



Adriano Serafini, chief executive of GSC.

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A catalyst for progress

The chief executive of Italian chemicals group GSC, Adriano Serafini, shares his views on recent developments in leather chemicals, regulatory requirements, consolidation in the sector and the situation in the global leather industry.

You talked in your most recent sustainability report of the importance of showing courage. Why is courage necessary?

We put this emphasis on courage because we believe it is an essential quality for anyone facing up to the complex and constantly evolving challenges of our time. If we are to take bold and innovative actions, we need courage, especially if these actions bring with them risks or uncertainties. It is through courage that we can push beyond traditional boundaries, bring meaningful change and create a lasting, positive impact.

Which characteristics indicate a lack of courage?

A lack of courage in organisations can manifest itself through risk aversion. Companies that avoid making risky decisions or investing in innovation out of fear of failure demonstrate a lack of courage, in my opinion. They do not openly communicate their goals or their progress towards them. They can appear to avoid addressing problems, be resistant to change and unwilling or unable to adapt to new circumstances or respond to emerging challenges. They

focus exclusively on immediate results, without considering the long-term impact of their actions.

What are the characteristics that you observe in companies or other organisations that are courageous?

The distinctive characteristics of companies that show courage include having a long-term vision. They tend to be organisations that look beyond immediate results. They plan for the future and invest in sustainable, innovative initiatives that may not bear fruit immediately but are crucial for long-term success. I would say they also embrace innovation. Courageous companies are not afraid to experiment and try new ideas, explore new technologies, new business models, and sustainable practices, even when there is no certainty of success. They also show transparency and accountability. They are open and honest about their goals, the challenges they face and the results they achieve. They are accountable for their actions and they commit to continuous improvement. Finally, I would say courageous companies show resilience. An ability to adapt and recover from set-backs is a fundamental component of this.

What examples would you say show these qualities in your own organisation?

GSC has approved the most significant investment plan in its history. By 2025, we will have in place a new laboratory covering a total of approximately 5,200 square-metres. By 2026, new production facilities occupying approximately 12,000 square-metres will be ready. Ultimately, courage is a catalyst for progress and innovation. We have decided to prepare for future challenges by investing significantly to satisfy our customers, stay close to them and provide an ever-improving service. This is in the DNA of our company.

In addition to broad, general demands (for greater performance or greater sustainability, for example), what are some of the specific aspects of leather production in which leather manufacturers are looking for improvement today, based on your dialogue with them?

Our dialogue with tanneries is ongoing. Various specific needs emerge from this, in addition to general demands for performance and sustainability. Traceability and supply chain transparency are among the most relevant aspects. Tanneries are increasingly interested in ensuring complete traceability of their supply chain. They want to be able to demonstrate the origin of the hides they use and make sure that each stage of production adheres to strict standards. This is not only to meet the demands of end consumers but also to help build trust and credibility in the market. On the technology front, we are witnessing a growing demand for advanced technologies that can improve leather quality and make production processes more efficient. This includes the use of innovative tanning techniques that reduce the use of harmful substances, enhance the durability of the final product and minimise waste. Leather manufacturers are seeking specific

solutions to reduce their environmental impact. This includes the adoption of greener tanning processes. The use of renewable energy to power production plants is also becoming increasingly relevant. These aspects are becoming increasingly fundamental to remaining competitive in a rapidly evolving market.

What lies ahead in terms of regulatory requirements? Will new regulations always come along?

We can expect them to continue evolving in line with growing environmental awareness and social pressures. Regulations tend to reflect current concerns, so with the increasing focus on sustainability, safety and health, it is likely we will see new laws and regulations covering environmental sustainability, worker safety and supply chain traceability and transparency.

What response to this has there been in recent months from GSC specifically?

Sustainability is the main driver of all new projects in our company. Recent examples include olive mill wastewater (OMW) tanning technology, tanning agents with low bisphenol content, Polygiene LeatherCote, which is a product line that blocks the growth of viruses and bacteria, bio-based leather chemicals, pigments for metal-free leather, a solvent content reduction project, and the Green Organic Agents for Sustainable Tanneries (GOAST) project, which is part of the wider LIFE programme.

How do these projects fit into the wider activity of the leather chemicals sector?

Leather chemical manufacturers are actively adapting to the regulatory changes. I would say there are several key



In the years ahead, according to the GSC chief executive, leather chemicals manufacturers will increasingly need to offer "tailor-made formulations" to meet the needs of tanners.
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trends. One of these is that companies are investing significantly in research and development to manufacture new chemicals that work well and comply with future regulations. This includes researching greener and safer alternatives to chemicals in use previously. To return to the example of OMW, it has allowed us to use olive mill wastewater to develop a range of revolutionary products. This by-product of olive pressing is known to be a highly contaminating because of its acidity and phytotoxic properties. It requires treatment before disposal. But it also has extraordinary antioxidant properties and natural tanning agents, making it suitable for leather chemical products.

What other trends have you observed?

Many manufacturers are collaborating with institutes and other companies to innovate and find sustainable solutions. Sharing knowledge and resources is crucial for meeting regulatory challenges. In our case, the OMW technology resulted from a European project developed in collaboration with universities and other enterprises. At the same time, manufacturers are adopting transparent practices and obtaining international certification to demonstrate commitment to regulatory compliance and sustainability. Besides various certifications under international standards and for greenhouse gas reductions, companies have completed lifecycle analysis (LCA) exercises for a number of leather chemical products and are investing significant time and energy in expanding this.

