

Zara Agrees on Production Deal With Russian Factory, Media Reports

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Spanish clothing brand Zara has reportedly agreed on a deal to produce hats and scarves in a Russian textile factory after a year of negotiations.

A currency devaluation and sharp economic downturn in 2014 led fashion chains OVS, River Island and Esprit to leave Russia, while Zara rolled back expansion plans. Last year, Russia's consumer watchdog <u>forced Zara to stop</u> the sale of "dangerously unbreathable" shirts over violations of local safety requirements.

Clothing giant Inditex, the parent company of Zara, signed a deal with Morozovskiye Traditsii, a Russian clothes factory based in Tver, 175 kilometers north of Moscow, anonymous sources <u>told</u> the RBC business portal Tuesday.

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Two sources in the clothing industry said the deal was signed after more than a year of auditing for environmental, waste disposal and other standards.

The agreement is part of an effort by Russia's Industry and Trade Ministry to persuade foreign consumer goods producers to relocate their manufacturing to Russia.

Inditex operates 552 stores in Russia under brands that include Pull&Bear, Bershka and Stradivarius.

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