

## Why the EU Deforestation Regulation must cover leather

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### Summary

- As the Commission enters the rollout phase of the EU Deforestation Regulation (EUDR), it is crucial that decisions on product scope are guided by scientific evidence and environmental impact, rather than influenced by carve-outs in apparent response to industry pressure.
- In particular, the Regulation must continue to apply to hides and prepared leather from cattle (HS Codes 4101, 4104 and 4107), in order to tackle the impact of EU consumption in driving deforestation.
- Excluding cowhides from the EUDR would introduce a clear inconsistency in the policy: beef originating from cattle raised on deforested land would be restricted, yet the hide of that very same animal could still circulate without limitation within the single market.
- Brazil alone is responsible for a quarter of the world's commodity-driven deforestation and cattle is responsible for 81% of this.<sup>1</sup> The EU is a major destination market for Brazilian bovine hides used by the leather industry. Multiple investigations have identified links between leather supply chains serving European fashion and automotive sectors and deforestation, illegal practices and human rights violations.
- Far from being a waste or secondary by-product, leather functions as a powerful economic driver in its own right, actively incentivising cattle production and thereby directly contributing to environmental and social harm.
- The challenge of traceability is no greater for the leather sector than other commodities. The majority of the EU's cowhides are sourced from countries with cattle traceability, some of the world's biggest meatpackers already have traceability systems, and other improvements are underway in key markets. The leather sector is therefore well positioned to ensure a traceable hide supply to meet the EUDR's requirements.
- Including leather alongside beef within the EUDR is essential to avoid a significant regulatory gap that would weaken the effectiveness of the EU's deforestation policy framework, and to incentivise greater transparency and sustainability across cattle and leather supply chains.

### Cattle ranching is a leading driver of deforestation - particularly in Brazil

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A recent study in *Nature Food* found that cattle production for meat and leather was the largest driver of commodity-driven deforestation in the world between 2001 and 2022, accounting for 42% of the deforestation – an area roughly the size of Spain (~51 million ha) – and 52% of associated carbon emissions.<sup>2</sup>

Cattle-driven deforestation in Brazil accounted for 26% of all commodity-driven deforestation globally, an area of forest loss roughly the size of Poland.<sup>3</sup> The deforestation associated with cattle pasture expansion in Brazil was four times larger than the commodity with the next largest deforestation footprint

globally – palm oil from Indonesia. Therefore excluding such a major deforestation-driving commodity from the EUDR could significantly undermine the law’s credibility and impact.

## **Europe is a major market for Brazilian leather**

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In 2024, leather (cowhides) represented one quarter of the value of cattle products in the EUDR scope imported by the EU, and one third of EU imports of cattle products from Brazil, worth roughly €240 million.<sup>4</sup> Brazil is by far the largest non-EU supplier to the EU market of leather products covered by the EUDR, with 60% going to Italy.<sup>5</sup>

Brazil exports around 80% of the hides it processes, and the EU is Brazil’s second largest export market for these hides, giving the EU significant market leverage.<sup>6</sup>

## **Investigations have connected European leather to deforestation**

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Recent NGO investigations have documented the exposure of EU-linked leather supply chains to deforestation, crime and human rights violations in Brazil and Paraguay, including cattle raised on illegally deforested land inside Indigenous territories and protected areas.<sup>7</sup>

Several of these investigations demonstrate that leather entering the EU market would not have complied with the EUDR had it been in effect at the time. Often, this leather is not just produced on deforested land, but also linked to illegal practices, including land-grabbing and forcible evictions, breaching both the law’s deforestation and legality requirements.

## **Brazilian leather supply chains are higher deforestation-risk than beef**

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Part of the reason why leather is linked to such high deforestation and human rights violations risks is that Brazilian supply chains of beef destined for the EU are subject to inspections and sanitation requirements, while non-food products, including leather, are not. These looser standards allow tanneries supplying the EU to source hides from clandestine slaughterhouses or major slaughterhouses that do not have policies for monitoring their cattle supply chains for legality or deforestation.<sup>8</sup> This also generates higher risks that cattle may originate on ranches that encroach upon Indigenous lands and protected areas or are otherwise engaged in deforestation or illegal activity. The EUDR will provide a regulatory framework to ensure that companies exporting to the EU source hides from suppliers with traceability measures in place.

