

A PROFILE OF THE SOUTH AFRICAN MOHAIR MARKET VALUE CHAIN

2012

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Table of Contents

| | |
|--|-----------|
| 1. DESCRIPTION OF THE INDUSTRY. | 3 |
| 2. PRODUCTION OF MOHAIR | 4 |
| 3. MARKET STRUCTURE | 5 |
| 3.1 Domestic market and prices | 5 |
| 5. MAJOR EXPORT MARKETS FOR SOUTH AFRICAN MOHAIR (2011) | 7 |
| 6. EXPORTS VOLUMES | 8 |
| 7. SHARE ANALYSIS | 15 |
| 8. IMPORTS VOLUMES | 16 |
| 9. MOHAIR VALUE CHAIN | 19 |
| 10. BARRIERS TO PARTICIPATION BY THE EMERGING SECTOR | 20 |
| 11. BLACK ECONOMIC EMPOWERMENT INITIATIVES | 20 |
| 11.1 Representation within the Empowerment Trust | 20 |
| 12. MARKET ACCESS | 21 |
| 12.1 Export tariffs for mohair | 21 |
| 12.2 Import tariffs for mohair | 22 |
| 13. MARKET INTELLIGENCE | 24 |
| 14. COMPETITIVENESS OF SOUTH AFRICA'S MOHAIR IMPORT | 30 |
| 15. ACKNOWLEDGEMENTS | 35 |

RECENT DEVELOPMENTS

The ongoing economic crisis in Europe and depressed US economy had a mixed influence on the mohair market during 2011. Although kids and young goats were only marginally affected by the crisis, these sectors still far outperformed 2010 price levels. As the year progressed, it became clear that the adult market would be under pressure, mainly because of pressure on the Chinese market from the deadline in orders from Europe and excess stock in the pipeline.

1. DESCRIPTION OF THE INDUSTRY.

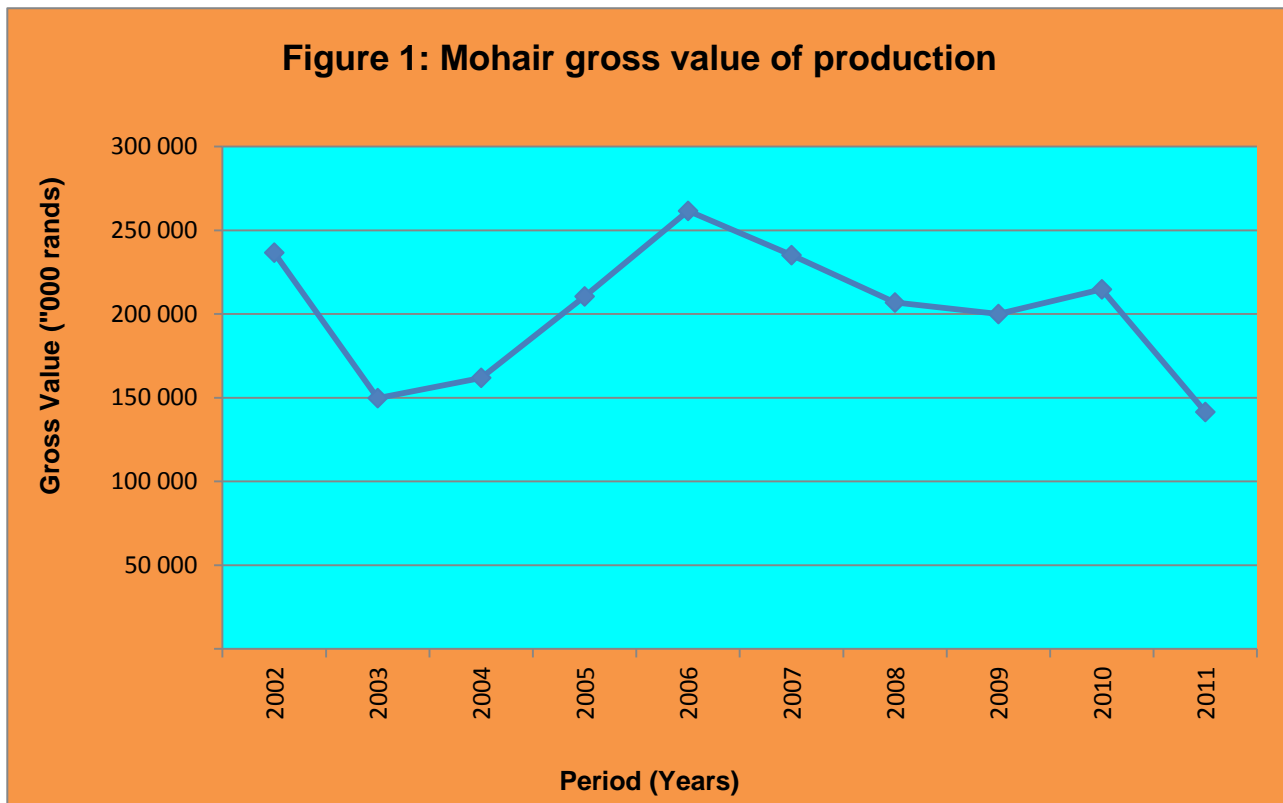
South Africa is recognized as the most reliable source of mohair in the world because angora goats grow their fleeces all year-round which allows farmers to auction their produce two seasons a year - for summer and winter sales. South Africa currently produces 50% of total world's mohair production. On average the annual average commercial production is about 4 million kg.

