



Russkaya Kozha operated in downtown Ryazan from 1914 until 1990, when it moved to its current location, a special out-of-town industrial zone.

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Russkaya Kozha Ryazan, Russia

Leather manufacturing group Russkaya Kozha (which means Russian Leather) has its main tannery just outside the city of Ryazan. It's a big, busy facility, which employs, 1,500 people, 40% of whom are women. The plant covers 140,000 square-metres in total and runs 24 hours per day seven days per week, processing 5,000 cattle hides per day. Now owned by an investment group, levels of acquisition of new technology at Russkaya Kozha are high. Recent innovations have included 60 new Hüni tanning drums, 42 new Italprogetti dyeing drums and 20 new milling drums. Other investments are aimed at improving environmental performance and include purifying and recycling bating water, leading to a saving of 5% of the fresh water that the operation consumes. When the company launched this project in 2017, the first thing it noticed was a big improvement in air quality

Russia's biggest tannery has a history spanning more than 100 years and, as it expands its target markets beyond the domestic arena and beyond footwear, is investing heavily in new technology to create a bright future.

at the site. "For a project like this," says group chairman, Igor Surin, "we're not calculating the return on investment in money terms. The very next day after we started purifying the bating water, we noticed a huge impact on the smell from the wastewater treatment plant. It smelled better immediately, and that has improved the



The tannery has access to about 150,000 tonnes of raw material annually from Russian slaughterhouses, with quality improving as they become modernised.

quality of life of everyone here. You can't put a price on that."

The tannery has been in Ryazan since 1914, after moving from its original location in Riga in Latvia. Until 1990, it operated in a downtown location in this city of more than 500,000 people, 200 kilometres south-east of central Moscow. That year it was relocated to the urban North industrial zone outside the city. Specialists from Italy came to design and equip the main production area at the new site. "It was the decision of the government of the USSR to build a new tannery with state-of-the-art equipment," explains Mr Surin. "That meant Italian input, with chemicals as well as machinery coming from there. In the USSR at that time, there were 50 tanneries in operation. Each region was to be self-sufficient in leather production. Now only 20 remain, but they are all full-cycle and they have all been completely modernised with government support in the shape of low-interest loans. Machinery and wastewater treatment plants have all been upgraded." Mr Surin says that the state began to push for improvement around the turn of the century and that the environmental standards Russian tanners have to keep to now are "very severe".

International expansion

Things are looking up. Two new tanneries are likely to set up in Russia in the course of 2019, one of them a unit that a packer company will establish in an effort to achieve greater vertical integration. The other new tannery will be part of the Russkaya Kozha group, in the remote and sparsely populated Altai region in Western Siberia, around 4,000 kilometres from Ryazan by road, more than it is from Washington DC to Mexico City. When its new facility opens for business, the Russkaya Kozha group will comprise four plants: two in Russia and one each in Spain and China. Mr Surin explains that the thinking behind the overseas plants is to be close



Unloading hides from one of the Hüni drums. Production of chrome-free leathers is also part of the operation.

enough to customers to speed up the supply of finished leather. At the moment, the group ships crust from Ryazan for colleagues in China and Spain to finish and deliver quickly to finished product manufacturers.

Examples of customers that the Spanish tannery supplies include Mango, Wortmann, Tamaris, Callaghan, Portuguese brand Aerosoles, and Tempe, the footwear division of multi-billion-euro fashion group Inditex. The Ryazan tannery underwent an intensive social audit from Inditex in the autumn of 2018 and achieved a good result, much to the satisfaction of general director, Andrew Nizov. Russkaya Kozha acquired one of 14 remaining tanneries in the ancient leather-making town of Lorca in Spain in 2012. The Lorca and the Ryazan factories have both undergone assessment by multi-stakeholder body the Leather Working Group, achieving gold and silver status, respectively. Other big brands on the group's customer roster include Ikea, H&M and ST Dupont.

