

Trip report
Liba Brent
Aug 20th – Sept 30th
Kazakhstan & Kyrgyzstan

Main Objectives:

1. Organize the testing of 4014 wool samples collected in four regions of Kazakhstan in the spring of 2005.

The testing took place at the laboratory of the ST Group Company in Almaty, Kazakhstan using Australian wool testing equipment OFDA 4000. The tests were conducted to generate objective market information about wool produced on different farms and in different regions of Kazakhstan and supply this information to producers and buyers. I worked with Asel Imasheva, the director of the wool laboratory at the ST Group Company, to organize the testing and set up a database for the results. The database and the analysis of the results will be included in the final report.

2. Collect wool samples from bales on three farms in two regions of Kyrgyzstan.

I collaborated with Dr. Evgenia Lushikhina, a merino breeding scientist at the Kyrgyz Academy of Sciences, to organize collection of wool samples on three farms in two regions of Kyrgyzstan. The farms did not yet sell their 2005 wool clip in the expectation of higher prices but did not have any objective data on quality. I collected samples from wool bales at the farms. The samples were analyzed at the ST Group Company lab using the OFDA 4000. The results will be made available to the producers and wool buyers interested in purchasing the wool. This should create new marketing opportunities for the farms. The samples of Kyrgyz wool will be compared with samples collected in Kazakhstan in the final report.

3. Visited several wool processing plants in Kazakhstan and Kyrgyzstan to assess their demand for wool and offer them data on wool quality collected through the GL CRSP project.

With the exception of the ST Group Company that collaborates with our project, processing enterprises in Kazakhstan and Kyrgyzstan lack information about wool production in Kazakhstan and Kyrgyzstan and do not have direct connections with wool producers. The GL-CRSP project can assist them by sharing the database on wool generated through sample collection and testing in 2004 and 2005. This will facilitate the formation of direct market linkages between the producers and the processors and promote the development of the local wool market. The directors of the companies I visited were interested in obtaining the database and making business contacts with farms that produce quality wool.

4. Assisted women artisans in the Uzumbulak village with organizing the production of handspun yarn.

The objective of the GL-CRSP project is to facilitate conditions that help wool producers receive higher incomes from their product. This can be achieved through increased

prices of raw wool, or through selling processed or semi-processed wool. The assistance with selling processed wool can benefit rural women who have been traditionally involved in fiber processing but not in the sales of raw wool. In order to support local wool processing, I supplied equipment and materials to a group of women in the Uzumbulak village who will be producing handspun yarn from locally produced merino wool. If the women produce quality handspun yarn that can compete on the international market, it will be marketed domestically and internationally through a Fair Trade organization (the SERRV International) located in Madison, WI. The marketing directors of the SERRV International agreed to review the samples of the yarn, assist with quality improvements and with marketing the yarn through their catalogs and retail stores.

5. Met with USAID representatives in Kyrgyzstan and discussed how to promote collaboration between wool producers and processors.

The USAID mission in Kyrgyzstan is interested in promoting market development and strengthening linkages between the producers of agricultural production and processors. In order to facilitate such linkages, the USAID is helping to organize an Agro Expo exhibit in Osh, Kyrgyzstan in November 2005. I met with Jamila Amodeo of USAID to discuss how to encourage wool producers and processors to participate in the Agro Expo exhibit. I agreed to invite producers and processors who participate in the GL-CRSP project to the exhibit.

6. Met with Kazakh and Kyrgyz wool producers, sheep-breeding scientists, wool-buyers and processors to facilitate collaborative partnerships in the context of the GL-CRSP project.

One of the objectives of the GL-CRSP wool project is to strengthen linkages and promote collaboration and exchange of information between all participants of the wool production and marketing network. The GL-CRSP researcher has a unique position of having a global view of the wool market through working in different geographical areas and with multiple market participants. He or she can help to create collaborative partnerships between different groups of market participants and facilitate economic, scientific and social ties between producers, buyers, processors and researchers that are essential for market development. I paid a special attention to promoting linkages among our project collaborators during the field trip by connecting wool buyers such as the ST Group Company with producers such as the Lushikhina farm in Kyrgyzstan. I also worked to disseminate information on wool production collected through the CRSP project to interested market participants including scientists, wool processors and producers.

