

## ABOUT THE DEVELOPMENT OF THE LEATHER INDUSTRY: CASE OF KAZAKHSTAN \*

### О РАЗВИТИИ КОЖЕВЕННОЙ ОТРАСЛИ: КЕЙС КАЗАХСТАНА

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*The leather industry, with its rich historical traditions and craftsmanship, represents a combination of art and production, being an important sector of the economy of many countries. In the context of the modern challenges and opportunities of the global market, the development of the leather industry is becoming a pressing issue for countries seeking sustainable and innovative economic growth. In this context, the Republic of Kazakhstan, possessing unique natural resources and cultural heritage, is of particular interest for the study of the dynamics and prospects for the development of the leather industry. This study is aimed at a comprehensive analysis of the current state of leather production in Kazakhstan in order to identify key factors that form its dynamics. Particular attention is paid to highlighting the challenges facing the leather industry of Kazakhstan and developing strategies to overcome them. As part of the study, we plan to consider the potential of the industry based on the analysis of statistics from the leather industry. The purpose of the study is to provide specific recommendations and strategic ways for the development of the leather industry in Kazakhstan, contributing not only to the strengthening of the national sector, but also to its successful integration into the global leather community.*

*Кожевенная промышленность с богатыми историческими традициями и мастерством олицетворяет сочетание искусства и производства, являясь важным сектором экономики многих стран. В контексте современных вызовов и возможностей глобального рынка развитие кожевенной отрасли становится актуальным вопросом для стран, стремящихся к устойчивому и инновационному экономическому росту. В данном контексте Республика Казахстан, обладая уникальными природными ресурсами и культурным наследием, представляет особый интерес для исследования динамики и перспектив развития кожевенной промышленности. Данное исследование направлено на всесторонний анализ современного состояния кожевенного производства в Казахстане с целью выявления ключевых факторов, формирующих его динамику. Особое внимание уделяется определению вызовов, стоящих перед кожевенной отраслью Казахстана, и выработке стратегий для их преодоления. В рамках исследования рассмотрен потенциал отрасли на основе анализа*

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*статистических данных кожевенной промышленности, предоставлены конкретные рекомендации и предложены стратегические пути для развития кожевенной промышленности Казахстана, способствующие не только укреплению национального сектора, но и его успешной интеграции в мировое кожевенное сообщество.*

**Keywords: leather, sheepskin, leather production, animal husbandry, leather processing, Kazakhstan.**

**Ключевые слова: кожа, шкура, кожевенное производство, животноводство, переработка кожи, Казахстан.**

### *Introduction*

In the modern world, industrial development plays a key role in the economic prosperity of countries, and the leather industry is an important segment of this process. In Kazakhstan, striving to diversify its economy, problems in the development of the leather industry are of particular importance. Despite the wealth of natural resources and historical heritage in this area, the industry faces a number of systemic and structural problems that slow its full development. In this scientific article, we are making an attempt to analyze in detail and highlight key problems that hinder the progress of the leather industry in Kazakhstan. Looking at factors such as technological obsolescence, insufficient infrastructure, as well as problems in providing raw materials, we seek to identify the roots of the current difficulties and propose constructive ways to solve them. Our analysis is based on current trends in the global leather industry, as well as on the experience of successful countries that have managed to effectively solve such problems. Ultimately, the goal of our work is not only to highlight obstacles to the development of the leather industry in Kazakhstan, but also to propose strategies and recommendations that contribute to improving production efficiency, expanding export opportunities and strengthening the competitiveness of the industry in the global context.

The leather industry in Kazakhstan is an important segment of the economy, which has a long history and a close connection with the cultural heritage of the people. The art of leather making in Kazakhstan is rooted in a deep history associated with the traditional nomadic lifestyle. Leather was used to make

various items such as clothing, shoes, saddles and bags. Artisans passed on their skills from generation to generation, which contributed to the formation of a unique style and design [1].

Today, the leather industry in Kazakhstan covers a wide range of products, from traditional handicrafts to modern leather products that correspond to the latest fashion trends. Factories and workshops use modern approaches of leather technology to improve the quality and increase the productivity. Leather art is not only an economic resource, but also has the important role in preserving the cultural heritage of Kazakhstan. Traditional ornaments, patterns and techniques transmitted from generation to generation embody the wealth and versatility of Kazakh culture. Despite successful development, the leather industry faces a number of challenges, such as competition in the global market, changes in consumer preferences and environmental concerns. However, with the development of sustainable technologies and marketing strategies, the industry can find new markets and strengthen its position [2].

The complex of problems that take place in the state and development of the leather industry, its importance in the country's economy and the insufficient development of the problem of the formation and implementation of the development strategy of industry enterprises led to the relevance of the problems and the choice of research [3].

