



Trip Report

Project:

Developing institutions and capacity for sheep and fiber marketing
in Central Asia

Traveler (s): Carol Kerven, consultant to Colorado State University (CSU)_____

Location (s): Kazakstan_____ **Dates of Travel:** 1-18 April 2004

Purpose of Trip:

- Carry out informal qualitative interviews with farmers and traders on marketing of cashmere and camelhair (Activity 1)
- Initiate and supervise the farm household survey in three villages of Zhane Kurgan district, Kyzl Orda region (Activity1)
- Prepare farmer cashmere training workshop in Zhane Kurgan district (Activity 3)
- Present video film on cashmere training for farmers to workshop in Zhane Kurgan (Activity 3)
- Attend project meeting in Almaty (Activity 6)

Brief summary

- A two-day farmer training workshop on cashmere was conducted in the project area of Zhane Kurgan desert region. Seventy participants from ten villages attended. Training was provided by the head of the Animal Fibre Evaluation Laboratory at Macaulay Institute UK. A video film "From Goat to Sweater" made by the CRSP project was shown at the workshop. Additional financial support for the workshop was obtained from a grant from the British Embassy, Almaty, and from a European Union-funded project in Kazakstan, coordinated by Macaulay Institute.
- Villagers in the project area do not harvest cashmere by combing their goats and only shear the fibre in mid May, when most of the cashmere has already moulted. Shearing reduces the value of cashmere when marketed. Combs are not available. The project distributed 100 cashmere combs to workshop participants.
- In the project area of Zhane Kurgan, traders' prices for goat fibre had doubled by mid-May 2004 from 2003 prices. This could be partly an effect of the CRSP cashmere training workshop held in April in which villagers were informed of the commercial value of their goat fibre. The price increase may also be due to samples of cashmere from the project area being shown by project members to two large-



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scale cashmere buyers in Almaty after the workshop. After inspecting the samples, these buyers expressed interest in buying goat fibre from Zhane Kurgan.

- One of the largest cashmere exporters noted that he could not offer higher prices to Kazak producers because there were no cashmere processing facilities in Kazakstan so all he bought had to be sent to Ulan Bataar in Mongolia, increasing his transport costs.
- An Almaty-based commercial buyer and exporter was interested in receiving technical analyses of the cashmere samples taken by this project, to inform potential foreign investors of the quality available.
- Samples of cashmere from Zhane Kurgan have been assessed and the results provided to these two cashmere exporters. The mean diameter of the samples is from 14.4 to 16.6 micron, which is classified as high quality.
- Several European firms and the Gobi Company in Mongolia are planning to set up cashmere processing plants in Kazakstan. This will increase demand for combed and sorted raw cashmere from producers. Further training on combing and sorting cashmere will have a greater impact on the incomes of Kazak goat owners.
- A recent Kazak émigré from western China commented that livestock-owners in his village in southeastern Kazakstan did not realize the value of their goat fibre:

“The local goats here with long guard [outer] hair have good down which is expensive but people here don’t know about down. So they shear because they don’t know how to comb, mix everything together and sell a low price [\$0.50 to \$1.0/kg]. In my region of China, farmers receive from \$29 to \$44 per kg of combed down from year to year.”

- Small-scale livestock owners have a higher proportion of goats to sheep in their flocks and are more interested in harvesting high-value cashmere in order to increase their incomes.
- A questionnaire survey was completed of 60 randomly-selected households in three villages of Zhane Kurgan. The questionnaire covers economic costs and returns from production and marketing of animal products.