Activities by Date:

Aug 20 – Arrival to Almaty.

Aug 21 – Met with Timirkhan Bennebaev, a sheep-breeding scientist from Mynbaevo, to discuss sheep breeding and wool production at the Uzumbulak farm in the Raimbek region.

Dr. Bennebaev assists with the collection and distribution of wool samples at farms in the Raimbek region. We discussed wool production at the farms, sheep breeding strategies, wool sample collection and testing and the possibility of bringing semen of fine wool rams from Kyrgyzstan to improve the Arkhar Merino breed that is produced in the Raimbek region.

Aug 22 – Met with Murat Otyنشiev to discuss wool testing and marketing.

Mural Otyنشiev is one of the directors of the ST Group Company which is the largest wool buying and processing company in Kazakhstan and Kyrgyzstan. It includes the buying company KazRuno, the scouring plant in Semipalatinsk and the Kasiet yarn-making factory in Kyrgyzstan. The company purchases and processes about 4,000 tons of Kazakh wool. They process the wool into yarn at the Kasiet factory in Bishkek. The group purchased the factory a year ago after it went bankrupt and is trying to upgrade the equipment, lower productivity costs, improve quality, and export wool to Europe, primarily to Spain and Turkey.

The greatest competitor of the ST Group Company is China. According to the directors, the company must produce yarn more cheaply than Chinese factories. What helps them is the local source of raw material, cheap labor and electricity which is cheaper in Kyrgyzstan than in China. However, the productivity of labor is higher in China and it is a difficult process to try to increase productivity at the Kasiet factory. The management has problems with motivating and monitoring workers, improving quality and replacing some of the Soviet equipment. However, the company is getting more orders especially from Turkey and it is likely that the restructuring will succeed.

The increase in wool processing in the Kasiet factory could have a considerable impact on stimulating the wool market in Kazakhstan and Kyrgyzstan. The Kasiet plant cannot produce competitive production without high quality wool and the ST Group Company has been investing into improving wool sorting, testing and grading in Kazakhstan and Kyrgyzstan. Our project collaborates with the ST Group Company on testing wool, training wool sorters and informing farmers about wool preparation. Such collaboration with the private sector has been very effective. The ST Group Company and the GL-CRSP project share the objective of improving wool marketing infrastructure and meeting international standards. In addition, the company can offer monetary incentive to farmers and intermediary wool buyers for improving wool production, preparation and sorting. Monetary incentives are essential in motivating the farmers to utilize information on wool quality and training provided through the CRSP project.

Aug 23 – Met with Asel Imasheva to discuss wool testing using OFDA 4000 at the ST Group Company.

Asel Imasheva is the director of the fiber laboratory at the ST Group Company. She operates the OFDA 4000 testing equipment purchased by ST Group in the spring of 2005. OFDA 4000 is a recently developed, Australian-made equipment designed to test wool and other fibers. The ST Group Company purchased the \$125,000 equipment using a loan obtained through a governmental development program. Asel is responsible for testing over 4,000 wool samples that were collected this year at the four regions in

Kazakhstan. The tests will be conducted in August and September 2005 and compared with test results from last year. The test results will be included in the final report.

Aug 24 – Met with Dr. Abil Nusupbekovich to discuss sheep and wool production at farms that sell wool to the ST Group Company, traveled to farms in the Raimbek region.

Abil Nusupbekovich is a sheep scientist who works for the ST Group Company, overseeing sheep breeding at farms that produce wool purchased by the company. The company recently purchased over 200 Merino sheep from Australia. They will be used to improve breeding selection at the Merino breeding farms in Kazakhstan.