### *Methodology*

The theoretical and methodological basis of the study is the scientific works of domestic and foreign scientists, regulatory documents of the Republic of Kazakhstan, decisions and decisions of the Government on in-

dustrial policy issues. The work used statistical materials of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, reporting data on individual enterprises of the Turkestan region. In the process of research, in the development of organizational, economic, methodological materials and provisions, general scientific methods and principles of cognition, traditional methods of economic analysis were used: logical and system-structural analysis and synthesis, classification and typology, as well as economic and mathematical statistical methods of data processing and modeling, expert method.

#### *Results and discussion*

Important factors for the development of the leather industry are the availability of raw materials, technological capabilities and access to sales markets. In Kazakhstan, there is potential for the production of high-quality leather, given the presence of cattle breeding in the country (the number of cattle in 2023 amounted to 8 757, 8 thousand heads).

At the same time, deep processing of leather raw materials in Kazakhstan stagnates against the background of growing exports of unprocessed skins. Kazakh farmers prefer to

send raw skins abroad, rather than hand them over to domestic tanneries. Exports of raw cattle skins rose 73% for 2023. The main buyer is Russia.

Exports of raw cattle or horse skins rose 72, 9 per cent in 2022, according to data from the Bureau of National Statistics. Shipments of other untreated skins increased 2-fold. Exports of processed cattle skin or horses grew 3.6 times. At the same time, processing enterprises, on the contrary, reduced the volume of supplies abroad of processed raw materials for leather products. For example, exports of tanned leather or leather crust (without face decoration) from cattle skins decreased by 44%. In 2022, 4,3 thousand tons of such semi-finished products were sent to China, India, Turkey, Italy, in 2023 - only 2,4 thousand tons. Processed skins of small cattle also began to be sent less: the volume of exports decreased by 25% [4].

The leather industry plays an important role in the economy, providing a wide range of products, creating jobs, promoting international trade and contributing to various sectors of the economy. The current state of the leather industry in Kazakhstan is shown on Figure 1.

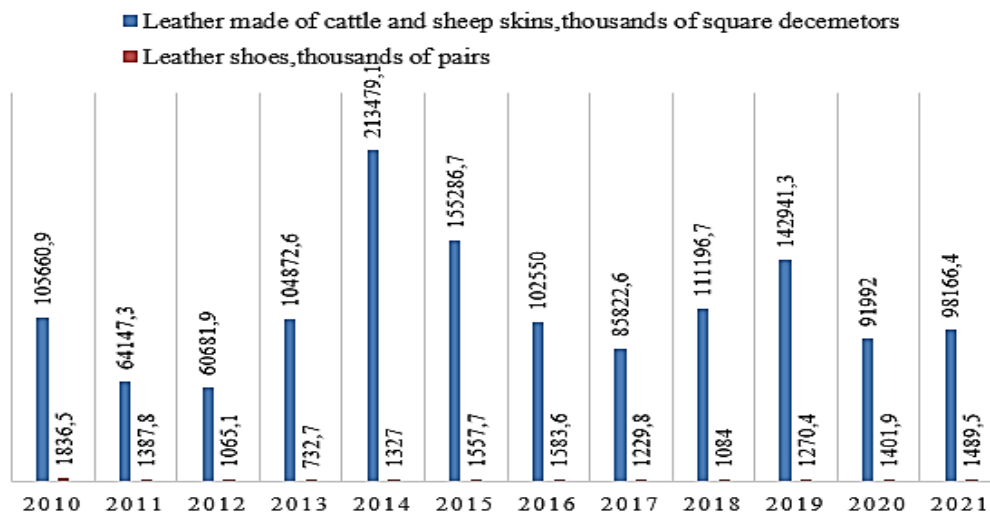


Fig. 1

It follows from the figure 1 that the volume of leather produced from cattle increased by 35% from 2010 to 2019. It should be noted that during the 2020-2021 years the volume decreased by 44 774, 9 thousand of square decimeters [5, 6].

In recent decades, Kazakhstan has been actively striving for versatile economic development, but despite the successes achieved, there are a number of problems that slow down the development of certain industries. One such industry is the leather industry,

which faces a number of major challenges and restrictions.