Angora goats are kept primarily for mohair production. Mohair is made of strong elastic fibres that form a fabric which is easily dyed, mainly used in the textile industry and is especially suitable for apparel, knitwear, curtaining, upholstery material, socks, shawls and accessories. November is a beautiful time of the year in the Karoo with many goats with kids and fleeces in full growth.

Angora goats were introduced in South Africa by Colonel John Henderson from Turkey with a consignment of twelve rams and one ewe in 1838. The rams were rendered infertile before leaving Turkey, but that happily the ewe was pregnant and gave birth to a healthy ram kid during the voyage. Although several further importations of Turkish stock were made up to 1896, the above-mentioned ewe and her kid formed the foundation of the Angora goat and mohair industry in South Africa.

Mohair growing has taken root and developed in this country. The flocks of these "smiling" goats have become a regular feature of the countryside, especially in the arid Karoo areas and south eastern Free State. The expertise of South African farmers had improved the breed and especially the quality of the hair, so that it now far surpasses the original, still to be found in regions that form modern Turkey (Momentos).

Today mohair is grown in several countries, mainly arid areas like The Western USA (Texas, Arizona and New Mexico), Lesotho and small quantities in Australia. Surprisingly some mohair is now grown in Great Britain and also New Zealand, although these latter tend to be enthusiasts, with over 60% of the world supply coming from South Africa (Momentos). The contribution of the mohair industry to the gross value of agricultural production is summarized in Figure1 below.



