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## Mifur Trade Fair: Russia, Ukraine Woes Thwart Fur Business

Strife in the Ukraine and the continuing plunge of the Russian ruble loomed over fur operators at the Mifur trade fair in Milan last week for the second winter season in a row.

By [Emily Backus](#) on March 11, 2015

**MILAN** — Strife in the Ukraine and the continuing plunge of the Russian ruble loomed over fur operators at the Mifur trade fair in Milan last week for the second winter season in a row, while they also nursed cuts to their turnover owing to a crash in pelt prices last buying season.

Downsized stands meant a cozier four-day trade show March 3 to 6. Attendance was down by 11 percent, and many visitors spoke of needing to adapt to structural market change.

“The decrease in Russians and Ukrainians hasn’t been tragic,” said Norberto Albertalli, president of Mifur, adding that the number of Russian buyers fell from more than 500 last year to about 350 by the second day of the fair. A Mifur survey found 89

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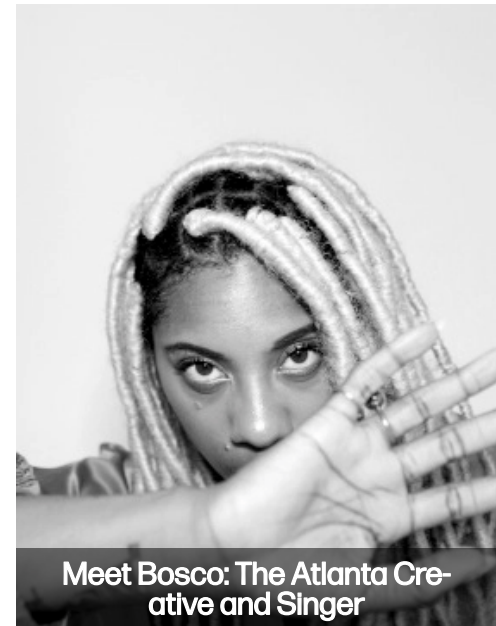
percent of respondents among the trade fair's 10,102 visitors foresaw bleak sector prospects. Albertalli was not pessimistic, but nevertheless admitted that without respite in sight for its economic troubles, "The important challenge is to find another market as important as Russia."

Last March, the ruble was down by roughly 20 to 25 percent to the euro compared with March 2013. This month, it is worth a little more than half of what it was worth two years ago.

From 2013 to 2014, Italian fur exports to Russia — formerly Italy's largest export



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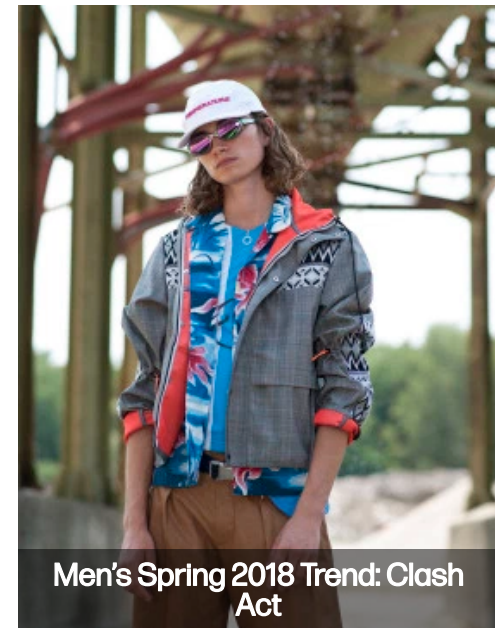
market — plunged 29 percent to 33.5 million euros, or \$35.8 million at current exchange, according to a

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PricewaterhouseCoopers (PwC) study for the Italian fur organization Associazione Italiana Pellicceria. Exports to Ukraine in the same period sank 57 percent to 5.3 million euros, or \$5.6 million. PwC estimated that crisis in the region, including commercial restrictions, were responsible for 3 to 4 percent of a 7.4 percent contraction to 1.1 billion euros (\$1.17 billion) seen from 2013 to 2014 in Italian fur production.

“We are studying Far Eastern taste,” said Roberto Scarpella, president of the Associazione Italiana Pellicceria, who noted that demand for fur is massive in China, but almost entirely supplied by domestic producers, with an emphasis on low- to medium-end products far below the Italian fur producers’ quality, fashion and price points.

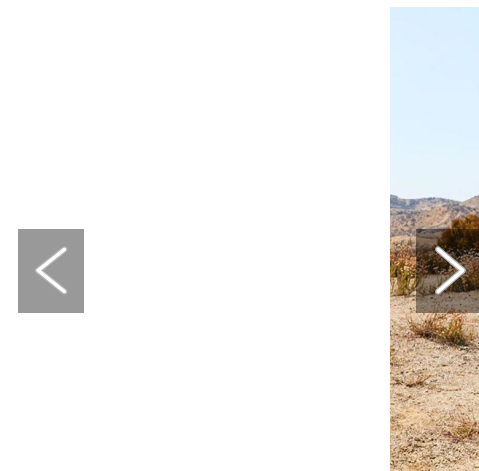
Scarpella and Albertalli said the U.S. fur market offered hope, as did Korea and — if the economy recovers — Europe. Mifur found sales to the U.S. had picked up by nearly 28 percent, favored by a strong dollar and two fierce winters in a row.