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Itinerary and persons met

- March 31 Left UK and arrived Almaty
- April 1 Met Nurlan Malmakov, partner from Mynbaevo Sheep Institute to discuss workshop arrangements. Passport registration at Embassy. Discussed fieldwork plans and household survey with Aidos Smailov, facilitator.
- April 2 Bought train tickets to Zhane Kurgan. Visited Serik Aryngaziev at Mynbaevo Institute to discuss arrangements for arrival, field travel and local official registration of Randy Boone and Bob Stobart. Made copies of cashmere training video. Changed travellers' cheques at bank.
- April 3 Met two interpreters for Boone and Stobart and outlined their duties regarding arranging how to obtain local official registration for Boone and Stobart, booking hotels and their travel arrangements to Zhane Kurgan. Arranging visit of Hilary Redden, Macaulay Institute, to Kazakstan for cashmere workshop.
- April 4 British Embassy visit re small grant for cashmere farmer training and breeding program with Mynbaevo Sheep Institute. Reviewed CRSP project budget for field trip. Photocopied 60 household questionnaires.
- April 5 Arranging vehicle, driver and 2 Kazak project members from Mynbaevo Institute to travel to Zhane Kurgan by vehicle. Shopping for field trip.
- April 6 Early morning train Almaty-Zhane Kurgan with Aidos Smailov.
- April 7 Arrived Zhane Kurgan 3 a.m. Met Amanbek, local organizer of workshop. Discussed workshop participants' travel and hospitality arrangements, and workshop program. Viewed and discussed cashmere training video with project team and Amanbek.
- April 8 To Kruash village, Zhane Kurgan district. Interviewed shepherds about marketing cashmere in 2004. Began training Berik Aryngaziev and Mukhamed on using the household survey questionnaire, practicing with villagers. Visited and interviewed shepherds located 10 km from the village at temporary spring pastures.
- April 9 Visited Akimat (local government administration) of Zhane Kurgan district and met four officials; from Enterprise Dept., Ministry of Agriculture, and Livestock Dept. as well as deputy district governor. Explained purpose of farmer training workshop and invited officials. Returned to Kruash village and continued training Berik and Mukhamed on household questionnaires with farmers. Informal interviews with 3 farmers about cashmere plus wool production and sales.
- April 10 Visited outlying temporary shepherding households in desert 25 km from Kruash village. Informal interviews with 2 households, further questionnaire training for Berik and Mukhamed.
- April 11 (Easter Sunday)
Zhane Kurgan: Prepared accounts of expenditures on trip. Met group arriving from Almaty (Stobart, Boone, Redden, Aryngaziev and 2 interpreters). Discussion with group about workshop program.
- April 12 Farmer training workshop in Zhane Kurgan.



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- April 13 Farmer training workshop. Afternoon and evening, visit to Kruash village with team, discussion with shepherd and family about livestock management.
- April 14 Drove to Chimkeynt and took train to Almaty.
- April 15 Arrived Almaty. Visit to Mynbaevo Institute with Nurlan Malmakov, arranging for project meeting and monitoring cashmere goat research flock. Met Prof. Amir Karakulov, arriving from Tajikistan for the project meeting. Discussion with Prof. Karakulov about project.
- April 16 CRSP project team meeting at Mynbaevo Institute.
- April 17 Almaty: reviewing field notes and expenditures. Met Nurlan Malmakov and discussed future project planned activities. Visited shops to price laptops and to purchase mobile phone for Nurlan.
- April 18 Almaty: discussion with Hilary Redden (Macaulay Institute) about future cashmere analysis and market reports for CRSP project. Began drafting field trip report.

[additional days]

- April 22 Almaty: met Nigarbai Tolenbai, main buyer and exporter of cashmere from Kazakstan. Gave samples of combed cashmere from Zhane Kurgan goats, and discussed prices he would be willing to buy cashmere at, from Zhane Kurgan.
- April 26 Almaty: met Murat Otyshiev, consultant to project, and reviewed his project report commissioned in Dec 2003. Gave him samples of combed cashmere from Zhane Kurgan and discussed his interest in buying cashmere from that region.
- April 27 Almaty: Met with Berik Aryngaziev returned from carrying out household survey in Zhane Kurgan. Reviewed 60 completed questionnaires with him.
- May 6 Almaty: Showed video made for CRSP project to British Embassy Deputy Ambassador and senior staff in Embassy office for development (DFID). (Research shown on video partly funded by Embassy small grants). Discussion with British Embassy Senior Commercial Secretary about potential for foreign investment into cashmere processing in Kazakstan.