Source: Economic Analysis and Statistics, DAFF

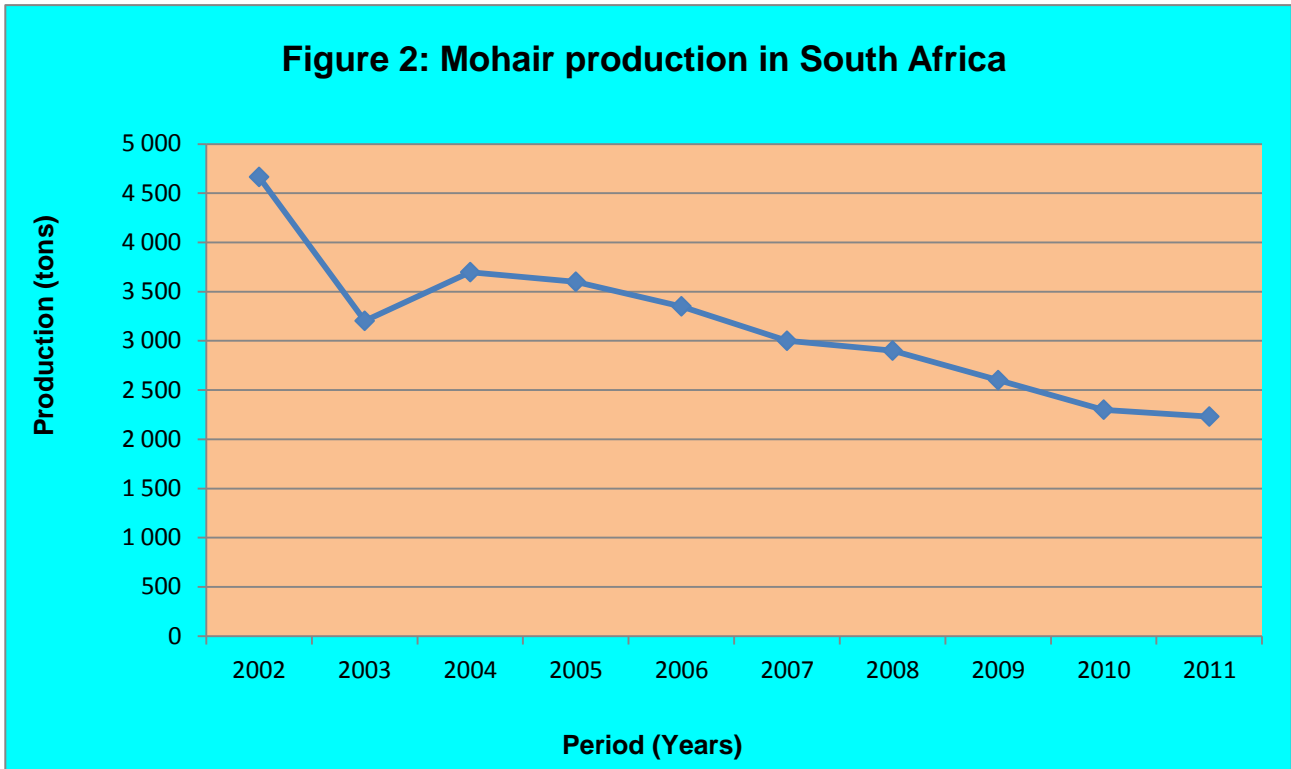
Figure 1 confirms gross value of production of mohair in South Africa between 2002 and 2011 period. The figure further confirms that gross value of mohair production started to increase in 2002, and then experienced a decline in 2003. In 2004, mohair gross value of production increased at a very slow pace until a sharp increase was experienced in 2005 and a peak was attained in 2006 at a gross value of about R261 569 as against the lowest gross value of mohair production attained in 2003 at approximately R150 000. The figure also confirms that between 2007 and 2009, there was a consistent decline in gross value of production of mohair due to the low levels of mohair production in the domestic market. The low levels of mohair production are also as a result of the fluctuations in mohair production during the same period under review. The figure further confirms that in 2010, gross value of mohair production saw a slight increase of about R214 705.

In 2011, the figure also confirms that there was a 34.1% decline in gross value of mohair production in South Africa as compared to 2010.

2. PRODUCTION OF MOHAIR

Production for the 2011 year amounted to 2,230,000 kg's which is only marginally lower than 2010. There are definite signs that the industry has reached the bottom end of the production cycle and can expect a slight increase in 2012.

Figure 2: Mohair production in South Africa



Source: Economic Analysis & Statistics, DAFF

Figure 2 above indicates production of mohair in South Africa between 2002 and 2011 period. The figure further indicates that South Africa produced the greatest quantities of mohair with an estimated production of 2.3 million kilograms in 2011, which represents a decrease of 11.5% as compared to 2010. The graph also indicates that in 2002, mohair production started to increase until a peak was attained in 2002 at approximately 4 665 tons. The figure also indicates that in 2003, mohair production experienced a decline in production to lower levels of about 3 203 tons. It is also evident that between 2004 and 2011, there was a consistent decline in production of mohair in South Africa. A big contributor to this decline was the severe drought experienced in a large part of the production areas of the Eastern Cape Province over the period under scrutiny.

