

Workshop report 1

“Opportunities and constraints on the development of systems to supply industrial demands for luxury fibre”

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INTRODUCTION

The workshop entitled “Opportunities and constraints on the development of systems to supply industrial demands for luxury fibre” had twelve participants most of whom have a strong interest in cashmere fibre. The workshop discussion was structured using the headings employed in a routine SWOT analysis. ‘Constraints’ was substituted for ‘Threats’ to give: Strengths, Weaknesses, Opportunities and Constraints as headings to examine systems to supply industrial demands for luxury fibre. The factors identified under these headings are listed in Table 1. Within the time limitations for the workshop discussion and considering market potential for industrial processing, only prospects for cashmere fibre were examined.

Many factors favour the development of a luxury fibre production systems in Europe at this time: the move away from the production of ‘food’ commodities and the resulting need to find production alternatives for farming communities in more remote areas; the availability of hill and upland land areas for the development of extensive livestock systems and the wealth of sheep and goat husbandry experience existing in many parts of the Community. The development of European domestic and export goat meat markets was identified as having potential but would demand further research. The strong cooperative tradition which exists among farmers in many member countries was likely to be a positive feature of any future potential fibre industry. Economic and social change in China at the start of the decade has given higher personal spending power, and has resulted in an increased domestic demand for cashmere and disrupted traditional supplies of the fibre for processing in Europe. However, the supply opportunity which has existed since needs to be exploited soon before western processors look to other solutions. European processors are vulnerable to supply problems as they continue to have a strong demand for cashmere fibre to fulfill their processing capacity and order books.

TABLE 1

Influences on the development of systems to supply industrial demands for cashmere fibre

Strengths

- 1 Strong livestock tradition
- 2 Long experience with sheep systems
- 3 Large areas of extensive hill and up-land
- 4 Many existing meat & dairy goats
- 5 Processing and manufacturing experience
- 6 Time lag for the production of commercial quantities
- 7 Eligibility under Leader II
- 8 Environmental concerns -Set aside

Opportunities

- 2 Move to production of non-food commodities
- 3 Market led diversification
- 4 Potential supply shortages within China
- 5 Import substitution for Chinese supplies
- 6 Potentially large scale of production needed
- 7 Policy support needed for establishment and expansion

Weaknesses

- Limited cashmere experience
- Low credibility of supply potential with processing sector
- No strong links with processors
- Cooperative system not universal
- Poor marketing structure for goat meat
- Target LFAs
- Poor farmer interest in cashmere as a diversification
- Need to develop a marketing structure

Constraints

- Timing of opportunity window restricted
 - Need for breed improvement
 - Limited number of animals in Europe
 - Market disturbance - GATT
 - Technology package needed
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The crux of the problem to developing systems to supply industrial processing needs would appear to be the quantum leap required to get European production from present levels to reliable commercial supplies. While the processing industry currently buys all of the European produced fibre available, and would buy "as much as could be produced", supplies have remained hopelessly small for a number of years. Credibility on the part of the production side to supply commercial quantities is being tested and processors are finding it difficult to remain enthusiastic. European cashmere fibre processors see the 'lag' time to getting to a herd size capable of supplying commercial quantities of fibre, as being a critical to their willingness to establish anything more than the currently tenuous links with producer groups. There are exceptions to this situation however in Scotland.

Processors need to be reassured of the output projections, scale and timescale of any effort by European producers to become significant suppliers of fibre for processing.

On the other hand farmer/ producers need to see fibre goats/ goat meat as having real commercial possibilities over the medium to long term, backed by policy initiatives both at the production and marketing level if they are to look seriously at getting into fibre goat production. Current subsidy inequalities between northern and southern EU member states are stifling farmer interest in areas where the subsidy is not applied, in spite of significant diversification interest among farmers in these areas. While a number of attempts have been made in the past to introduce cashmere goats commercially into Scotland, lack of subsidy has resulted in a failure to make the substantial herd increases required to move the industry into the commercial arena and has caused many to abandon the enterprise. In addition the negative view generally held of goats as an extensive land use option was felt to be a question of good herd management and appropriate stocking densities. The very positive benefits of the use of goats as a means of weed control and ground improvement over extensive areas could be exploited to a greater extent.

Expansion of production from the present level will need sizable external funding both in the form of subsidies to encourage fibre as a diversification at farm level, but also to allow coordination of a structure capable of guiding production capacity to a sustainable level. The present 'Scottish Cashmere Producers Association' was felt to provide the basis of a model for such an organisation. The function of the new organisation would be to liaise between producer and processor on quality issues, supply and supply chains, handling, price negotiation, premiums etc. An additional function of such an organisation might be to form a link between Brussels policy on diversification and farmers wishing to set up in fibre goats, coordinating financial and technical advice. However the role of the EU in stimulating production was felt to be vital. There was disappointment expressed at the failure of Brussels to respond to cashmere goats, as a diversification option which complied readily with many current production demands: principally a 'non-food' commodity; one which did not threaten existing Community production and for which there was a recognised market and a established demand; a commodity which is well suited to extensification systems and a livestock system which could help in land management of large marginally cultivated areas. The lack of direct EU support for a fibre production industry so far and the slowness of more oblique diversification options to be put in place was also lamented. Symptomatic of EU apathy was that neither a social nor agricultural policy representation from Brussels was possible at the Socio-economic Workshop in Biella.

On the marketing side, market research on the 'end-product' was also a concern. Who and where are the customers? What do they want from their cashmere products, image/ fashion/ luxury? How much are they prepared to pay for a garment? Who should carry this expensive data collection? Again the lack of communication between processors/ garment manufacturers and the small number of producers fails to allow the transfer of existing market information back along the production chain.

CONCLUSIONS

Many opportunities come from inherent strengths of European producers together with specific supply opportunities afforded by current supply problems in China. Cashmere production satisfies many of the requirements of the type of diversification needed in rural areas today. The drawbacks or constraints/ weaknesses include lack of serious policy to encourage production expansion to the extent of financially backing a sizable 'kick-start'. Low herd numbers of high quality fibre goats appear to be the limiting factor in cashmere fibre production failing to reach the critical mass required to woo both processor support and give confidence to new entrants. Small herd size also limits the development and exploitation of both meat and hide opportunities.