Information on marketing of cashmere was also obtained during two field trips in late April and early May for another project, European Union-funded DARCA, undertaken for the Macaulay Institute, UK. The trips were to Ay Darly village in Jambul district of Almaty region, and to Ulan Bel village in Moinkum district, Jambul region.



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Results

Activity 1: Understanding market competitiveness for producers, policy-makers and investors

Cashmere sales:

The buying season had not yet begun by mid April in Zhane Kurgan district, Kyzyl Orda region. All informants interviewed said they would be shearing their goats in mid-May, and none would be combing. Goats were already moulting their cashmere by the second week of April, so that much would be lost prior to shearing in May. Owners commented that if goats were sheared earlier than May, they could die if there was a cold spell, and “a goat is more valuable than its down”. Several villagers had tried to comb their goats the previous year, after a campaign by Serik Aryngaziev (project partner) from Mynbaevo Institute Goat Dept., but people gave up due to the goats struggling a lot as their hair was tangled and the combing was painful for the animals.¹

Livestock owners in Kruash village said that there was no demand for combed down from traders. However, large-scale traders interviewed in Turkestan in Dec. 2003 said they preferred to buy combed down as it was more profitable. Villagers also noted that they do not receive any market information about prices or demand for animal products from the local government agricultural office.

Prices received for goat fibre by Kruash villagers in spring 2003 were from \$1.6 - \$1.75/kg (see previous field trip report Dec 2003). By the middle of May this year (2004) the price was \$3.60/kg. According to project partner Serik Aryngaziev, the doubling in price this year could be partly an effect of the cashmere training workshop held in mid-April in which villagers were informed of the commercial value of their goat fibre, and also due to samples of their cashmere being shown by project members to two large-scale cashmere buyers in Almaty after the workshop. These buyers expressed interest in buying goat fibre from Zhane Kurgan after inspecting the samples. However, prices for raw cashmere in the two main production countries of China and Mongolia are expected to be respectively from 20% to 30% higher in 2004, due to changes in Chinese tax laws and policies on goat production (Schneiders 2004).

One villager who had traded in goat fibre noted that goat fibre from the desert areas of Zhane Kurgan has a higher sale value due to the absence of weedy plants. These plants have burrs that become embedded in the goat's coat, which lowers the commercial value due to difficulty in processing. Also, the arid plains contain no bushes so moulting goats did not lose their down onto bushes.

In two other regions of southeast Kazakhstan, information was obtained on cashmere marketing (Jambul district, Almaty region and Moinkum district of Jambul region).

¹ Sheared fibre contains both coarse guard hair (commercially valueless) and cashmere down. Combing goats harvests the cashmere with little guard hair, and therefore combed down is much more valuable by weight than sheared fibre. Shorn fibre contains from 100-300 gm of cashmere. The coarse outer hair should be partly cut prior to combing, to remove tangled fibers and make combing easier.



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In the Ay Darly village, there has been much interbreeding of local, cashmere-producing goats and the Soviet-introduced angora breeds. The resulting fibre will have a much lower market value. Some farmers have retained almost pure white angora types, and received from \$0.50 to \$1/kg for their fibre in 2003.

Farmers who had predominately Kazak local goats sold their fibre in 2003 for \$0.80/kg. The expected price in 2004 was up to \$1.80/kg for mixed local/angora fibre.

A Kazak émigré from Mongolia knew how to comb goats from his time in Mongolia and said he had been offered \$7/kg for combed cashmere by a trader in 2003 but that combing would take too much time. Two recent Kazak émigrés from western China commented that livestock-owners in Ay Darly did not realize the value of their goat fibre. One of the émigrés remarked:

“The local goats here with long guard [outer] hair have good down which is expensive but people here don’t know about down. So they shear because they don’t know how to comb, they mix everything together and sell a low price. In my region of China, farmers receive from \$29 to \$44 per kg of combed down from year to year. But it’s not easy money as one has to invest a lot of labour to harvest the down”.