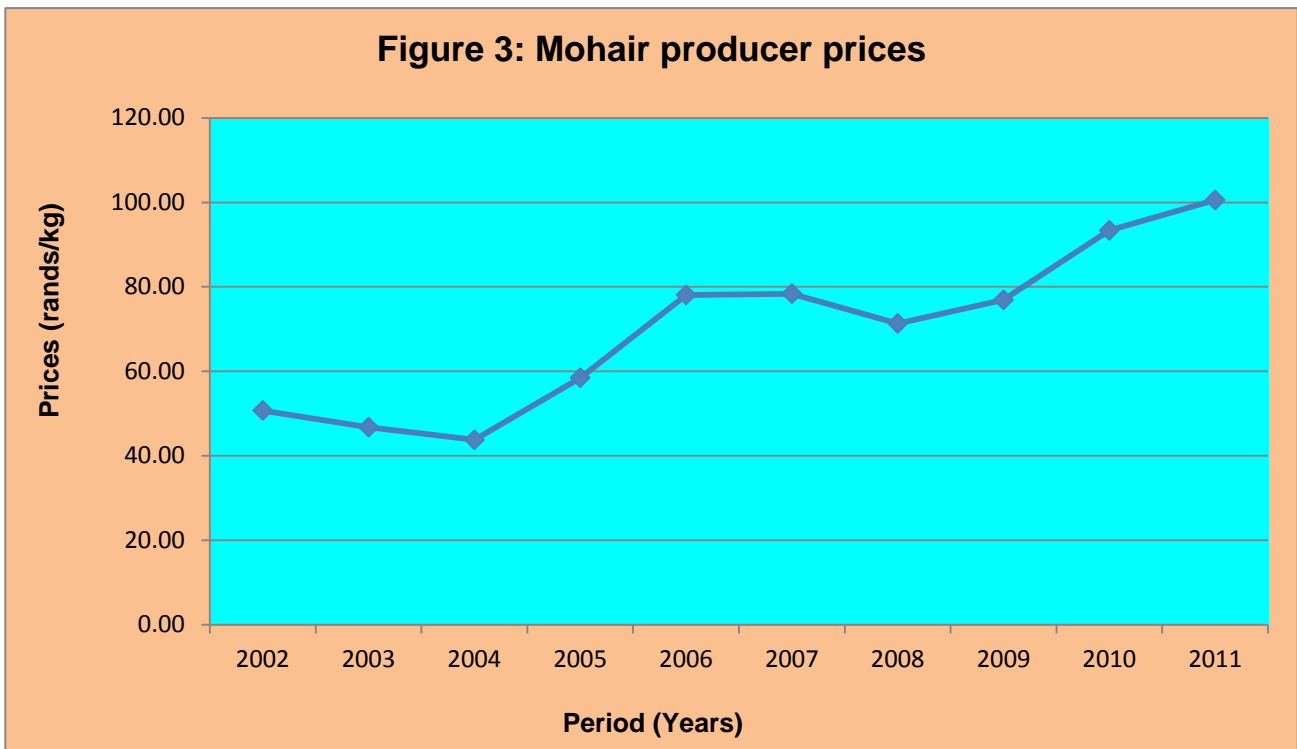
In 2011, the graph also indicates that there was a 3.04% decline in mohair production in South Africa as compared to 2010.

3. MARKET STRUCTURE

3.1 Domestic market and prices

The 2011 year was in general a good year for producers of mohair with the average price for the year closing on R100.55 per kg, which is a 7.7% increase from 2010. Mohair is used to produce fabric and also for export. There are 7 main buyers of mohair in South Africa, 3 auction ports, 3 brokers and 18 manufacturers. Mohair is a fashion fibre. Prices are determined by demand and supply at one of 3 auction ports.