The new Altai tannery will, in particular, provide efficient, regular, relatively quick supply of crust to the facility in Dongguan, China. It takes the group 50 days at the moment to ship supplies of crust from Ryazan to Dongguan because the only ports available for shipping containers of crust are those at St Petersburg (950 kilometres away) and Novorossiysk (1,400 kilometres away). Instead of 50 days, transportation time by road or rail from the Altai tannery to Dongguan will be 10 days.

Vast territory

The new facility in Western Siberia will be full-cycle and will have good access to local hide supplies: this region has 20% of Russia's livestock population, but it is a challenge, for logistical reasons, to transport the hides westward to Ryazan. Russia's current total cattle population is between 18 million and 20 million head, but around 50% of the herd is in the hands of small farmers. This is changing;



Dyed leather for use in footwear manufacture. Russia's climate has led to legislation that outdoor workers must wear footwear made from leather.



Cut pieces ready for stitching as the company expands into new markets.

many people from younger generations believe a better future can be theirs by moving to big cities and working in offices; they no longer want to run a small-holding in the countryside, and agribusiness groups have begun to have more influence on how cattle in Russia are raised and slaughtered, bringing new techniques and new technology with them. In any given year, something like 40% of that cattle population will go to slaughter. Russkaya Kozha says it usually has available to it about 150,000 tonnes of raw material annually from Russian slaughterhouses. "Sometimes this is enough, and sometimes it isn't," Mr Surin explains, "and then we need to bring in some hides from the outside, especially as not all of the Russian material is suitable for making the finished leather we need to produce. This is more because of the breeds farmers raise than because of the climate here. There is a policy in place for improving the quality of meat in the domestic market, and that's good news. We have a lot of grass here, good pasture land."

Crises can be overcome

The group chairman is optimistic. He acknowledges that there is, globally, "over-production" of leather, and that "the doubling of raw material prices" in 2014 exacerbated a downturn in demand for the material. If, in the face of this, tanners have continued producing leather in volumes that are too large for present demand, the fault is not all theirs, he continues. "Brands always want something new," he says. "We prepare leather for three or four different seasons every year, but brands push for even more and this, too, leads to waste." Mr Surin's prediction is that a revival will begin, probably around mid-2019. He explains: "Yes, artificial material presents a real danger to the leather industry because the quick change the fashion industry wants lends itself more to the use of synthetics. The trade war between China and the US is also bad news. But this isn't the

first crisis we have seen; we have come through the others and we will come through this one."

Specific to the situation in his group's domestic market, he points out that, while the population of Russia is large at around 145 million people, most of them are "not too rich". However, on the plus side, he says Russia has four very different seasons of the year, making leather "strategic" in the country. "Our winters are so cold," he explains, "artificial materials simply don't provide enough protection. It is the law here in Russia that safety boots must be made from leather. Workers must wear leather boots. This is about safety, not about looking fashionable; it's scientifically tested and the government supports it. I think that if consumers say they won't buy leather, it's not because of the price, it's because they are being cheated. They are not being told the truth about leather, or about alternative materials."

Outreach programme

Part of the company's efforts to reach out to the local community is a programme of 'industrial tourism' that began two years ago. Already, 1,500 people have travelled to the industrial zone 15 kilometres north-west of the city centre to tour the tannery. The general manager, Andrew Nizov, says building links to a local school is the next step. In Russia, high-school students have the option of spending their last two or three years of school in a vocational training programme in specialised professional training colleges. "We are trying to introduce a leather programme in one of the schools," he explains. "We discussed the possibility of trying to do this with a university, but we came to the conclusion that the university level is too high. The high-school idea will work better; our people will be able to go in and help teach the students." The group points out that this is something that the leather industry in



The group makes its own finished furniture, for sale in retail outlets throughout Russia.

Italy seems to do particularly well and says it sees setting up its own special programme as the best way to follow that example.

