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The title of this paper is all encompassing and to be truthful, I'm not sure of where exactly to start.

Perhaps we are best starting with the current position with the world production of exotic fibers. Even this is a shaky place to begin as most of the numbers I'm about to give are all best guesses. Table 1 shows the estimated world production; Table 2 gives our best guess at world Cashmere production; and Table 3, Figure 1, 2 show the "best figures" for exports ex China. Each table highlights the difficulty in estimation as each gives a different production number. Perhaps we are therefore best simply to look at the production trends. Table 1 although produced in 1986, still shows an accurate picture of the industries with most, if not all, fiber groups either having static production or declining. In today's difficult economic climate, even those listed as static are probably declining, in particular this is true for Wool and Mohair.

Let us briefly examine each of the major fiber types and consider their position today.

1) Alpaca/Llama -

Both have been in a trough for the past 4 or 5 years. Traditional areas of use are weaving, hand-knitting yarns and knitwear. Demand in these areas is poor, raw material stocks are high, whilst raw material prices are depressed. Processed fine Alpaca can be purchased from the major South American suppliers for prices ranging (based on colour) from USD 5.10 to USD 6.30/kg.

2) Angora -

Probably the most prolific and easiest of the animals to commercialise. The fiber from Angora Rabbits is used in the knitwear and, to a lesser extent, the weaving trade. Angora is extremely fine

(11 to 15 microns) and soft. The fiber is principally produced in China but quantities are farmed in South America, Korea, and Europe. The fiber has been in a depressed state for the last four or five years. The fiber is extremely fashion orientated and its popularity has diminished steadily.

The demand for Angora has been in the poorer quality types. Due to the depressed market, many of the production animals have been slaughtered.

The last official Chinese prices were:

| Grade: | Super 1st | 2nd | 3rd | 4th | Off |
|--------|-----------|-------|-------|-------|-------|
| USD/kg | 27.00 | 25.00 | 23.00 | 21.00 | 19.00 |
| | | | | 17.00 | |

Some business has been undertaken at these levels.

Rabbit hair is used in the fur trade, felting business and in various spinning blends. A general decline in the fur industries has affected the rabbit hair business.

3) Camel Hair

Camel Hair, like Cashmere, is a two-fiber population fiber and, in general, requires dehairing prior to use. Camel Hair is generally only recovered from the Bactrian (two humped) Camel.

The principle use for Camel Hair is weaving, although some weights are put into knitting. The major user of Camel Hair is the U.S. weaving industry. Until recently the demand for Camel Hair was static but in the past 3-6 months we have seen an increased interest. A number of factors may have contributed to this:

- a) Processors are moving from the traditional Camel shade to an array of new and exciting colors and styles.
- b) Processors have come to realise that Camel Hair is a very favourably priced exotic fiber.

c) Raw material prices have been reduced considerably. Today, 1st quality Chinese Camel hair can be bought at around USD 4.50/kg and Mongolian at around USD 1.50/kg. The finished (dehaired product) is sold at between USD 14.00 and USD 22.00/kg depending on quality.

4) Goats - Mohair, Cashmere, Cashgora

A) **Mohair** - The South African Mohair industry dominates the world scene, with lesser players being Texas and Turkey.

The popularity of Mohair has waned over time and, at present, the world market is depressed, particularly for the lower and finer qualities.

Prices at recent South African sales were quoted as (USD/kg., Scoured Yield Basis (70%):

| | Av. Adult | Fine Adult | Fine Y.G. | Good/Av. Kid | Fine Kid |
|--------|-----------|------------|-----------|--------------|----------|
| August | 2.69 | 2.78 | 6.86 | 8.95 | 13.43 |
| Sept.* | 2.47 | 2.56 | 6.70 | 8.18 | 2.26 |

*Clearance at sale - 37%

In 1986, the Economist reported the following consumption by end-users of Mohair and these figures may throw light on the reason for the decline.

Mohair Consumption by End Use

| | |
|------------------------------------|-----|
| Hand-knitting yarns | 65% |
| Men's suiting fabrics | 15% |
| Women's woven accessories and rugs | 12% |
| Woven furnishings and velours | 8% |

Original Source - International Mohair Association

The major uses have all declined in popularity, and it is difficult to believe that hand-knitting yarns will ever again regain their past popularity. New and exciting uses will have to be found for Mohair.

B) **Cashmere** - The fiber with the strongest association to luxury and the fiber with the greatest mystique about its origins, production, etc.

Cashmere is obtained from a two-fiber population fleeced animal. There is no such thing as a pure Cashmere goat (although this is the subject of many ongoing discussions).

Cashmere has traditionally been grown in China, Mongolia, Iran and Afghanistan, while goats have been bred for meat throughout the world. In the early 1980's both Australia and New Zealand, realising they had a form of Cashmere goat, started to develop fiber-based industries. At this time it should be noted that Cashmere grown in the various regions of the world is not alike. Chinese Cashmere is generally considered the finest and is primarily used for knitting. Mongolian is coarser, longer and more lustrous, and is used in both knitting and weaving. Persian fiber is generally shorter and coarser. Fiber produced in Australia and New Zealand is very lustrous, coarse and long. At this time, ANZ Cashmere is generally used in the weaving industry.