Almost all goats had already been shorn in this area, in contrast to the Zhane Kurgan field area, although the Ay Darly area is further north and spring is later than in the latter area.

In the Moinkum district, some 700 km northwest of Almaty, interviews were also carried out with livestock owners who had sold cashmere last year. There are very few angora goats in this area, as farmers say they are not as hardy as local Kazak goats, cannot walk long distances between seasonal pastures, do not prosper in the extreme climate and are of smaller body weight than Kazak goats. Fibre samples from goats in Ulan Bel were taken for analysis by Macaulay Institute’s laboratory. Small-scale livestock owners tend to have more goats than sheep in their flocks, and had already shorn their goats by early May to prevent down being lost through moulting. A large-scale owner had driven to Taraz city to sell his fibre at a higher price to Chinese buyers.

There was an advert in the district centre town, from a buyer of goat fibre offering to pay \$1.45/kg of shorn fibre. In Ulan Bel village, buyers from Taraz city were offering \$1/kg by the beginning of May 2004. In 2003 the price started at the beginning of the buying season at \$1/kg and went to \$1.60/kg by the close of the season.

Export and processing of cashmere

Two large-scale buyers and exporters of goat fibre were interviewed in Almaty. One, a Kazak émigré from Mongolia, proposed to pay \$10/kg for combed cashmere in Zhane Kurgan after inspecting some samples brought from the CRSP workshop by Serik Aryngaziev. This would be a higher price than in 2003 in this region, where very little combed cashmere was available but was sold at \$8/kg. This exporter noted that he could not offer higher prices to Kazak producers because there were no cashmere processing facilities in



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Kazakstan so all he bought had to be transported to Ulan Bataar in Mongolia (Gobi factory). He stated that in 2003 he was buying combed cashmere at \$12/kg but this year (2004) he was willing to pay up to \$15/kg. The Gobi factory in Ulan Bataar, Mongolia, is planning to set up a cashmere dehairing plant near Almaty, and the president of this factory is expected to visit Kazakstan this year.

Another Almaty-based commercial buyer and exporter noted that a Dutch firm with offices in Moscow was interested in getting analysis of Kazak cashmere and camel hair. This, and other European companies he was in contact with, wished to determine if Kazak cashmere and camel hair met international requirements. He was interested in receiving technical analyses of the samples taken by this project, to inform potential foreign investors of the quality available.

Cashmere samples from Zhane Kurgan were given to both these companies. These samples have also been analyzed by the Macaulay Institute Animal Fibre Evaluation Laboratory, and results sent to the companies. Seven samples have mean fibre diameters of between 14.4 and 16.6 microns with low standard deviations, which is in the range of internationally-defined good quality cashmere.

Investment potential for cashmere processing

A meeting was held with the Commercial Secretary at the British Embassy, Mr Shozey Jafferi. He noted that there had been a “success story” of foreign investment by British firms into the East Hide Company in northeast Kazakstan. They invested a few years ago in a factory processing and exporting animal hides. Recently their exports reached \$60 million in value, mainly to China and Russia. He also remarked that “processing was a buzz-word in the Kazak government now”, as the state sought to diversify industries from concentration on oil and gas. He requested a brief write-up from the CRSP project about potential for investment into cashmere processing in Kazakstan. He would seek to interest foreign companies in this.

Returns to livestock owners from sheep and goats

Several large-scale livestock owners with many hundreds of sheep, stated that they were not interested in combing goats to obtain down, as it was too labor-intensive. They kept goats (from 10-30% of their flocks) only to sell for meat at the market, in order to obtain cash for buying winter fodder. Those with several hundred goats sometimes could not recall how much they got from selling goat fibre in 2003 as it was a relatively insignificant income.