## **The demand for leather influences the supply of cattle hides**

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Claiming that leather demand does not influence cattle hide supply, and therefore deforestation, ignores the economic realities of the sector. The Brazilian leather industry is economically important and politically influential, generating over US\$ 1.1 billion in exports<sup>9</sup> and employing around 32,000 people in 2025.<sup>10</sup>

In Brazil, slaughterhouse profitability is dependent on the margin between prices for live cattle and sale prices for beef, hides and other cattle products. This margin has, at points in the past, been extremely tight and fluctuates based on changes in the price of live cattle and various pressures on the price of beef.<sup>11</sup> For slaughterhouses on low profit margins, exports of hides to the EU and their added revenue could make the difference between a profitable and an unprofitable operation. A 2023 study modelled

the potential impact of changes in EU leather demand on slaughterhouses of varying profitability and found that existing slaughterhouses operating with profit margins of 2% or less would cease to be viable businesses if they can no longer supply to the European market. Selling hides also ensures that slaughterhouses do not need to pay the costs of their disposal.<sup>12</sup>

Several of the world's largest meatpackers also operate vertically, processing hides in their own tanneries and exporting these products to their own leather manufacturers abroad, directly profiting from the added value of the manufacturing and sales of leather.<sup>13</sup>

The sale of hides to Europe clearly benefits slaughter operations in Brazil, including in the Amazon region, reducing the cost of their operations and providing an important additional revenue stream.

## **Leather is not a waste product of meat production**

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Leather production is a major global economic activity, representing a distinct and highly valuable sector rather than a minor by-product of meat production. Annually, global cattle hide production reaches approximately 13.8 million tonnes, with bovine hides accounting for roughly 68% of the total, reflecting a dedicated supply chain independent of meat revenues.<sup>14</sup> Based on industry data, life-cycle assessment literature reports that roughly 70% of bovine hides are converted into leather, demonstrating their intrinsic market value rather than incidental utilization.<sup>15</sup>

The raw hides and skins market is substantial, valued at around US \$100 billion (€86 billion) globally in 2025 and projected to nearly double by 2035.<sup>16</sup> Downstream, the leather goods industry - including footwear, automotive upholstery, and fashion accessories - represents a multi-billion dollar global market, adding further value and highlighting hides as critical inputs for high-value products. According to COTANCE, the EU tanning industry association, European leather processing generates €125 billion in turnover for companies downstream.<sup>17</sup>

Several European leather companies are large operations with hundreds - or even thousands - of employees and hundreds of millions of euro in revenues, giving them the buying power to influence upstream market dynamics.<sup>18</sup>

Framing leather as a minor by-product misrepresents the industry's economic role and environmental responsibilities. The financial significance of leather indicates that the industry has both the capacity and the incentive to ensure that raw materials are sourced sustainably. Together, production statistics, market valuations, and lifecycle analyses confirm that leather functions as a co-product with distinct demand and economic relevance, rather than merely as a secondary output of the meat industry.

## **Traceability in cattle supply chains is possible and is already underway**

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The hardest part of the leather supply chain to trace is what happens before the slaughterhouse. This part of the supply chain is shared with beef, so initiatives that aim to improve traceability in the beef sector will equally benefit leather. Although the EU accounts for only a small share of Brazilian beef exports, these exports were still worth around €490 million in 2024, which is a significant market to lose and justifies traceability investments.<sup>19</sup> This importance is further amplified when considering that hides represent a substantial additional source of value within the cattle supply chain, often rivaling or

exceeding margins from meat, reinforcing the case for robust traceability systems to maintain access to this high-value market.

Indeed, the EUDR is incentivising producers to make these investments, suggesting that regulation of leather and beef is sufficient to drive traceability in key countries that supply the Italian tanning sector.<sup>20</sup> JBS, the world's largest beef and leather producer, already has a system in place allowing its customers to trace their hides back to the direct supplying ranches.<sup>21</sup> Other major Brazilian leather producers, including Durlicouros have also stated that their traceability systems are ready for EUDR compliance.<sup>22</sup> The Brazilian government has committed to a national cattle traceability system for individual animals,<sup>23</sup> and one major cattle-producing state has already implemented such a system.<sup>24</sup> Other states have also committed to them, complemented by a wealth of private sector traceability initiatives already underway.