After the fall of the Soviet Union farms did not invest into sheep-breeding and the quality of wool has declined. The ST Group Company seeks to invest into Merino sheep-breeding to ensure the production of quality wool which is essential for the company meeting the quality requirements of its customers. In an effort to improve sheep-breeding the company organized a meeting with large fine-wool breeding farms and offered them to purchase Australian rams for \$4,000 and repay the company with wool. The GL-CRSP project collaborates with the breeding farms and the ST Group Company by testing wool samples collected at the farms and providing objective wool data to the sheep producers, to the ST Group Company and also to other wool buying companies in Central Asia and abroad with the objective of increasing wool quality, competition and prices paid to farmers.

Aug 25 - 26 - Met with women handicraft producers in the Raimbek region.

The objective of the GL-CRSP project is to assist men and women in receiving income from wool. Men and women play different roles in wool production, marketing and processing and the GL-CRSP project seeks to develop activities that assist both genders in increasing their income. It offers men who sell and prepare wool additional information and training and tries to encourage women to participate in the marketing process whenever possible. It also offers assistance to women who have been traditionally involved in wool processing by supporting the production of fiber handicrafts for sale. I traveled to the Uzumbulak village in the Raimbek region to meet with women handicraft producers and discuss the possibility of producing hand-made yarn out of local Merino wool. Handspun yarn could be marketed through a Fair Trade, non-profit retailer, the SERRV International, that helps women groups worldwide to market handicrafts in the United States. The headquarters of the SERRV International are located in Madison, WI and I discussed the possibility of producing and marketing handspun yarn from Kazakhstan with the assistance of the SERRV.

The advantage of developing the production of handspun yarn and other handicrafts in the Uzumbulak village is the availability of fine merino wool and the presence of skilled women artisans. There are several Kazakh families who recently immigrated from China to Uzumbulak. These families preserved an old tradition of making embroidered felt rugs and have an experience with dyeing wool and making felt and handspun yarn. I visited with women in six families and discussed the possibilities of spinning merino wool produced by the surrounding farm and the availability of spinning wheels, dyes and other equipment. The raw material and equipment will be purchased through a small grant

from the William Davidson Institute at the University of Michigan I obtained for 2005 - 2006.

Aug 27 – Traveled to Almaty.

Aug 28 – Traveled to the Kargaly wool processing factory near Almaty to discuss the company's work on the local wool market and provide information about the GL-CRSP project.

The factory in Kargaly was one of the largest wool processing plants in Central Asia during the Soviet period but declined as a result of market restructuring. Currently the factory produces blankets, yarn and wool fabrics in a small capacity. I discussed the production with the chief engineer, Zheken Ungarovich, who explained that the lack of quality wool creates problems for producing wool fabric for export. We agreed that our project will provide him with data on wool quality in different regions and on different farms in Kazakhstan and Kyrgyzstan. This will help the Kargaly factory to make purchasing decisions and improve competition on the Kazakh wool market.

Aug 29 – 30 Visited with Gabit Abdykarymov to discuss the production of coring tubes for sample collection.

I met with Gabit Abdykarymov, a technical expert of the ST Group Company to discuss making coring tubes for sample collection during the 2006 wool season. In the spring 2006 we plan to collect samples from wool bales at collection points and on farms in Kazakhstan and Kyrgyzstan. We will need 5-10 coring tubes that will be used to collect samples from the bales after shearing. The samples will be analyzed using OFDA 4000 at the laboratory of the ST Group Company. The results will be given to farmers and distributed to local and international buyers. Gabit Abdykarymov and I discussed the options of obtaining the tubes and decided to make the coring tubes as opposed to buying them given that each tubes costs around \$500 in the United States and the project does not have enough funds for such an expenditure.

Sept 1 – Traveled to Bishkek.

Sept 2 – Visited a felt-making factory in Sosnovka and discussed their problems with purchasing quality raw wool.

The Sosnovka factory produces the Kyrgyz hat called the kolpak and is one of the major wool buyers in Kyrgyzstan. The factory has problems with finding fine, clean merino wool especially during periods of increased orders. The director, Vladimir Khan, was pleased with our offer to share with him our database on wool quality and quantity. He planned to use the database to find new sources of raw wool and establish connections with the producers.