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Scarpella aims this year to complete the certification of the traceability, sustainability and welfare of the entire Italian supply chain, from animals to finished garments — an effort likely to pay off in Western markets.

Parisian haute furrier Serge Ghnassia, who owns stores on the Champs-Élysées and on Rue Saint-Honoré called Milady, is veering away from clientele dominated by ex-Soviet-bloc tourists. Ghnassia said he is revamping his collection to appeal to French locals and non-Russian tourists after a “very difficult” winter selling season with a 20 percent drop in sales.

“In a way, we are awakening to something,” Ghnassia said. “We need to adapt our product to customers who have money to spend.”

Daria Ilina, a buyer for the Russian store Parad, located in the far northern coastal city of Arkhangelsk, reported that winter sales were solid until in January, when she hiked prices 30 to 40 percent under the pressure of the declining ruble. Ilina said she would shop exclusively with fur makers at Mifur offering discounts to Russian customers.

Roberto Ravizza, owner and chief executive officer of Mondialpelli, maker of Gianfranco Ferré furs and other labels, said he was confronting deep market uncertainty not by offering discounts, but by sticking to his core strategy of focusing on a “strong product” made in Italy, with a distinct identity, creative use and mix of materials, and fine quality. He said that before the crisis, Russia was his biggest market.



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Troubles in the ex-Soviet bloc coincided with meteoric plunge in pelt prices last year thanks to Chinese buyers' failure to show at international auctions during the 2014 buying season. Mink prices — the worst hit — tanked 52 percent from 2013 to 2014, according to PwC.

“In the last two years, there has been total confusion in the market. [Pelt] prices have gone up and down, up and down,” said Nicola Paoletti, who runs the Italian pelt supplier Paoletti with his father. He believed cost swings had little relation to Chinese demand, but could not interpret the cause.

“The Chinese have such a strange market. They work with themselves and by themselves,” noted Paoletti, adding he wasn't surprised by the price crash, because Chinese buyers had helped propel pelt prices to dizzying heights from 2011 to 2013.

“Two years ago, it was incredible the way we were working. There was more demand than offer,” Paoletti said. “The prices were crazy. They were too expensive. They had to go down.”

“This is a difficult market to stabilize,” said Kenneth Ingman, chairman of the Finnish Fur Breeders' Association and chairman of the fur industry trade group Fur Europe.

“There's nothing restricting it. You have to maintain financial reserves,” Ingman explained, adding that one of the strengths of the Finnish breeding sector was a banking system that understood the market's structural volatility.

Jan Erik Carlson, marketing director at Saga Furs, a leading Danish auction house, said pelt prices this buying season were already on the rebound.

“We’re in a phase of recovery, with prices moving into decent territory,” Carlson said.

He showed fur-working techniques developed at Saga’s product development. He explained that Saga presents technical samples to ready-to-wear designers before they develop winter collections for the fashion weeks of New York, Milan, Paris and London, and said fur makers can create lighter, more creative surfaces as well as radically reduce raw materials used through certain techniques. In one, thin strips of fur are sewn onto a textile backing in evenly spaced rows, giving a cascade effect similar to the feathering of an exotic bird. In the “air gallon” method, honeycomb cuts are made to the fur. The resulting lattice can then be stretched up to about double its original size, offering new visual effects.

Carlson said intarsia patterns had been popular with clothing designers this year, but would not reveal what they sought out for next.

But the Italian Fur Fashion Night runway show offered a glimpse into next winter’s fur collections. Garments will be more conservative than last year, with plenty of classic silhouettes and lasting proposals with creative patterns, colors or asymmetry.

Meanwhile, Mifur identified four major trends for fall:

n Colored Dream: Outspoken color statements were made at Gianfranco Ferré by Mondialpelli with ultralight, shorn minks in bright orange, petrol green and slate blue; de Carlis showcased sporty short orange coats with razored zigzag patterns; pastel mint and pink mink coats stood out at Giuliana Teso.

n Urban Run: Sporty, urban looks went upscale in Via Capella's chic parkas with silver fox hoods, as well as its army green Astrakhan bomber with contrasting brown mink hood and pockets; Byte's varsity jacket minks featured contrasting sleeve stripes, mixing hues like moss green and pastel pink; Di Carlo featured a blue sleeveless hoodie in cashmere and Astrakhan, with mink lapels and hood.

n Nordic Underground: Easy, arty pieces in basic shapes appeared in Fabio Gavazzi's full-length, loosely tailored, blue and black intarsia patterned Astrakhan coat; in Manoel Cova's loosely draped short coat with oversize sleeves in swirling black and burgundy patterned mink; and in Maurizio Braschi's white mink poncho with a raised boat-neck and black stripes.

n Night-Light: Deep tones lit with glowing or neon highlights showed in Vincifur's black sleeveless silver fox coat with yellow, blue, and pink tufts, as well as Elcom's black chinchilla short coats with gradations of fuchsia or electric blue.

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