Will leather chemical manufacturers always try to respond to changes in regulations, or is it possible that the time will come when you reach a limit on the changes you can make to your product ranges while still maintaining their effectiveness?

I think it is realistic to consider that there are limits to the changes that can be made to product ranges without compromising their effectiveness. Finding chemical substitutes that are equally effective and safe can be complex and costly. Small- and medium-sized enterprises may find it particularly challenging to bear these costs. Maintaining a steady pace of innovation to meet evolving regulations requires significant resources. Regulations will continue to evolve and we chemists will strive to meet new requirements. However, it is likely that we will reach a point where modifications need to be carefully balanced to maintain product effectiveness.

The panorama of the global leather chemicals sector has changed completely in the last ten years. What are the main consequences of the consolidation that has taken place?

The global leather chemicals sector has undergone significant consolidation, with mergers, acquisitions, and strategic partnerships reducing the number of independent players and strengthening the position of several large groups. This consolidation has had positive consequences. The main ones are operational efficiency, increased investment capacity, greater regulatory compliance, greater market presence and more diverse portfolios. Mergers and acquisitions have led to synergies, allowing companies to reduce costs and improve efficiency. Economies of scale have enabled large groups to invest more in research and

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development and innovate more quickly. With a stronger financial position, groups can invest in advanced technologies, sustainable processes, and new products. This has accelerated the adoption of sustainable practices and the development of safer and more environmentally friendly chemicals. Chemicals groups can negotiate better terms with suppliers and customers and gain better access to high-quality raw materials.

What do you, as the chief executive of a leading leather chemicals group, imagine this sector will look like in the next five or ten years?

What I envisage is that the sector will continue to evolve rapidly. I can offer some predictions as to how it might develop. Sustainability will continue to be a fundamental driver. We will see increased investment in research and development to create chemicals that are not only effective but also environmentally friendly. Technologies such as green chemistry, biopolymers, and chrome-free tanning processes will become increasingly common. The use of digital and automation technologies will also become more widespread. For example, I expect the use of big data and artificial intelligence to optimise operations and predict market trends. This will be key to remaining competitive. At the same time, the demand for customised and flexible solutions will increase. Leather chemicals manufacturers will need to offer tailor-made formulations to meet specific customer needs, responding quickly to changing market trends. Collaboration between companies, research institutes, and universities will be essential in addressing future challenges. Emerging markets, particularly in Asia and Latin America, will continue to grow and play a significant role in the sector. Companies will need to adapt their strategies to serve these regions, taking into account local regulations and consumer preferences. At GSC, I would say one of our main added values is the ability to grow while maintaining the flexibility, responsiveness, and high expertise typical of a family-run Italian company.

We often talk about the leather industry as though it were one entity, but it seems very different, from one region of the world to another. What are your expectations for some of the different regions in the years ahead?

The leather industry is indeed a highly diverse sector, varying significantly across different regions of the world and market segments. Each geographic region has its own unique dynamics, challenges, and opportunities. Asia, particularly China and India, will remain a growth engine for the leather industry. The expanding middle classes and increasing demand for high-quality leather products in domestic markets there will support this trend. Asian manufacturers are investing more in advanced and sustainable technologies to improve production efficiency

and reduce environmental impact. Regulations will become more stringent, pushing companies there to enhance their sustainability practices. Europe will continue to lead in adopting sustainable practices and producing eco-friendly leather. The European Union is implementing rigorous environmental regulations that will positively influence the industry. European companies will focus on innovation and quality, maintaining their reputation for high-end products. There will be growing demand for sustainably tanned and high-quality leather. Europe will remain a key market for luxury leather products, with strong demand for fashion items, accessories and high-end footwear. North American companies will continue to invest in advanced technologies and automation to improve efficiency and reduce production costs. Consumers there are becoming increasingly aware of environmental issues, driving companies to adopt more sustainable and transparent practices. The demand for durable and high-performance leather for the outdoor and sports industry there is expected to grow. Countries like Brazil and Argentina will continue to be significant leather producers, benefiting from the availability of local raw materials. Latin America, too, will face significant challenges in improving environmental practices and in complying with increasingly stringent international regulations. Despite these challenges, Latin America also has substantial growth potential, particularly in fashion and accessories.

And for the different market segments?

In fashion and luxury, something we can expect to see is an increase in demand for craftsmanship and customisation. High-end consumers will increasingly demand personalised, handcrafted products. The ability to offer unique and bespoke items will be a competitive advantage. Again, sustainability will be a fundamental element, with consumers expecting transparency and social responsibility from luxury brands. The automotive sector will continue to seek innovative materials that combine aesthetics, comfort, and sustainability. Regulations regarding emissions and sustainability will influence material choices, pushing towards more eco-friendly solutions. Even so, synthetic materials are likely to gain traction. In furniture, the demand for leather will focus on durability, comfort, and ease of maintenance. Manufacturers will need to innovate in design to remain competitive in a demanding market. In the footwear and accessories segments, material performance and sustainability will be key factors. There will be increasing demand for leathers that offer durability, comfort, and a lower ecological footprint.

What do you think the focus on alternative materials that you mention will mean for the leather industry?

Producers will continue to explore new materials and processing techniques. They will say they are doing this to satisfy the demands of today's consumers. The leather industry does not enjoy a strong reputation among many younger-generation people, who think of it as being less natural than synthetic materials. We believe that, over time, the truth will emerge and leather will regain its prominence. The leather industry landscape will continue to be diverse and dynamic. Sustainability, technological innovation and the ability to meet specific consumer needs will be key factors for future success. 🌱