterpart for footwear and near namesake (AFTIC).

At high-level meetings that organisations such as these

hold twice a year, groups of experts discuss collective research programmes. CTC was able to introduce the subject of global warming and win a place for it on the list of topics of discussion among company directors and their technical managers, the influential people who can really take an issue like this to the core of their organisations. Together, these industry bodies, on behalf of the whole sector in France, decided to make it a priority to put the Carbon Balance Sheet idea into practice.

The build-up to taking the idea to footwear and leather producers was necessarily slow because of the need to convince individual businesses to carry out the Carbon Balance Sheet exercise; it became clear that purely environmental argument, one based on the message that the whole world needs to reduce greenhouse gas emissions, might not be enough to convince certain companies that they should launch such an initiative.

CTC found itself developing its approach, even after the exercise was under way. Information about the greenhouse effect and climate change, and their consequences, became less detailed, while points about the growing scarcity of energy resources from fossil fuels (oil, gas, coal) and of their increasing cost received greater emphasis.

Focusing on both ideas—environmental impact and increasing energy costs—when talking to business leaders proved to be the key in convincing a number of companies to engage with the scheme.

PUTTING THE IDEA INTO PRACTICE

In 2006, CTC carried out Carbon Balance Sheet exercises with 15 companies. The break-down of the types of businesses that took part is as follows.

There were three footwear manufacturers, one making safety shoes, one making business shoes and one producing footwear that falls into the luxury category.

Seven of the 15 were tanneries, five working with bovine hides and two making crocodile leather with imported skins. Four were leathergoods manufacturers, two of them making handbags, one watch- straps and one belts.

The final company to sign up was one that takes hides from abattoirs, fleshes them, salts them and stores them before sending them on to tanneries. All of the companies in question are small or medium enterprises with between 50 and 200 employees.

RESULTS OF THE EXERCISE

Without going into detail about the result the individual companies achieved, it's possible to point to a number of similarities that occurred among companies in the same sector of the leather industry.

For the footwear manufacturers and the companies making leathergoods, the biggest contributors to carbon emissions were in the materials they brought in and in some of the treatments they applied to their products. Transporting manufactured products from the place of production (often in Asia) and the point of sale in Europe. Another was the amount of travel sales representatives often have to do on behalf of those companies.

For tanneries of bovine hides, the biggest emission cause was the amount of energy consumed on site during production. However, in addition, the tanneries making crocodile leather appeared to be consuming large amounts of energy in air-freighting skins from their countries of origin.

Some of the suggested steps these companies could take to decrease their emissions levels were:

- to change the type of energy they use to generate heat
- to use maritime transportation instead of air freight
- to mix rail with road transportation after goods and materials have landed, and
- to bear carbon emissions in mind during their procurement processes.

ADEME has created a mathematical model that can give companies an idea of the economic benefits they may be