Sept 3 – Met with Akylbek Rakaev of KSBA.

Met with Akylbek Rakaev to discuss our work in Kyrgyzstan and Kazakhstan, sample analysis using OFDA 2000 at the KSBA wool laboratory and the project agenda in 2005-2006. In order to compare test results generated by OFDA 2000 in Kyrgyzstan and OFDA 4000 in Kazakhstan, we decided to divide 200 samples into two batches and

analyze one batch using OFDA 2000 and the other using OFDA 4000 and compare the results. The results of this test will be described in detail in our final report.

Sept 4 – Visited the Central Asian Craft Support Association (CACSA) and discussed collaboration on promoting handicraft production by women in the Uzumbulak village in Kazakhstan.

The CACSA is a Central Asian NGO that was set up with the assistance of an American NGO “Aid to Artisans.” It assists Central Asian artisans with organizing exhibits and workshops and marketing handicrafts locally and internationally. CACSA representatives offered advice where to find supplies such as quality wool dyes and spinning wheels for the artisans in the Uzumbulak village. The supplies were delivered to Uzumbulak at the end of September.

Sept 5 – Met with groups of felt artisans in Kyrgyzstan.

Visited felt artisan groups in Bishkek to discuss the establishment of a raw material bank that would supply artisans groups in Kyrgyzstan with a variety of quality wools to produce felt handicrafts such as souvenirs, toys, hats, rugs and accessories. The USAID mission in Kyrgyzstan showed interest in supporting a meeting between small wool processors such as the felt artisans and the wool producers to develop market linkages and discuss the establishment of a raw-material bank that would purchase wool from farmers to supply the artisan groups. The artisans expressed a strong need for quality raw materials and were enthusiastic about participating in such a workshop.

Sept 6 – Met with Jamila Amodeo of USAID and CACSA representatives about Agro Expo exhibit in Osh in November 2005.

The USAID mission in Kyrgyzstan is trying to support the participation of producers and buyers of agricultural production at the Agro Expo exhibit that will take place in Osh in November 2005. Jamila Amodeo, the directors of CACSA and I discussed the participation of Kyrgyz wool producers and processors such as the felt-making groups in the exhibit.

Sept 7 – Met with a Kyrgyz sheep scientist Evgenia Lushikhina and discuss sample collection at the Lushikhina farm in the Talas region.

Dr. Evgenia Lushikhina is a leading sheep scientist who has worked on Merino breeding farms in Kyrgyzstan for several decades. Her father was the most well-known sheep-breeding scientist in Kyrgyzstan. Mrs. Lushikhina has connections to breeding farms in different regions on Kyrgyzstan and has been trying to help farmers market their wool for higher prices. Because of the lack of competition on the local wool market in 2005 caused largely by the decline of world market demand, many of the merino breeding farms have been unable to sell their wool for the price they wanted and some of them have been waiting for a buyer three months after shearing. That is unprecedented in Kazakhstan or Kyrgyzstan where farmers try to sell their wool immediately after shearing. Mrs. Lushikhina and I agreed that the farmers need their wool professionally tested to generate objective data about their product. This would give them the opportunity to advertise their wool to a wider community of buyers and increase their

marketing options. They could price the wool based on objective information about quality as opposed to purely visual assessment.

We decided to collect samples from bales at farms that did not yet sell their wool. This included a state breeding farm by the name of Lushikhina at the Talas region and farms in the Issyk Kul region near the town of Karakol. We agreed to share the results with local and international wool buyers to improve the farmers' marketing prospects.

Sept 8 – Travel to the Talas region.

Sept 9 – Wool sample collection in the Talas region.