The development of the leather industry can face various challenges, which can vary

by country, region or company. The following are some common problems that businesses in the leather industry may face (Table 1):

Table 1

N	Title	Result
1	Environmental issues	Leather processing often involve the use of chemicals that can negatively affect the environment. Problems with water pollution, high water consumption and emissions of harmful substances can cause public and environmental problems.
2	Ethical issues	In some cases, ethical problems arise in the leather industry related to the treatment of skin from animals. For example, problems may arise with animal containment and care conditions, ethical issues of slaughter, etc.
3	Competition with Synthetic Materials	With the advent of synthetic materials that mimic natural skin, the industry could face competition. Issues of price, quality and environmental sustainability can have an impact on consumer choice.
4	Fluctuations in raw material prices	Raw material prices, such as leather, can be subject to significant fluctuations. This may affect the financial stability of enterprises in the leather industry
5	Process Update	The industry may face challenges of introducing new technologies and innovations into manufacturing processes. Old equipment and methods can become obsolete, requiring capital investment to upgrade.
6	International trade barriers	There may be problems with international trade barriers, such as customs duties and regulations, which can make it difficult to export and import leather products
7	Changing fashion trends	The variability of fashion trends can affect the demand for leather products. Failure to predict or fail to adapt to changing consumer tastes can lead to problems.

To solve these problems, careful management of production, innovation, compliance with environmental and social responsibility standards, as well as the search for new markets and consumers are important [7]. The development of the leather industry can depend on various factors, including technological innovations, changes in consumer preferences, environmental requirements and global economic trends. Here are some aspects that can influence the development of the leather industry [8]:

1. Technological innovations:

- The introduction of new technologies into production processes can improve the efficiency and quality of products.

- Applying innovations in leather processing, complementary materials and design can attract new consumers.

2. Environmental requirements:

- Rising awareness of environmental issues could spark demand for eco-friendly skin treatments and sustainable materials.

- The introduction of green and innovative technologies can reduce the negative impact of the industry on the environment [9].

3. Global fashion trends:

- Changes in fashion trends can affect demand for different skin types and designs.

- It is important to monitor consumer preferences and adapt to their changing needs.

4. Marketing and Branding:

- Effective marketing and branding strategies can help promote products and attract new customers.

- Participation in exhibitions, cooperation with designers and creation of unique collections can contribute to drawing attention to the brand.

5. Globalization and international trade:

- Participation in global markets can provide new opportunities to expand the business and increase sales volumes.

- Export strategies and the development of international partnerships can be important elements of the successful development of the industry.

6. Education and training:

- Investing in the education of specialists in the field of leather production and design can ensure a constant flow of qualified personnel.

- Training on the use of new technologies and production methods can increase the competitiveness of the industry [10].

7. Product quality and innovative designs:

- Paying attention to the quality of manufactured goods and constantly introducing innovative designs can attract the attention of consumers and ensure brand loyalty.

8. State support:

- Political support, subsidies and tax incentives can contribute to the development of the industry.

The combination of these factors can contribute to the sustainable development of the leather industry and ensure its competitiveness in the market.

The leather industry plays an important role in the development of the economy, providing a number of positive contributions to the overall structure of the national economy. Here are some aspects that highlight the importance of the leather industry in economic development:

1. Job creation: The leather industry is a significant source of jobs, ranging from leather production and processing to the production of final products. This helps to reduce unemployment and increase the level of employment in society.

2. Exports and foreign exchange earnings: The production of leather goods can be an important source of export, which contributes to an increase in foreign exchange earnings in the country. The export of leather products can become a key element of the foreign trade balance and increase the financial stability of the state.

3. Agricultural stimulation: The leather industry often depends on the supply of raw materials such as livestock leather. Support for this industry promotes agriculture as farmers find new markets for their produce.

4. Trade and investment potential: The development of the leather industry can attract foreign investment and create new opportunities for international trade. Quality and innovative leather products can attract the attention of consumers abroad, which contributes to the growth of exports and the attraction of foreign capital.

5. Stimulating consumer demand: The production of diverse and high-quality leather products contributes to the satisfaction of consumer demand both in the domestic and foreign markets. This can support the growth of consumer spending and promote retail growth [11].

6. Technological progress and innovation: The development of the leather industry can be an incentive for technological progress and innovation. The introduction of modern technologies in the production of leather and leather products can increase the efficiency of production and competitiveness of the industry as a whole.

7. Formation of the country's brand and image: High-quality leather products can become an important element in the formation of a positive image of the country. Successful brands and high quality standards can create a recognizable brand, attracting the attention of buyers and investors.

In general, the leather industry is of great importance to the economy, not only as a source of income and a creator of jobs, but also as a factor contributing to the development of related sectors of the economy and ensuring the country's competitiveness in the global market.

## CONCLUSION

The leather industry in Kazakhstan is a synthesis of traditions and innovations, cultural heritage and modern market requirements. Its diversity and uniqueness make this industry an important element of the economic and cultural development of the country. Preservation of traditions, combined with innovative approaches, will help Kazakhstan's leather industry successfully overcome the challenges of the future.

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