Tracing cowhides from slaughterhouse onwards is much simpler, and a number of companies have this traceability in place. Companies such as these have the leverage and expertise to incentivise and support upstream providers in achieving full traceability.

Outside Brazil, many of the European leather sector's key hide markets already have cattle traceability systems in place.<sup>25</sup> In particular, EU member states currently supply the majority of hides to the European tanning sector by volume.<sup>26</sup> The industry is therefore well placed to secure an ongoing supply of traceable hides.

## **Leather's inclusion in the EUDR improves competitiveness for ethical and sustainable suppliers**

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Keeping leather in the EUDR will reward cowhide suppliers that have already invested in traceability and in ensuring their supply chains are deforestation-free, increasing their competitiveness in the market. It will incentivise others to follow suit. As the European beef industry will already be EUDR compliant, European cattle producers will benefit from the competitive advantage of having traceable and deforestation-free hide supply chains.

### **Policy recommendation**

EU policymakers should keep leather within the scope of the EUDR to prevent a regulatory loophole that could undermine efforts to eliminate cattle-driven deforestation and related social harms from EU supply chains.

## **Notes**

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<sup>1</sup> Based on data extracted here: <https://www.deforestationfootprint.earth/> using data from

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<sup>2</sup> C Singh, U M Persson (2026) Global patterns of commodity-driven deforestation and associated carbon emissions, *Nature Food* 7, 138–151 2026, see: <https://doi.org/10.1038/s43016-026-01305-4>

<sup>3</sup> Based on data extracted here: <https://www.deforestationfootprint.earth/> using data from Singh, C., Persson, U. M., Croft, S., Kastner, T., & West, C. D. (2026). *Commodity-driven deforestation, associated carbon emissions and trade 2001–2023* (Version 2.1) [Dataset]. Zenodo.

<https://doi.org/10.5281/zenodo.18953516>

<sup>4</sup> Based on Eurostat 2024 data

<sup>5</sup> Brazil supplied 27.3% of HS4104 cowhides (next biggest supplier is the US at 17%) and 26% of HS4107 cowhides (next biggest supplier is India at 13.5%); based on Eurostat 2024 data analysed by AidEnvironment.

<sup>6</sup> Ana Mano, “Brazil leather price slumps, challenging \$1.25 billion export industry”, *Reuters*, September 2025, see: <https://www.reuters.com/markets/commodities/brazil-leather-price-slumps-challenging-125-billion-export-industry-2025-09-19/>;

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<sup>7</sup> In Brazil, see: Earthsight, “The hidden price of luxury: what Europe’s designer handbags are costing the Amazon rainforest,” June 24, 2025, <https://www.earthsight.org.uk/news/hidden-price-luxury> (accessed 18 March 2026);

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(accessed 19 March 2026); Human Rights Watch, “Tainted: JBS and the EU’s Exposure to Human Rights Violations and Illegal Deforestation in Pará, Brazil,” October 15, 2025,

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(accessed 18 March 2026); Rainforest Foundation Norway, “Hide on the Highway: Tracing Leather from Brazil to Europe under the EU Deforestation Regulation,” May 2024, <https://aidenvironment.org/wp-content/uploads/2024/07/Hide-on-the-Highway-2.pdf>;

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<https://www.earthsight.org.uk/grandtheftchaco-en> (accessed 18 March 2026)

<sup>8</sup> For some discussion of this issue, see: Walker, N; Patel, S. A; Khalif, K. A. B. From Amazon Pasture to the High Street: Deforestation and the Brazilian Cattle Product Supply Chain. *Tropical Conservation Science*. (2013) 6(3): 446-467. doi:[10.1177/194008291300600309](https://doi.org/10.1177/194008291300600309) and Mammadova, A.; Behagel, J.; Masiero, M.; Pettenella, D.