I traveled to the Lushikhina state merino breeding farm on Sept 9 and collected wool samples from 370 wool bales. I also collected wool samples from breeding rams. The Lushikhina farm has around 3,500 merino sheep. Together with surrounding farms they have about 10,000 merino sheep in the region. The Lushikhina farm and the surrounding private farms collect, sort, press and market wool together. In 2003 they sold their wool to Russia through a governmental company. After the government of president Akaev fell the officials involved in organizing the wool trade fled the country and the farm had to look for another buyer. In 2004 they sold their wool to an Indian buyer. In 2005 the buyer did not return and the farmers refused to sell their wool for \$1 - \$1.20/kg which was the market price in Kazakhstan and Kyrgyzstan in the spring of 2005. In Sept 2005 the farms had 40 tons of wool they have been trying to sell but were unable to get a price above \$1.20 per kg. The director of the farm was very interested in getting the wool tested and agreed to collect core samples from bales after shearing in the spring of 2006.

The Lushikhina farm benefited from receiving 200 ewes and about 47 Australian merino breeding rams through a project financed by the World Bank in 1995. Since then the farm has been trying to produce a merino breed of sheep with Australian wool. In the spring of 2005 they certified a new breed called the Kyrgyz High Mountain Merino. Although the breeding work on the farm has been successful and the farm produces high quality wool, the wool prices have declined during the last decade and the farm was having a difficulty selling the wool for high prices. Moreover, the merino lambs require more care than the local fat rump coarse wool breeds and they sell for less on the market because they are smaller and the Kazakh and Kyrgyz consumers prefer the meat of the fat rump sheep. However, there is no demand for the coarse wool of the black-faced native sheep and the fine white wool is an important source of cash for a merino farmer in May or June after shearing when other animal production is not ready for sale. Given that the Lushikhina farm will continue to produce merino sheep they are very interested in obtaining objective wool data that could help them advertise their wool on the international market.

Sept 10 – 12 Wool sample collection in the Talas region.

We collected wool samples from 370 bales at the Lushikhina farm. The wool was sorted into 3 grades and tags and bellies were baled separately. We collected a grab sample from each of the bales. We also visited several flocks of sheep and collected samples from breeding rams.



Collection of samples from wool bales at the Lushikhina farm.



Breeding rams at the Lushikhina farm.

Sept 13 – Traveled to Bishkek.

Sept 14 – Travel to the Kasiet factory to discuss sample testing and further collaboration.

I traveled to the Kasiet factory to invite the directors to the Agro Expo exhibit in Osh and to discuss their plans for wool purchases and processing in the fall season. I informed them about the availability of 40 tons of wool at the Lushikhina farm. They expressed an interest in buying the wool if the OFDA 4000 test results confirm that it is of good quality.

Sept 15 – Traveled to collect wool samples in the Karakol region.

Sept 16 – Organized sample collection at the Zaria cooperative farm.

I visited the Zaria cooperative farm at the Teplokluchenka village and met with the director and the chief zootechnician to organize sample collection. Similar to the Lushikhina farm, the Zaria farm had about 10 tons of wool that was not sold due to the low prices in 2005. The director did not want to sell the wool for a lower price than last year and decided to wait for additional buyers. He was unaware of the wool prices dropping on the world market in 2005 which has been the main cause of fewer buyers and lower prices on the Central Asian market. The director argued that the farm has a high quality wool and will not sell it for a low price.

Sept 17 - 18 Collected wool samples from bales at the Zaria cooperative farm.

The wool sample collection showed that the director's statements about wool quality were exaggerated. The wool has been very poorly sorted. Many bales contained merino wool mixed with coarse wool and hair which automatically lowers the value of the entire bale. The wool was also improperly baled using materials that contaminate wool. I discussed the problem with the chief zootechnician who agreed that the wool sorter does not work responsibly and allows the shepherds who take care of the farm's flocks bale in wool from their own animals that are not purebred. The sample tests will most likely confirm the problem. The zootechnician agreed that they needed to hire a new sorter and monitor the sorting and baling process during the 2006 wool season.

We also collected samples of wool produced at the surrounding farms that breed merino sheep and bale and market their wool through the cooperative to achieve economies of scales and higher prices. The wool from the private farms went through the same baling and sorting process and was also contaminated.

Sept 19 – Visited the Zaria sheep farm to see ewes and breeding rams.