Figure 3: Mohair producer prices



Source: Economic Analysis & Statistics, DAFF

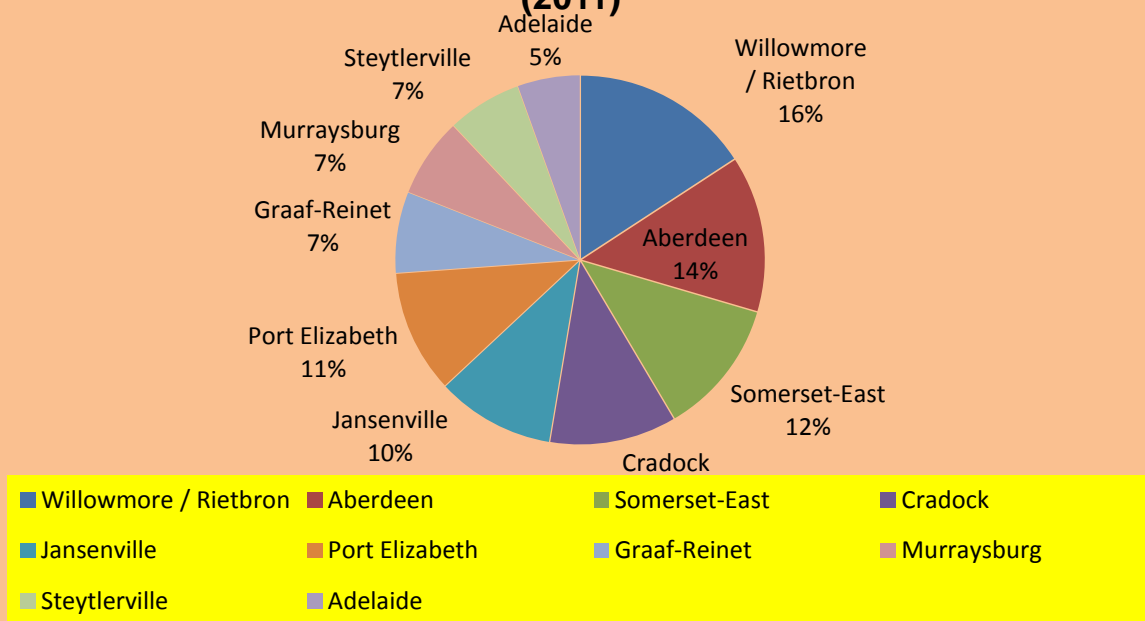
Figure 3 depicts prices of mohair in South Africa between 2002 and 2011 period. The graph further depicts that in 2002, mohair producer prices started to increase at approximately R50.73/kg during the period under review. Between 2003 and 2004, mohair prices were very low at R43.78/kg and R46.76/kg. The graph also depicts that between 2005 and 2007, prices of mohair consistently improved, and then a slight decline occurred in 2008 at approximately R71.33/kg. In 2009 and 2010, mohair prices took a positive direction with a consistent increase until a peak was attained in 2011 at approximately R118.00 per kilogram. In 2010, a second peak in mohair producer prices was attained at approximately R100.55 per kilogram. The reason for the price increases was the decline in production causing less supply in the market and thereby causing the price to go up. The figure further depicts that there was a 7.7% increase in mohair producer prices in South Africa during 2011 as compared to 2010.

4. PRODUCTION AREAS OF MOHAIR IN SA (2011 period)

The first importation of angora goats was destined for Caledon in the Western Cape but over the course of time they spread to the Eastern Cape where the climate and vegetation are more suitable for the rearing of angora goats and the production of high quality mohair. In due course, Jansenville and the surrounding districts became the hub of the mohair industry in South Africa and to this day the primary industry is centered on the small town of Jansenville.

This is clearly illustrated by the fact that the offices of both the South African Mohair Growers' Association and the Angora Goat Stud Breeders' Society of South Africa are located in Jansenville. The leading angora studs and the biggest concentration of stud breeders are found in the Jansenville district, while many of the leaders of the mohair industry hail from this area (Ikhwezi).

Figure 4: Top mohair production areas in South Africa (2011)