The graph (Figure 2) showing recent Chinese prices probably best gives an idea of how Cashmere prices have moved over the last 9 years (to 1991). The table below highlights the position today, the decline in price has continued.

The Australians and New Zealanders, whose industry is primarily fiber-production orientated, survived and in fact flourished during the period of 1986 to 1989 - a time when world demand for Cashmere was high and quality poor (from the main producing countries). Now that normalcy has returned and prices dropped significantly, both countries are struggling. Cashmere from ANZ, and now USA and UK, is non-traditional. It is generally high in luster, very slippery, coarse and, of course, less known by the traditional processors and consumers. Most processors have trialled the new fiber and most have had little or no success. The finished product is not "traditional

Cashmere and as such the only viable sales area is in blends (with other Cashmeres or Wool) for the weaving industry at prices comparable to Persian Cashmere. At these price levels, farming an animal for fiber alone will not be economical.

C) **Cashgora** - The fiber produced by cross breeding an Angora with a Cashmere or a crossbred goat. Cashgora was meant to have been the first new fiber for 100 years. In fact this was a myth - Cashgora has been creeping into much of the Cashmere clips of Iran and Mongolia for years. However, it wasn't until the mid- 1980's that Cashgora was actively promoted and grown. Cashgora (in ANZ) was the by-product of farmer experimentation. In an effort to improve the weight of down on a goat, various cross breeding programs were developed and Cashgora was the product of one such route.

Many processors trialed the quality, and while Cashmere was in short supply and expensive, the fiber had a chance of success. As Cashmere prices dropped and supplies again became plentiful, Cashgora lost its small niche in the market. The NZ growers who had contracts for raw materials suddenly found they had no meaningful outlet. Prices of Cashgora have tumbled and there is still only limited demand. Cashgora has no consumer loyalty - it is generally unknown by the public. Trade barriers still remain in place. The IWTO has recognised Cashgora but at this time the EEC and the USA FTA have not, which makes processors very wary of how to proceed.

5) **Bovine Family** -

A) **Yak** - a poor man's Cashmere. The underdown of Yak is very similar to Cashmere and in fact has been used as a Cashmere substitute. The fiber has potential but suffers from (1) its name, and (2) lack of consumer knowledge about the fiber.

B) **Musk-Ox** - Fiber from the Musk-Ox - This animal is traditionally found in Alaska, Canada and Greenland. Some 100 to 200 Musk-Ox are domesticated and are combed to produce a fine underdown (15 to 17 microns) while some animals are slaughtered and the hides shorn to obtain the fiber. Between 500 kgs and 1 ton of fiber could be produced in any one year. The fiber is suitable for either knotting or weaving. Musk-Ox in a dehaired form sells for about USD

6) **Wool** -

Possible the most depressing story of all. The major producers, Australia, New Zealand and South Africa, all hold large stocks. In Australia alone, at the end of August there were 3.97 million bales of greasy wool in their stockpile. The market indicator is at its lowest point since October '91 and the prognosis remains bleak. All of this sounds depressing, but I would however say that all should not be lost. In today's environment, natural fibers must make a return, the question is when and at what price. I regret my crystal ball is clouded over in relation to both questions - but let us all hope it is soon.

TABLE 1 *Estimated world production of luxury fibres*

| Fibre | Source animal | Major producing regions | World production 1985/1986 (tons) | Production trend |
|------------------------|------------------------------|--|--|-------------------------|
| Alpaca and other llama | S. American Camelides family | Peru | 4,000 | Static |
| Angora | Angora rabbit | China | 7,000 | Static |
| Camel hair | Camelides Mongolia | China | under 1,500 | Declining |
| Cashgora | Angora goat feral crossbreed | New Zealand | 50 | Declining |
| Cashmere | Cashmere goat | China Mongolia Iran Afghanistan | 4,000-5,000 | Static |
| Mohair | Angora goat | S. Africa Texas Turkey | 20,820 | Static |
| Vicuna | S. American Camelides family | Peru | b | |
| Yak wool | Yak-bovine family | Himalayan regions | c | Declining |
| Wool (for comparison) | Sheep | Australia New Zealand | 1,727,000d | Static |

Notes: ^aBactrian and Dromedary; ^bfibre currently unavailable; ^c exact quantity unknown but estimated to be well under 1,000 tons; ^dclean weight.

Source: Textile Outlook International, November 1986
The Economist Publications Ltd.

Note: Some amendments have been made to bring this table up to date.