"Industrial tourism solves several problems, including that of recruiting staff," Igor Surin says. "If they've come as tourists and then apply for a job, they've seen where they will work. They know there is nothing about working in the tannery for them to be afraid of. Later, of course, they receive full training, but, in these cases, it starts with a visit as tourists. Some factories of only 50 people lack personnel. We have 1,500 people working here and we don't have that problem. We don't lack people; people come."

This theme brings him back to the subject of the public learning the truth about leather. He is pleased that people want to come to the Ryazan tannery on industrial tourism trips and that, when they come through the doors, they can see for themselves "the reasons why leather is better". There is another company initiative: a company store in a shopping centre in the centre of the city where people can buy pieces of leather and finished products made from Russkaya Kozha material. It includes an activity area where, free of charge, children can learn some simple handicrafts using off-cuts. "This lets them feel that it's a natural material," the group chairman says, "that it's the perfect material to touch. And with the older students we work with, we want to talk to them about longevity and durability as two of leather's most important qualities. We want to pose questions to them about what they imagine would happen to cattle hides if tanners stopped making them into leather." His hope, he says, is that people's direct contact with Russkaya Kozha will help bring about a change in the mindset of consumers who, perhaps, imagine that the leather industry still looks like the scenes at the start of the Tom Tykwer film 'Perfume: The Story of a Murderer', set in a Paris tannery in the eighteenth century.

Focus on transportation

Russia and its legal and weather-based demands notwithstanding, an upturn in the use of leather in footwear, in general, appears slow in coming, according to Andrew Nizov. He explains that more than 90% of Russkaya Kozha's leather still goes into shoes, but his belief is that, by the end of 2020, transportation will account for 20% or even 30% of the total. There is much work already under way to bring this about, including imminent presentations to state-owned operator Russian Railways (RZD). The group's aviation business is growing as well, particularly with Siberian-based company S7 Airlines, which holds the claim of being Russia's biggest operator of domestic flights. Production of automotive leather is also picking up in Ryazan and the company has been making wet white rather than wet blue from a small proportion of its cattle hides to make furniture leather. Not only that, there is a department in the factory that makes 3,000 sofas per month, although leather covers only 50% of the total, with fabric upholstering the rest.

A more recent addition to production, and another that has potential applications in footwear lining, is the tanning of local sheepskins. With the wool left on, it makes high-quality lining for winter boots.

"Our material is diverse," Mr Surin says, "and we want to use it to the full. Russia is a vast territory, a continent, really, and the raw material is not standard. For that reason, we often talk about our complex here in Ryazan as being more like our own leather manufacturing cluster than like a single tannery because we make different types of leather in different parts of the factory. We are planning to lower the volume of leather we make for shoes and put more into other areas. We can adapt to new ideas when we see them. Our size allows us to try out new ideas and implement



them if we want to." He adds, though, that he expects demand for leather in footwear globally to come back and says this is based on past experience of the ups and downs the leather sector experiences with its footwear customers. Large numbers of brands are now part of the fast fashion craze and this is making the problem of unsustainable over-production worse. This cannot go on, he insists.

Collectively, he wants the leather industry to make more of the material's durability. He says: "If you have shoes made of leather, you can keep them for years, and when leather gets older, it looks even more beautiful. Most of the artificial materials we have to compete with can be used only once, while leather is multi-use. We need to challenge the reasons people come up with for choosing artificial materials instead. I have had a sofa for 20 years, made from material that we produced here but that we didn't think was our best. Well, today it looks great. And when I sit on that sofa I like to think that I'm sitting on the same material that my forefathers sat on. I like the thought that I am continuing the same tradition."

He thinks that "more modest" automotive brands should take a leaf out of the book of higher-end companies and use extensive volumes of leather in the interior of their vehicles, although he also thinks that all automotive brands should make fewer demands of tanners. "I'm not talking about safety standards," he adds. "We need to keep those. But why can't they accept a hide that has a single defect, even if that defect is only detectable with a magnifying-glass."