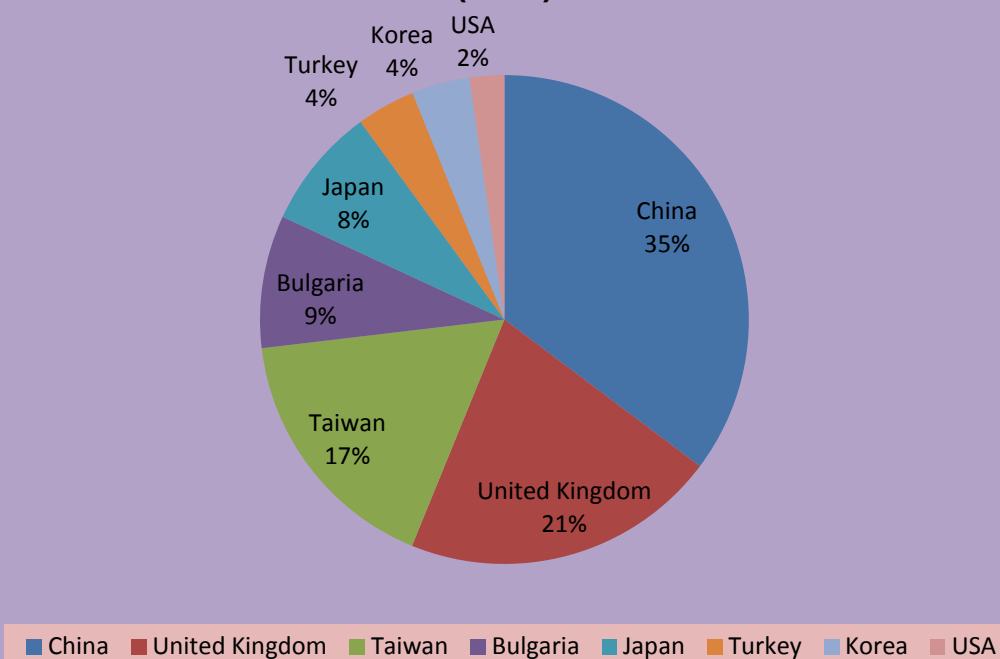


Source: Mohair South Africa

Figure 4 illustrates the main mohair producing areas in South Africa during the 2011 season. The figure further illustrates the main mohair producing areas during the period under examination was Willowmore accounting for 16%, Aberdeen accounting for 14%, Somerset East accounting for 12%, Cradock accounting for 11%, Port Elizabeth accounting for 11% and Jansenville accounting for 10%. The figure also illustrates that mohair is also produced in smaller volumes in areas such as Graaf-Reinet, Murraysburg, Steytlerville and Adelaide.

5. MAJOR EXPORT MARKETS FOR SOUTH AFRICAN MOHAIR (2011)

Figure 5: Major destinations of mohair from South Africa (2011)