To give you an idea of the size of the world's Cashmere industry, we estimate the world Cashmere production to be:

TABLE 2 *Estimated World Cashmere Production - 1990*

| Country | Approximate hair production (tons) | Approximate down production (tons) |
|------------------------------------|---|---|
| China | 3,400 | 1,700 |
| Iran/Afghanistan | 2,400 | 850 |
| Outer Mongolia | 1,500 | 700 |
| USSR/Pakistan/India Turkey etc. | 800 | 300 |
| Australia | 60 | 15 |
| New Zealand | 150 | 37 |
| | 8,310 | 3,602 |

TABLE 3 *Comparative Cashmere Prices*

Chinese (based on offers of dehaired submitted to FCC)

| | Length (mm) | CHC | USD/kg |
|-------|--------------------|------------|---------------|
| White | 40 | 01 | 75.00 |
| White | 34 | 02 | 61.00 |
| White | 30 | 02 | 56.00 |
| White | 28 | 02 | 36.00 |
| Brown | 35 | 03 | 65.00 |
| Brown | 30 | 03 | 48.00 |
| Brown | 28 | 03 | 35.00 |

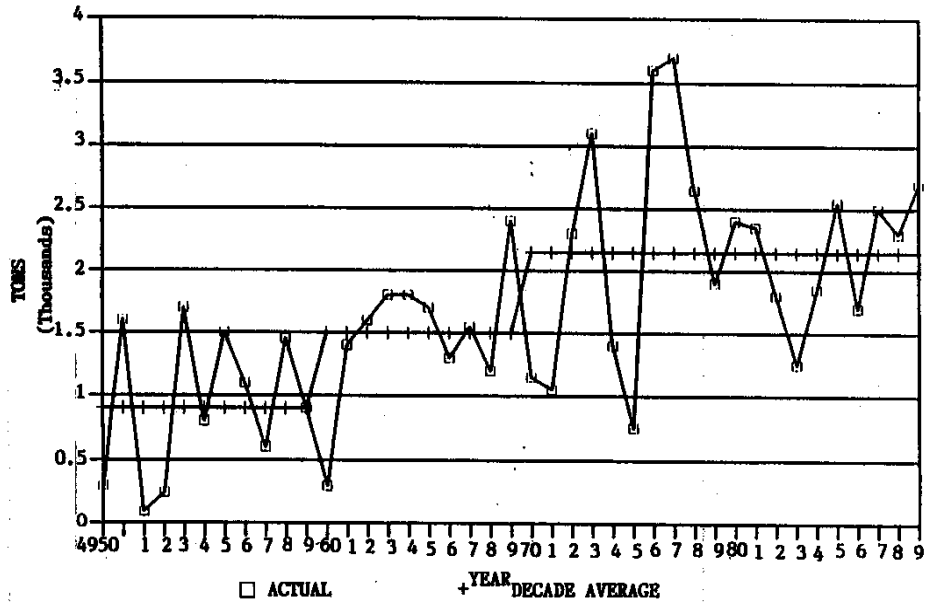
Afghan (based on FCC offer prices)

| | |
|----------|-------|
| White | 65.00 |
| Lt. Grey | 50.00 |
| Dark | 40.00 |

FIGURE 1

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CHINESE CASHMERE EXPORTS
Total Tons Greasy Basis

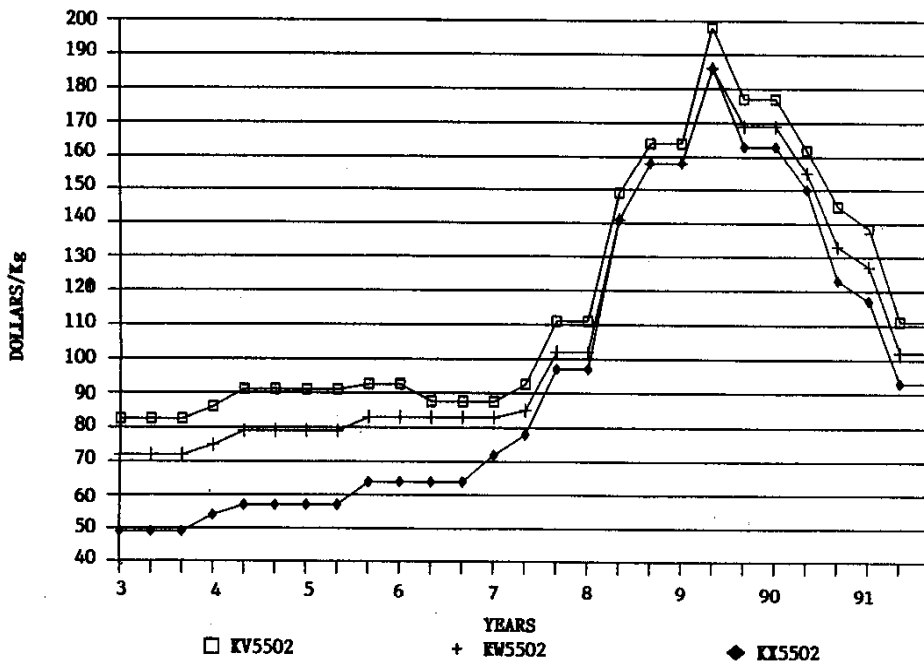


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FIGURE 2

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CHINESE CASHMERE PRICES
United States



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To put total Cashmere production into perspective, Australia alone is expected to produce in excess of 1 million tons of wool in 1990 and as of 30 October 1990 the Australian Wool Corporation had a stock of 4 million bales (640,000 tons).