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<sup>9</sup> Based on FOB, as at December 2025. See: CICB (2026) “Brazilian exports of hides and skins”

<sup>10</sup> APLF (2025) *Brazil: Employment up in Brazil’s leather sector*, see: <https://www.aplf.com/2025/05/12/brazil-employment-up-in-brazils-leather-sector/>

<sup>11</sup> For examples of discussion of this phenomenon, see: Genial Equity Research, *Meatpackers Year Ahead 2025: Opportunities and challenges with reversing cycles* (2025) [https://media-genial-analisa.genialinvestimentos.com.br/wp-content/uploads/2025/02/04024037/Genial\\_Meatpackers\\_Year\\_Ahead\\_25-1.pdf](https://media-genial-analisa.genialinvestimentos.com.br/wp-content/uploads/2025/02/04024037/Genial_Meatpackers_Year_Ahead_25-1.pdf);

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<sup>12</sup> NINT (2023) The impact of a shift in global demand for leather on Brazilian slaughterhouses.

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<sup>13</sup> See for example JBS Couros, which claims to be “the largest leather processing company in the world”, <https://www.linkedin.com/company/jbscouros/about/> (accessed 23 March 2026)

<sup>14</sup> Textile Exchange (2025) *Materials Market Report 2025*,

see: <https://textileexchange.org/app/uploads/2025/09/Materials-Market-Report-2025.pdf>

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- <sup>15</sup> Brugnoli, F., Sena, K., Zugno, L. et al. A global study on the Life Cycle Assessment (LCA) of the modern cow leather industry. *Discov Sustain* 6, 80 (2025), see: <https://doi.org/10.1007/s43621-025-00798-6>
- <sup>16</sup> Future Market Insights (2025), *Raw Hides and Skins Market (2025–2035) – Global Market Analysis Report*, see: <https://www.futuremarketinsights.com/reports/raw-hides-and-skins-market>;  
Global Market Insights(2025) *Raw Hides and Skins Market Size, Share, Analysis Report – 2034*.  
<https://www.gminsights.com/industry-analysis/raw-hides-and-skins-market>
- <sup>17</sup> COTANCE, “Economic Overview”, <https://www.euroleather.com/about-us/statistics> (accessed 23 March 2026.)
- <sup>18</sup> For example, Gruppo Mastrotto employs 2,300 people worldwide and reported €364 million in revenues. The group operates 15 production plants, 11 of which are in Italy. (Source: <https://www.mastrotto.com/it/about/company-profile>). Conceria Priante, is a subsidiary of JBS, the world’s largest beef and leather producer (<https://www.conceriapriante.com/>)
- <sup>19</sup> Eurostat, EU 27 imports of bovine cattle meat in 2024 from Brazil (HS Codes: 0201, 0202 and 1602 50)
- <sup>20</sup> See traceability and transparency systems’ examples in Annex 2 of this Earthsight document: <https://www.earthsight.org.uk/media/download/2294>
- <sup>21</sup> JBS 360 (2026) *Leather ID – traceability tool for JBS leather products*, see: <https://www.jbs360.com.br/en/leather-id/>
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- <sup>24</sup> CIDASC, 2024. Santa Catarina revoluciona a agricultura: Sistema de Identificação Individual e Rastreabilidade de Bovinos e Bubalinos completa 16 anos de sucesso. <https://www.cidasc.sc.gov.br/blog/2024/03/31/santa-catarina-revoluciona-a-agricultura-sistema-de-identificacao-individual-e-rastreabilidade-de-bovinos-e-bubalinos-completa-16-anos-de-sucesso/>
- <sup>25</sup> EU member states already have cattle traceability systems in place (see [https://food.ec.europa.eu/animals/identification\\_en](https://food.ec.europa.eu/animals/identification_en)). Other major non-EU suppliers also have such systems, including: New Zealand (<https://nzbovinepharma.com/full-traceability>), Australia (<https://www.integritysystems.com.au/identification-traceability/national-livestock-identification-system/>), Uruguay (<https://www.inac.uy/innovaportal/file/27008/1/uruguay-beef---eudr.pdf>); UK (<https://www.gov.uk/government/organisations/british-cattle-movement-service/about>)
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