Traveled to see flocks of ewes and breeding rams at the Zaria farm. The farm uses artificial insemination and the rams are hybrids of the Kyrgyz Merino and Australian rams that were brought in as a part of the World Bank project in 1995.

Sept 20 – 21 Visited experimental farm in Orgochor to collect wool samples.

I visited the state experimental breeding farm in Orgochor in the Karakol region. The farm had about 2 tons of baled wool, also waiting for buyers who would offer a higher

price. The farm had the wool relatively well sorted and baled. I collected wool samples from bales and agreed to collaborate on sample collection in the spring of 2006. I also traveled to see the farm's breeding rams that were also hybrids of Kyrgyz and Australian merino breeds.



Breeding ram at the Orgochor farm.

Sept 22 – Traveled to Bishkek.

Sept 23 – Purchased dyes and materials for women artisans in Uzumbulak, met with collaborators.

I spoke with Jamila Amodeo about organizing the Agro Expo in Osh and met with Evgenia Lushikhina to discuss wool sample collection in Talas and Karakol region, sample testing and distribution of test results. I also purchased dyes, wool combs and spinning wheels for women artisans in the Uzumbulak village in Kazakhstan.

Sept 24 – Travel to Almaty.

Sept 25 – Delivered wool samples to the wool lab of the ST Group Company.

I delivered wool samples collected in Kyrgyzstan to the lab and met with Asel Imasheva, the head of the wool lab who operates the OFDA 4000 testing machine. Asel Imasheva has worked on testing 4,000 wool samples collected from live sheep in Kazakhstan. She

will test the additional 450 samples collected from wool bales at the Kyrgyz farms and share the results with Evgenia Lushikhina and the wool buyers of the ST Group Company who expressed interest in purchasing the Kyrgyz wool. The results will be delivered to the Lushikhina farm immediately after testing, in October 2005.

Sept 26 – Met with Serik Zeitenov, a chief wool buyer of the KazRuno Company, to discuss the organization of training in wool sorting at the scouring plant in Semipalatinsk in the spring of 2006.

Twelve wool buyers from different regions of Kazakhstan will participate in the weeklong training. They will learn from professional wool sorters how to sort and grade wool prior to the 2006 wool season. This will help to improve sorting at the collection points and improve wool quality. Trained buyers will be able to evaluate wool and purchase quality wools for higher prices. (Currently, many farmers receive same or very similar prices for wools of different quality and lack incentives for quality improvements). Serik Zeitenov and I discussed the logistics of organizing the workshop in March 2006.

Sept 27 – Met with Timirkhan Bennebaev, a sheep breeding scientist from Mynbaevo, to organize the delivery of sample test results to the Lushikhina farm in Kyrgyzstan.

The Lushikhina farm is currently searching for wool buyers and will benefit from having objective information about their wool available immediately after the testing is complete. Mr. Bennebaev agreed to pick up the test results at the ST Group Company lab and deliver them to Kyrgyzstan to the Lushikhina farm as soon as the testing is finished. He will also discuss sheep breeding at the farm and propose collaboration and trade of breeding animals between the Kazakh and Kyrgyz merino breeders.

Sept 28 – Picked up wool combs for artisans at the Asutor carpet-making factory in Almaty and travel to the Raimbek region.

Sept 29 – Visited with artisans at the Raimbek region and distribute among them spinning wheels, dyes, wool and wool combs.

In order to promote the production and marketing of processed wool, six women in the Uzumbulak village that produces fine merino wool were given spinning wheels, dyes, wool and wool combs to produce handspun, colored yarn. The yarn can be used to produce embroidered felt rugs which is the traditional art of the artisans, or it can be marketed to knitters domestically and abroad. The SERRV International, a non-profit Fair Trade organization that helps women groups from around the world market handicrafts, will assist with marketing the products in the United States. Samples of the yarn made by the women will be delivered to SERRV International in winter 2005.



Artisan from the Uzumbulak village being delivered dyes, wool combs and a spinning wheel.

Sept 30 – Departed from Kazakhstan.