



Country Commentary

Leather in a cold climate

The Russian leather industry is growing and is held in high regard by the country's government. Twenty tanneries remain, compared with 50 at the end of the Soviet era in the early 1990s, and of those making leather in Russia now, the biggest five contribute 80% of the country's total volume. National leather industry association, PCKO, says there has been "modest but steady recovery and growth in recent years". Surviving leather manufacturers have been able to grow their output from a combined value of around \$175 million in 2010 to a figure closer to \$970 million in 2016.

Winters are so long and cold in Russia that the government has issued legislation stipulating that, in addition to proper protective clothing, footwear for anyone working outdoors must have leather uppers; no substitute material is acceptable. This, and a consumer market of around 145 million people, makes domestic demand reasonably strong.

There was a time, however, when Russian leather was in great demand in the most expensive markets in the world and in the seventeenth and eighteenth centuries, leather was one of Russia's most important exports. It is no coincidence that, when, in 1973, divers discovered a shipwrecked Russian vessel off the coast of

Russia today has a relatively small number of tanneries for such a large country, with 20 leather manufacturers in operation. However, demand from the domestic market, owing to Russia's large population and savagely diverse climatic and geographical conditions, as well as an eye for greater exports, are giving grounds for optimism.

Cornwall in England recovering leather from the cargo hold was a priority. The ship, the Metta Catharina, sank in December 1786. Almost 200 years later, divers were able to recover and then sell the consignment of Russian calf leather that the ship was carrying and use the money to fund further exploration. The leather needed some care and attention after centuries on the sea bed, but companies, including luxury brand Hermès, were keen to buy it and make exclusive bags and other products from the material. If the



A worker faces up to the demands of the Russian winter. Owing to the harsh conditions, the government has made it mandatory for outdoor workers to wear footwear made from leather.

CREDIT: YANA MAVLYUTOVA/SHUTTERSTOCK.COM



1600s and 1700s were the heyday for Russian leather exports, the material was still greatly in demand when Hermès first opened its doors in Paris in 1837. The current leadership team at the brand still talks about the challenges their forebears faced when Russian leather became scarce and then disappeared from the international market after the revolution in 1917.

It is true that, in PCKO's phrase, "those times have gone", but counting footwear factories alongside tanneries, the leather sector now has more than 2,000 enterprises operating in it, employing a combined total of 100,000 people. The biggest tanneries, such as Russkaya Kozha in Ryazan, Ostashkov Kozha in the west of the country, Khrom in Yaroslavl, north of Moscow, are important contributors to this with around 1,500, 1,000 and 600 workers respectively. These numbers make the companies large operators, not just in Russia but in the context of the global tanning industry.

Access to raw material is a concern for these leather manufacturers. PCKO has said the country's current cattle population is somewhere between 18 million and 20 million head. This represents a significant decline since the start of this century, when Russia had more than 27 million head of cattle in its national herd. As a result, tanners are already bringing raw and semi-processed hides into the country from overseas but there are some reasons for optimism at home.

Small-scale farmers across the country probably still raise around 50% of Russia's cattle. However, this is becoming less and less common and large agribusinesses are playing an ever-larger role. This is leading to greater use of new technology and up-to-date ideas and, in turn, to improvements in the quality of meat and hides.

Domestic footwear production ought to offer further rays of hope, although it is a challenging arena (see Buyer's View article in this section). PCKO puts the figure for domestic footwear consumption at 3.5 pairs per person per year, giving an annual total consumption of around 450 million pairs. "For a country with such a range of different climatic conditions," the organisation has said, "varying from Polar in the north to subtropical in the Caucasus. There are also big variations between European Russia in the west and the country's Pacific Coast in the east." Its conclusion is that 3.5 pairs per person is "far from being sufficient".

Even at this level of consumption, there are



Including shoe producers, the Russian leather sector numbers more than 2,000 enterprises, but only 20 of them are tanners. CREDIT: OBUV ROSSII



Industry body PCKO wants consumers in Russia to increase their consumption of footwear, which currently stands at 3.5 pairs per person per year. CREDIT: OBUV ROSSII

good reasons for believing domestically produced leather footwear has scope for growing its market share. Current figures show that only 110 million of the 450 million pairs of shoes and boots consumers in Russia buy each year are made in Russian factories, and only 23 million of those pairs have leather uppers, giving Russian-made leather shoes a share of only 5%. In mid-2018, the government in Moscow launched a programme of authenticity labelling for shoes, allowing consumers to see at a glance what their footwear is made of. It said at the outset that it believed labels of authenticity to combat counterfeiting or illegal imports would provide a boost to shoe sales and shoe production in Russia. People picking up on the messages about leather being

obligatory in footwear for outdoor workers, for good reason, will begin to think about the benefits of choosing leather for their and their families' shoes, too, and the labels will lead them down the right path.

PCKO insists that no one in Russia doubts the country's need to continue to have its own leather industry; the tanners and the raw material are there and the special demands of the Russian climate mean it makes perfect sense to keep the drums turning. "We need to become stronger, to continue modernising and develop a dynamic domestic market while also being an active international player," the organisation states. "The future offers hope. It also presents serious challenges, but we are ready to take them." 🌐