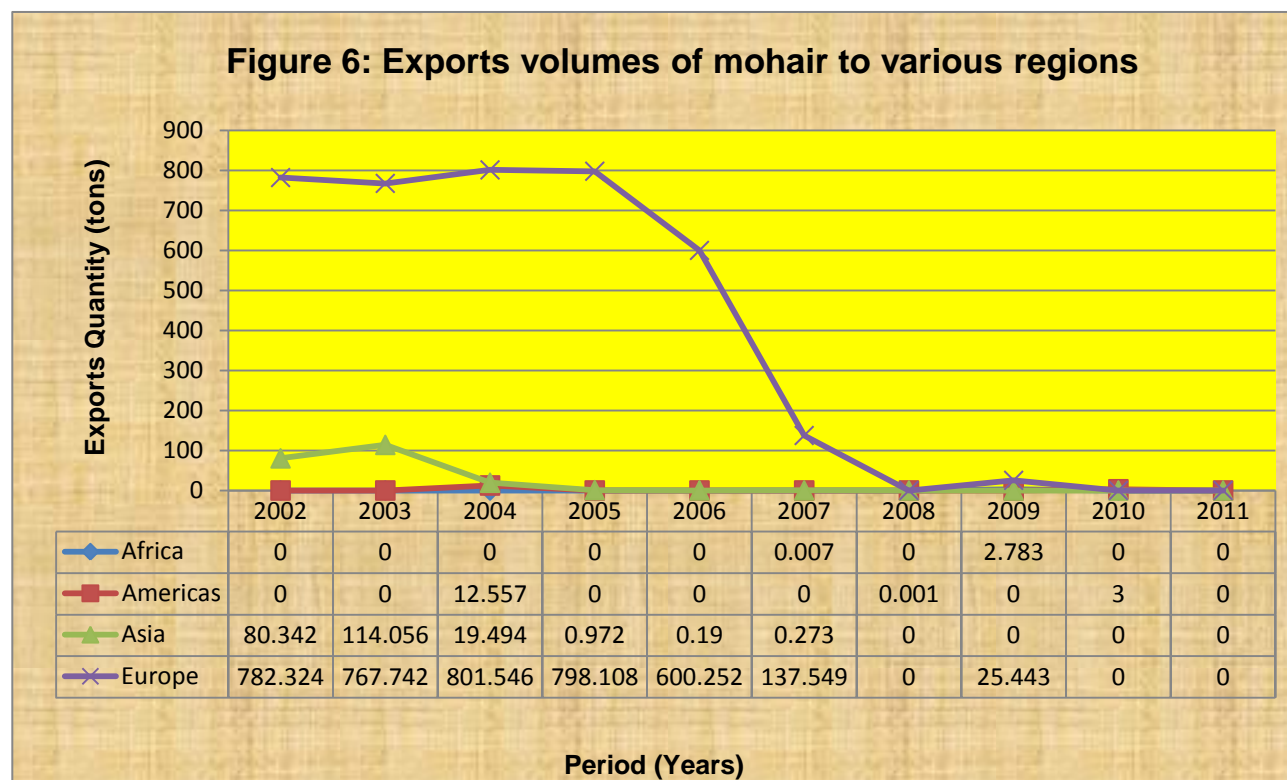


Source: Mohair South Africa

Figure 5 shows the major destinations of mohair from South Africa to the world during the 2011 period. The figure further shows that South Africa is still the largest and leading mohair producer in the world with 49.5% in the total world production, followed by Lesotho and Argentina. Other producers are United States of America, Turkey, Australia and New Zealand. The figure also shows that during the 2011 season, most mohair exports from South Africa went to China accounting for 35%, followed by United Kingdom accounting for 21%, Taiwan accounting for 17%, Bulgaria accounting for 9% and Japan accounting for 8%. The figure further shows that the lowest importers of mohair from South Africa during this period was Turkey at 4%, followed by Korea at 4% and United States of America at 2% respectively.

6. EXPORTS VOLUMES

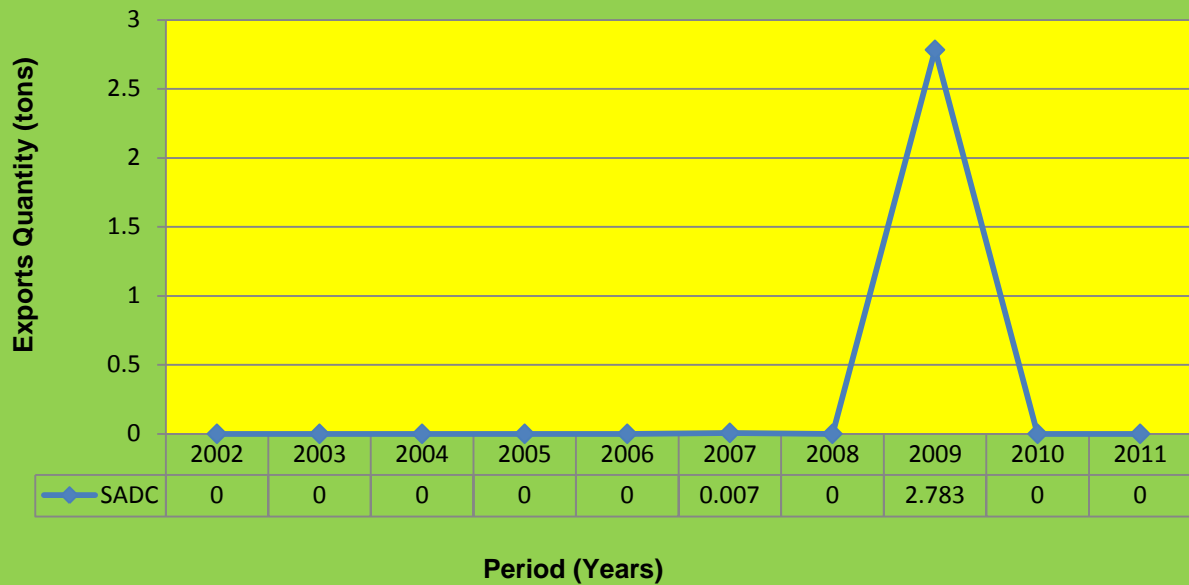
The downward pressure on the adult market was the main reason for a decrease in exports of 15% from 2011, whilst Taiwan increased their share of the export market in 2011. Figure 6 indicates exports volumes of mohair from South Africa to various regions of the world between 2002 and 2011.