Attention-seeking

The global Tannery of the Year Awards programme is about knocking on leather manufacturers' doors and asking those that are open and generous enough to let the *World Leather* team in to share their stories. For Mr Surin, taking part is "not about vanity", but it is, partly, about trying to attract more attention to the work Russkaya Kozha is doing. "We want to bring what we are doing to the attention of government officials," he confirms. "We want them to pay attention and to be more aware of the challenges we face." In 2017, the most important politician in the country, President Vladimir Putin, was a visitor to the tannery in Ryazan. Igor Surin was able to take advantage of the occasion to point out some of these challenges and he says the president took the information on board and, on some topics, promised immediate help. The example he gives is of vaccinations for protecting cattle (and their hides) from insect damage. "The USSR was very strict about this," Mr Surin says, "but it has dwindled. President Putin had never been in a tannery before and he immediately made the connection between the vaccinations and the quality of our raw material. He said he'd do something about it."

Mr Surin describes the prospects in this part of the world for manufacturing in general, and for leather manufacturing in particular, as very good. "The government is paying attention," he explains. "It recognises that the footwear industry in Russia does not have access to enough basic materials to be self-sufficient. In the 1990s, there were a lot of reforms here and moves towards a more free-market economy. There was a focus on gas and oil and a mentality of 'why produce if we can buy?' for most other things. Now it's the opposite. Russia has to become less petro-dependent." For him, this means a need for Russia to use as much

of its own raw material as it can. It is important for the country to "develop wages", he adds, claiming that wage levels in Russia are lower than they are in China, as are the cost of energy and water. Light industry tends to move from country to country, he acknowledges, but his conviction is that Russia is a good place to manufacture consumer products.

Nevertheless, 2018 appears to have brought several years of annual growth of around 5% to a halt for Russkaya Kozha and has been, according to the group chairman, "really hard". Production volumes will remain at the same level as in preceding years, even if the revenues the leather manufacturing operation brings in decline. "There won't be any growth," he accepts, "but the last quarter will bring us back to the production levels of earlier years, in spite of the fact that, after the first nine months of 2018, production levels were down by around 2%. Our exports to Europe are down slightly, but the level of business here in Russia is roughly the same. We stopped production twice in the summer, for ten days each time. The workers always have some time off in the summer and we use the time for maintenance, but this summer it was twice. We put in the new drums and other new technology during these stoppages. With this in mind, and in this environment, I would say that achieving the same volume is very good."

A challenge to suppliers

For much of the Ryazan tannery's beamhouse operation, it uses chemicals from local suppliers. But for tanning, retanning and finishing, it sources from international suppliers, including Lanxess, Zschimmer and Schwarz, Stahl and TFL. It is probably with TFL that the Russian leather manufacturer has the strongest relationship; the chemicals company even has its only laboratory in eastern Europe located on the site, although it serves all customers in the region from there, without favour. This set-up is the result of a long-term partnership. "Fifteen years ago," says deputy director Vitaly Selivanov, "a TFL director came to visit and we asked him what we needed to do to move forward and he gave us good advice. So we suggested to him that he open a laboratory here for the benefit of all the tanners in this region. He decided to accept that offer and we have continued to have the support of TFL since then."

There are areas in which the Russkaya Kozha leadership team would still like to see innovation from suppliers. Knowing what best to do with chrome-shavings, for example, is a problem. It knows about projects that encourage tanners to use chrome-shavings to generate new retanning agents, but believes it is still too soon to say if this is a workable idea for the facility in Ryazan. The principle of putting all waste to use is good, the company states, and it hopes leather chemical manufacturers will devote more time and effort to addressing this topic on tanners' behalf. For tanning machinery manufacturers, the team's main request is that they make longer-lasting machines. "We have had to tell machinery manufacturers in the past that we will only buy the machine they have shown us if they alter it to use more stainless steel, just so that it will last longer," Igor Surin says. "Leather is long-lasting; machinery manufacturers need to make sure their technology is too." In addition, he and his colleagues would like to see further innovations for eliminating manual labour and moving the leather industry towards greater automation. 🌐