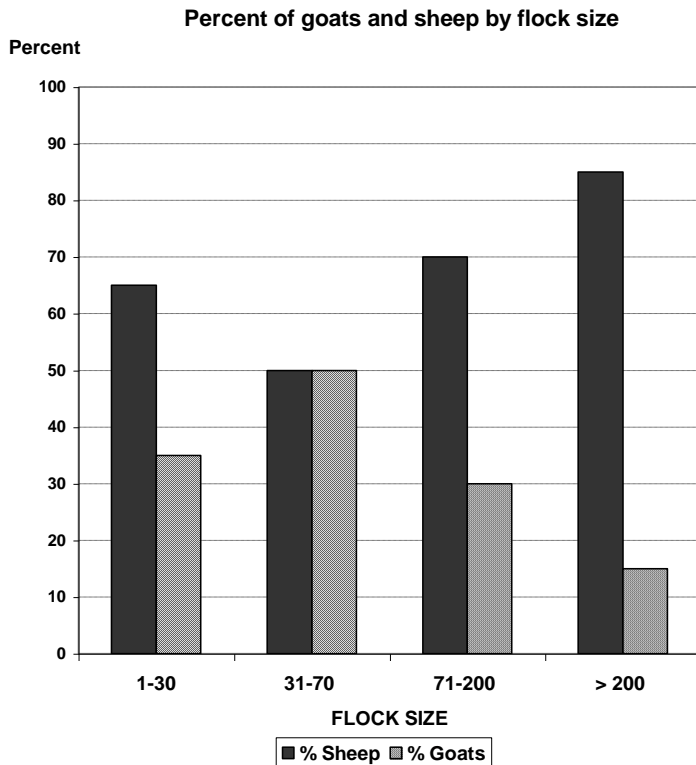
Owners with few livestock have a different attitude towards goats (see Figure 1). When sheep are consumed (often due to weddings of children), only goats may remain in a small flock. One man commented “For us it makes no difference if we eat sheep or goats, but we save the sheep to give them a chance to increase. For us, sheep are more important as it’s in our blood”. These households slaughter goats for home use to avoid consuming their sheep, which have a higher market value than goats. The owner of a small flock with 40 goats and 17 sheep deliberately sheared his goats early to prevent loss of cashmere through moulting.



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Figure 1 shows that smaller flocks have a relatively higher proportion of goats than sheep, compared to larger flocks.

Figure 1: Goat and sheep ownership in a sample of 46 households in six villages of southeast Kazakhstan (Source: DARCA 2004).



Camel hair

Several large-scale livestock owners in the Moinkum desert own up to 15 camels. These are sheared but in 2003 the hair was sold for a low price of between \$0.50 to 0.65/kg to traders from Taraz city.

A large commercial farm with 2,000 camels was visited at Sartakum, north of Ay Darly village in Jambul district of Almaty region. The farm is owned by Mercur Company, an Almaty-based vehicle firm. Workers at the farm were shearing the camels. Each camel produced from 4-5 kg of hair and camels are shorn from one year old. All parts of the body were sheared, both males and females were shorn, and the hair was not sorted by the workers into classes. Therefore both poor and good quality hair would be mixed together. The farm manager said that the hair would be exported after being washed at the POSH wool washing plant in Taraz city.



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Farm household survey

In December 2003, three sample villages had been selected in Zhane Kurgan district. A random household sample was drawn for two of these villages (see Dec.2003 Trip Report). Two staff of the Goat Dept. at Mynbaevo Sheep Breeding Institute, Berik Aryngaziev and Mukhamed, were trained to carry out the survey through practice interviews in Kruash village. The survey of 60 households was completed by Berik Aryngaziev in 10 days and questionnaires were checked on his return to Almaty. The survey data will be compiled and transferred onto coding sheets in English by Aidos Smailov. It will then be entered into a data analysis programme (SPSS or EXCELL) under supervision of Kathy Galvin at Colorado State University. Analysis will be carried out in Year 2.

