Cashmere Industry

The northern border steppes of China have been the world’s largest source of cashmere fiber for centuries, but during the past twenty years, the animal hair processing and textile making industry has expanded greatly, so that it now dominates the global market.

The fiber from different varieties of cashmere goats (Capra hircus laniger) has been a major agricultural product of China’s northern border grasslands for centuries. Cashmere—the fine (dehaired) downy undercoat shed by goats living in the high, dry altitudes of Eurasia—lies beneath the coarse outer hair and provides insulation from the cold. This rare, precious natural fiber (often called soft gold or diamond fiber in China) has been prized since Roman times for its lightness, warmth, and softness. The value of the dehaired cashmere is influenced by its fineness in microns, length in millimeters, and color. For centuries it was used exclusively in luxurious fabrics that only royalty could afford: Napoleon III gave cashmere shawls to the empress Eugenie, and Queen Victoria treasured the fabric. In the 1920s, cashmere fabric was made into fashionable clothing by the Parisian designers Coco Chanel and Jean Patou. Cashmere has remained a highly desirable product ever since.

China is considered the home of the finest cashmere and has become the world’s largest cashmere producer. Although agricultural statistics are unreliable, China is thought to produce around 60-65 percent of the world market of 12,000 tons per year. Mongolia is the second-largest producer with about 3,000 tons annually. Other cashmere-producing countries include Iran, Afghanistan, New Zealand, Nepal, Australia, and the United States. The United States is the largest importer of finished cashmere goods, buying three quarters of all finished cashmere knitwear since 2000, according to The Wall Street Journal (Chen 2001).

The cashmere-manufacturing industry developed in the nineteenth century in Scotland, which was recognized for the specialized-weave knit techniques developed there. In the last decade of the twentieth century, cashmere processing and manufacturing increasingly has moved from Europe to the countries of fiber origin, especially China. It takes a Kashmir goat four years to produce enough hair for one sweater. The herders comb the goats by hand every spring; the hair then is sold in bales. Chinese cashmere-down hair comes from goats grazing on the plains of Inner Mongolia, Xinjiang, and the Himalayan Mountain highlands that lead to the Tibetan Plateau—regions surrounding the Gobi Desert. The fibers are locally combed, cleaned, dyed, and spun before being exported or knitted into fabric in northern Chinese mills.

The Cashmere Industry in China

The cashmere industry is divided into three distinct sectors: raw (or greasy) cashmere gathered by herders; processed (or dehaired) cashmere, which is a refined
combing, cleaning, and sorting process; and finished (or manufactured) cashmere products, including yarns and clothing. Two kilograms of raw cashmere yield one kilogram of processed cashmere.

Before the 1990s most raw cashmere from China was exported (mainly to Europe) for processing and manufacturing. But in the late 1970s, as the Chinese government began moving to a market economy, government officials looked to establish cashmere factories within China. By the 1980s lower-priced cashmere sweaters and other items were being exported, and over the next ten years, the Chinese cashmere industry grew to monopolize the market. Foreign businesspeople were essentially unable to purchase raw cashmere from China. According to the China Chamber of Commerce of Import/Export of Foodstuffs, Native Produce and Animal By-Products (CFNA), there are now more than 2,000 companies in China processing cashmere that use over 90 percent of the world’s raw cashmere (CFNA 2005).

In addition, these businesses process not only domestic cashmere, but also some imported from Mongolia and other countries. After a change in government in 1996, Mongolian authorities lifted a mid-1990s ban on the export of raw cashmere, replacing it with a 30 percent export tax on raw cashmere. However, the tax was poorly implemented, as corrupt senior officials realized that they could make fortunes by selling raw cashmere tax free to Chinese factories. According to a United States Agency for International Development (USAID) May 2005 cashmere study, it was estimated that 40-50 percent of Mongolian raw cashmere is smuggled, duty free, to China. This has allowed China to capture the

Uygur girl and a goat in Kashgar, Xinjiang Uygur Autonomous Region. Cashmere is gleaned by combing the fine down from under the goat’s coarse outer coat. It can take three to four goats per year to make one cashmere sweater. PHOTO BY JOAN LEBOLD COHEN.
Mongolian raw cashmere-export market, depress the Mongolian manufacturing sector, and take control of the world cashmere market.

In 1997, China produced nearly 10,000 tons of raw cashmere and imported over 800 tons of raw cashmere (primarily from Mongolia), exporting no raw cashmere. A total of over 5,000 tons was processed; half was used in the domestic market and half was exported. The half that remained in China was made into finished goods, about a quarter of which went into domestic sales, while the rest was exported. For the past several years, raw cashmere production in China has stabilized to about 12,000 tons (China Daily 2005).

In Inner Mongolia, the number of goats increased tenfold from 2.4 million in 1949 to almost 26 million in 2004 (Osnos 2006). The sharp increase in demand for raw cashmere has had negative environmental consequences on Chinese and Mongolian grasslands where the goats graze. Overgrazing exacerbated by government-imposed limitations on the amount of pastures accessible to the herders has degraded the quality of grasses and caused desertification. As a result, restrictions on the size of goat herds have been implemented in China, although with only limited success (Zukosky 2008).

Cashmere Trade and Future Prospects

In the 1990s, Chinese decollectivization and promotion of private enterprise manufacturing policies led to the rapid expansion of goat herds and to what most experts agree was an oversupply of low-quality cashmere. World prices of raw cashmere dropped from about $60 per kilogram in 1989 to as low as $15 per kilogram in 1998, before climbing somewhat higher. This accounts for the flood of finished cashmere goods at greatly reduced prices, which became available to middle-class consumers on the world market. With the Asian economic crisis of the 1990s, the main market for cashmere goods shifted from Asia and Europe to the United States, which has favorable import regulations.

China’s supply of raw cashmere is expected to remain stable in the next few years, while worldwide demand for cheap cashmere is expected to continue. But with the recent global economic downturn, rises in hair prices in recent years may depress international demand for finished cashmere goods unless attractively low prices are maintained.

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Further Reading


