

Legislation that has come into force regarding the lining of children's shoes in Russia is lacking in clarity. Danish footwear brand Ecco has decided to err on the side of caution, with knock-on effects for suppliers.

Ecco takes no chances in Russia

Danish footwear brand Ecco is famous throughout the world for its integrated supply chain: its own tanneries make its own leather; its own factories make its own shoes; its own shops sell them to the public. To put some figures on this, Ecco runs four tanneries, in the Netherlands, China, Indonesia and Thailand. It has footwear production facilities in Portugal and Slovakia, as well as in the three Asian countries where it makes leather. At the end of 2012, there were 1,095 Ecco-branded footwear retail outlets around the world, of which Ecco itself operates 181. A sister company, KRM, operates 123 of the stores and the remaining 791 are in the hands of franchise partners. Its shoes are also on sale in a further 14,000 non-Ecco retail outlets. Together, these parts of the company, and its partners, made and sold 20.2 million pairs of shoes in 2012. "Customers expect more frequent deliveries of attractive new products, easy purchase processes and an ever-higher level of service," the footwear company says. "Ecco's control of the entire supply chain should allow us to meet these expectations."

For the most part, this appears to work. Serious flooding in Thailand in October 2011 had a very direct impact on Ecco's operations in Ayutthaya, reducing its global production capacity by one-third overnight. Because it runs its own production plants, though, it was able to ask its other units to increase production to minimise the effect on customers; this included starting up production at a plant in Santa Maria da Feira in northern Portugal that had stopped making shoes in 2009. Ecco had kept in place a research and development team in Portugal, but in 2012 hired more than 400 new workers there to make shoes again in the wake of the events in Thailand. "These events galvanised the entire Ecco organisation into a superb effort throughout 2012," the company states.



The Danish footwear brand has had to redesign some of its children's shoes for the Russian market for autumn-winter 2013-2014 to remove Gore-Tex membrane technology.

 ECCO



Only natural! Linings for children's shoes in Russia, Belarus and Kazakhstan must contain no synthetic material, according to a July 2012 directive.

 Michael Dwornik/Ecco

Russia in a rush

Some things, however, appear to be outside the control of even Ecco. The footwear brand has reported that changes in regulations that have come into place in Russia have forced it to alter some elements of the collection it is currently preparing to ship to that market for sale in the autumn-winter 2013-2014 season.

Specifically applying to children's shoes, the change, which came into place in July 2012 shortly before Russia became a full member of the World Trade Organization, is that now all children's shoes in the Russian market must have linings that are made wholly from natural materials.

Ecco is a great champion of natural materials as its continuing commitment to producing its own leather shows. However, it has also included Gore-Tex membrane technology in some of its shoes for many years, layering the membrane into its leather uppers or laminating it into high-performance textiles inside the upper and carefully sealing it. "This way we can create outdoor shoes that are breathable, durable, waterproof, and engineered to keep feet dry and comfortable on all adventures," the company stated.

After carefully considering the new regulations in Russia, Ecco has decided to take Gore-Tex out of all of its Russia-bound children's shoes for autumn-winter 2013-2014. The Danish footwear brand told WSA that the purpose of the new regulation is to secure the safety of products used by children and adolescents, and that part of this is that the lining of children's shoes has to be made entirely from natural materials such as cotton, leather or wool. "Any use of synthetic materials is prohibited," the company said. However, its vice-president for group communication, Steen Frenzt Laursen, added that the technical regulations are still unclear.

"They do not define what 'lining' is," he said. "The authorities have not provided any interpretations of the regulations."

He made it clear that the regulations make no specific reference to Gore-Tex and said Ecco had been forced to make its own interpretation of what would be acceptable in Russia in the face of the new rules. He pointed out that two other markets, Belarus and Kazakhstan, are also covered by the change.

Technical trade barrier

"Ecco views the new regulation as a technical trade barrier," Mr Frenzt Laursen continues. "These products do not cause any safety hazard. Also, our products are sold in 90 other markets with no such requirements against synthetic materials. Nevertheless, we have adapted to the regulations to the best of our ability by developing and manufacturing an entirely new collection for this segment of the market." He said quality and comfort remain "at a very high level" for the altered collection for Russia, Belarus and Kazakhstan.

WL Gore, which makes Gore-Tex, has played down the possible consequences for its membrane technology's future in the Russian market. "This regulation primarily concerns footwear brands that are bringing the shoes into these markets, Russia, Kazakhstan and Belarus," the technology provider told WSA. "WL Gore & Associates is not directly affected by this regulation. The Gore-Tex brand is not banned in Russia nor did Ecco have problems solely because of incorporating Gore-Tex products in its children's footwear."

It said it would continue to support its footwear brand partners in addressing this issue by providing them with new information as and when it can. 