Figure 1 – Profile of a tannery producing crocodile leather

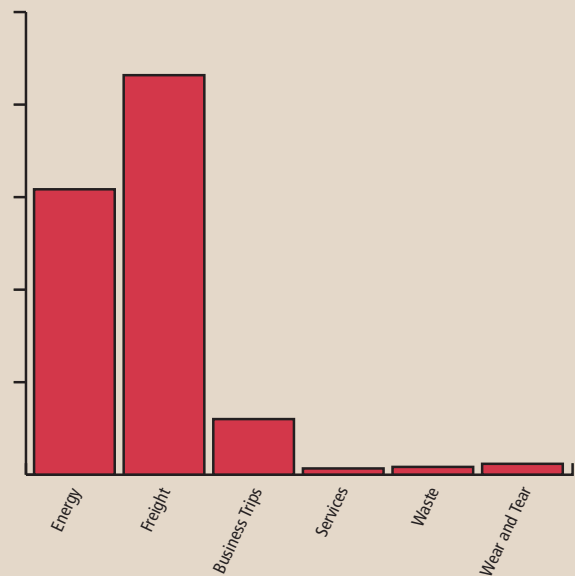


Figure 2 – Profile of a tannery producing bovine leather

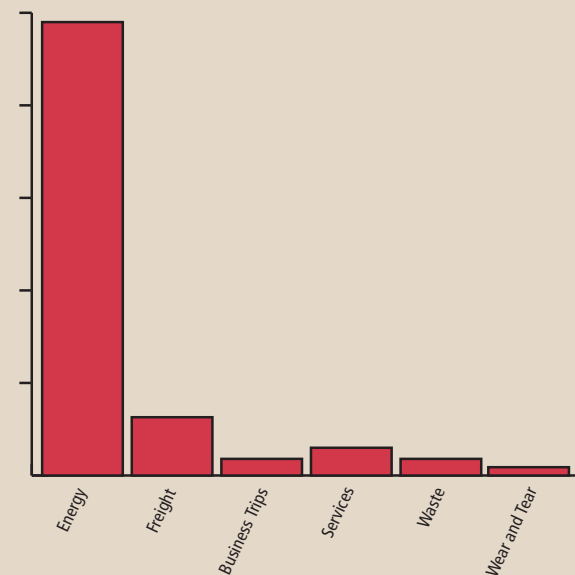
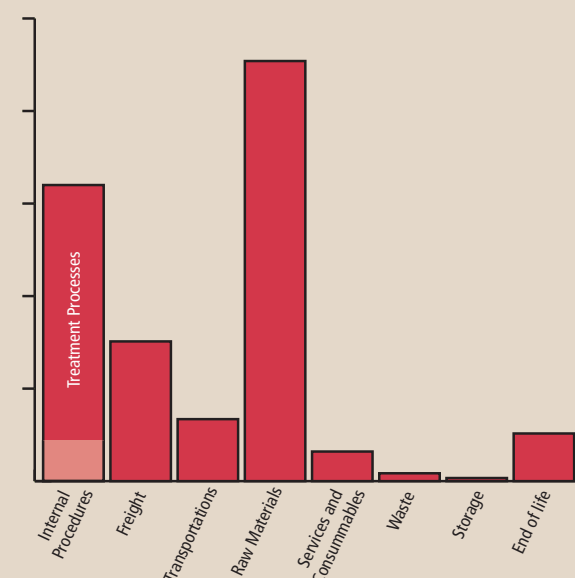


Figure 3 – Profile of footwear or leathergoods manufacturer



able to achieve by addressing this issue effectively, which CTC argues its way of applying the Carbon Balance Sheet methodology should allow them to do.

This financial calculation serves to give an idea of how much extra cost companies are having to pay these days because of the higher price of fossil fuels. The 15 companies that engaged in the exercise with CTC all got to see the calculation that corresponded to their particular costs.

The calculation makes the assumption that all carbon emissions are the result of using an energy resource deriving from fossil sources.

The higher cost of energy production has a knock-on effect at the macroeconomic level and all the way along the value chain for this resource, up to and including the end user. In the medium term, any increase will show up directly on users' fuel bills.

The results of the CTC exercise showed the extra cost of energy to be adding 350,000 to the production costs of the companies involved.

CONCLUSION

CTC believes its attempt to apply the Carbon Balance Sheet tool developed by ADEME to the footwear and leather sector, to have been a success. The testing and research centre is pleased to have had the chance to develop its own position on how best to approach the subject of carbon

emissions with companies during the build-up to launching the exercise. It is also pleased that the roll-out itself did not require participating companies to commit extensive resources.

It says the most significant success factor came when the exercise delivered results to the 15 participating companies. The set of graphics it was later able to produce offer, it says, a comprehensive, visual representation of what other companies in this space, the vast majority of them small or medium enterprises, could be missing.

Finally, the exercise has also delivered some suggested courses of action that companies can take to make inroads into their carbon emissions, although some will require profound organisational change and heavy investment. This, therefore, is a long-term change initiative. 



NOTE: CTC passed on the funding it received from ADEME, a total of almost EUR 40,000, to the companies who took part. The umbrella organisation aiming to help French technical centres share research and ideas, CTI, also helped. CTC's adaptation of the Carbon Balance Sheet tool for the footwear and leather sector had an official ADEME project number, 0571C0032.