Activity 3: Training on fiber quality handling at farm level

A two-day cashmere training workshop had been planned on the previous field trip in Dec. 2003. The purpose was to provide information and practical training to livestock-owners in Zhane Kurgan district. A locally-respected elder, Amanbek Kenjibekov, was recruited in December to organize the workshop by inviting villagers and government officials. He had sent messages to all villages in the district asking them to send representatives, including women, by early April 2004.

The workshop was held in the yard and reception hall of Amanbek's home in the district town. The workshop was opened by a local government official, and by Serik Aryngaziev, (Deputy Director of Mynbaevo Sheep Breeding Institute, project partner and former head of the Goat Dept), Carol Kerven and Bob Stobart. Some 70 persons attended on the first day, including district elders, religious leaders and respected opinion-makers. Ten villages were represented, mostly from the desert areas where livestock are the main source of livelihood. Approximately one-third of participants were women, and about one quarter were younger persons. Several traders in wool and cashmere attended. Two meals were provided to participants on the first day, prepared on site. Another meal was provided on the second day. All arrangements were organized by Amanbek.

The workshop opened with a screening of a 20 minute video film "Cashmere: From Goat to Sweater - Information and training for farmers in Kazakstan". The video is in the Kazak language with English subtitles, made by Carol Kerven and Aidos Smailov, using sequences on cashmere and goats filmed at Mynbaevo Sheep Institute and Macaulay Institute UK. Financial support for editing the film was partially provided by the European Union-funded DARCA project at Macaulay Institute. Following the film the workshop participants asked questions and discussed the information provided.

The main part of the two-day workshop was devoted to presentations and demonstrations by Hilary Redden, head of the Animal Fibre Evaluation Laboratory at Macaulay Institute, UK. Redden traveled to Kazakstan for the workshop under a grant from the British Embassy, Almaty, with financial support also from Macaulay Institute. Redden distributed samples of cashmere from different production areas of the world, presented data on international cashmere prices and quality, explained basic grading criteria and discussed simple breeding techniques for improving farmers' cashmere flocks. Interpretation was provided by Aidos Smailov, Aziz and Aidar, who also translated Redden's presentation charts and diagrams.



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On the second day of the workshop, 15 goats were transported to Amanbek's house from Kruash village for demonstrations. The goats had been selected from the village by Redden and Berik Aryngaziev to illustrate different aspects of cashmere. Redden showed how to trim the outer guard hair prior to combing, to prevent painful tangling and the goats becoming restless. She then showed how to comb and invited members of the workshop to take turns in combing the goats. After combing, Redden did a manual and visual assessment of the cashmere yield and explained what was good quality and what was bad quality. She then awarded rosettes to the best-quality goats. Lastly, Redden answered questions from workshop participants. The workshop ended at 2 pm.

On the second day, 100 cashmere combs were distributed to participants. As combs are rarely used in this part of Kazakhstan and are not available to purchase, these combs had been hand-made by Berik Aryngaziev at the Goat Dept, Mynbaevo Institute. Cost of the combs was covered by a grant from the British Embassy in Almaty for cashmere research and farmer training.

The workshop was filmed on video camera by a local resident, and a copy made for the project. Kerven and Smailov also filmed some of the demonstrations and presentations by Redden, in order to make another training film in Year 2 of the project.

Workshop participants were mainly interested in asking what prices they could expect if they combed cashmere rather than shearing all the fibre off, as is their current practice. Redden explained that prices depended on the quality and farmers' grading of cashmere. As poor quality or un-graded cashmere would receive much lower prices, producers needed to learn how to distinguish good quality and to separate this from poor quality, both at combing time and in animal selection within their flocks. Kerven explained that producers in Mongolia received on average \$25/kg for combed and graded cashmere in 2003, and higher prices in previous years. She noted that cashmere now provided the main source of income for Mongolian livestock-owners. Serik Aryngaziev told the participants that he was trying to interest the large-scale Kazak traders in Almaty to buy combed cashmere from Zhane Kurgan, through forming a local producers' cooperative which could supply in bulk to traders.

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