Source: Quantec

The graph further indicates that the major world market for mohair from South Africa was Europe, followed by very low export volumes to Asia during the period under scrutiny. The figure also indicates that exports volumes of mohair from South Africa to Europe started to increase in 2002, and then saw a slight decline in 2003. The figure further indicates that exports volumes of mohair from South Africa to Europe attained a peak in 2004 at an export quantity of about 801.55 tons. The graph also indicates that exports volumes of Mohair from South Africa to Asia started to increase in 2002, and in 2003 attained a peak at an export quantity of approximately 114.06 tons. The graph also indicates that during the period under scrutiny, South Africa exported very low volumes of mohair to Africa and Americas. The figure also indicates that in 2011 of the period under review, South Africa did not export mohair to the world due to high demand in the domestic market. There was a 100% decline in exports volumes of mohair from South Africa to Europe in 2011 as compared to 2009.

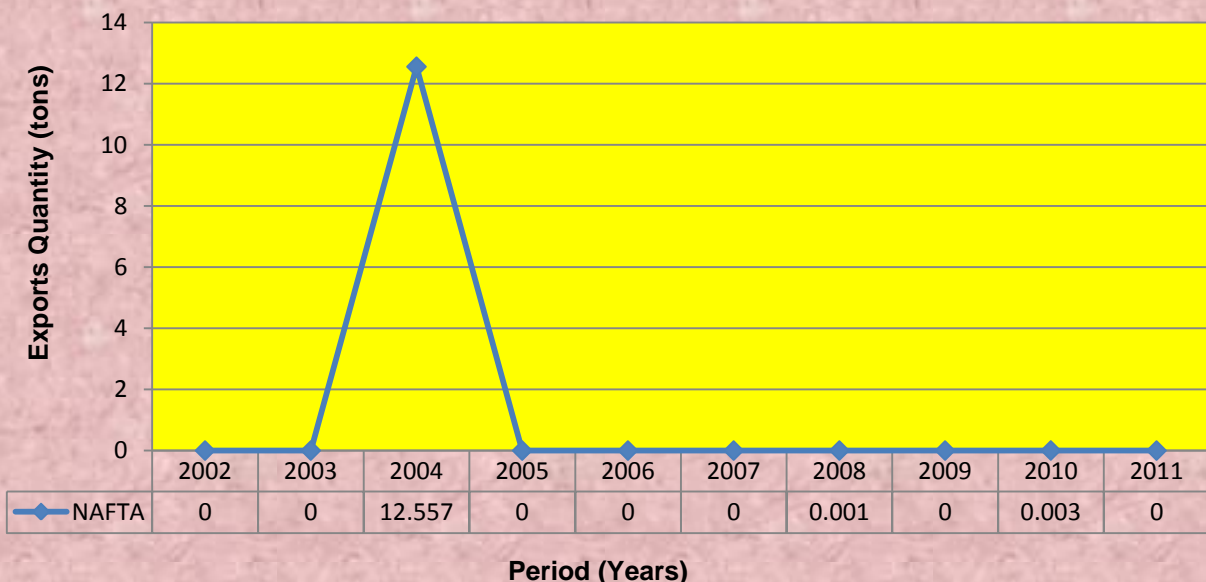
Figure 7: Exports volumes of mohair to Africa



Source: Quantec

Figure 7 depicts volumes of mohair exports from South Africa to Africa between 2002 and 2011. The graph further depicts that during the period under review, the major export market for mohair from South Africa to Africa was the SADC region. The figure also depicts that exports of Mohair from South Africa to SADC started to increase in 2007 at 0.007 tons, and in 2009 a peak in exports of mohair from South Africa to SADC was attained at approximately 2.78 tons. The graph further depicts that between 2002 and 2006, 2008 and again between 2010 and 2011, there were no exports of mohair from South Africa to SADC. In 2011, there was a 100% decline in exports volumes of mohair from South Africa to SADC as compared to 2009.

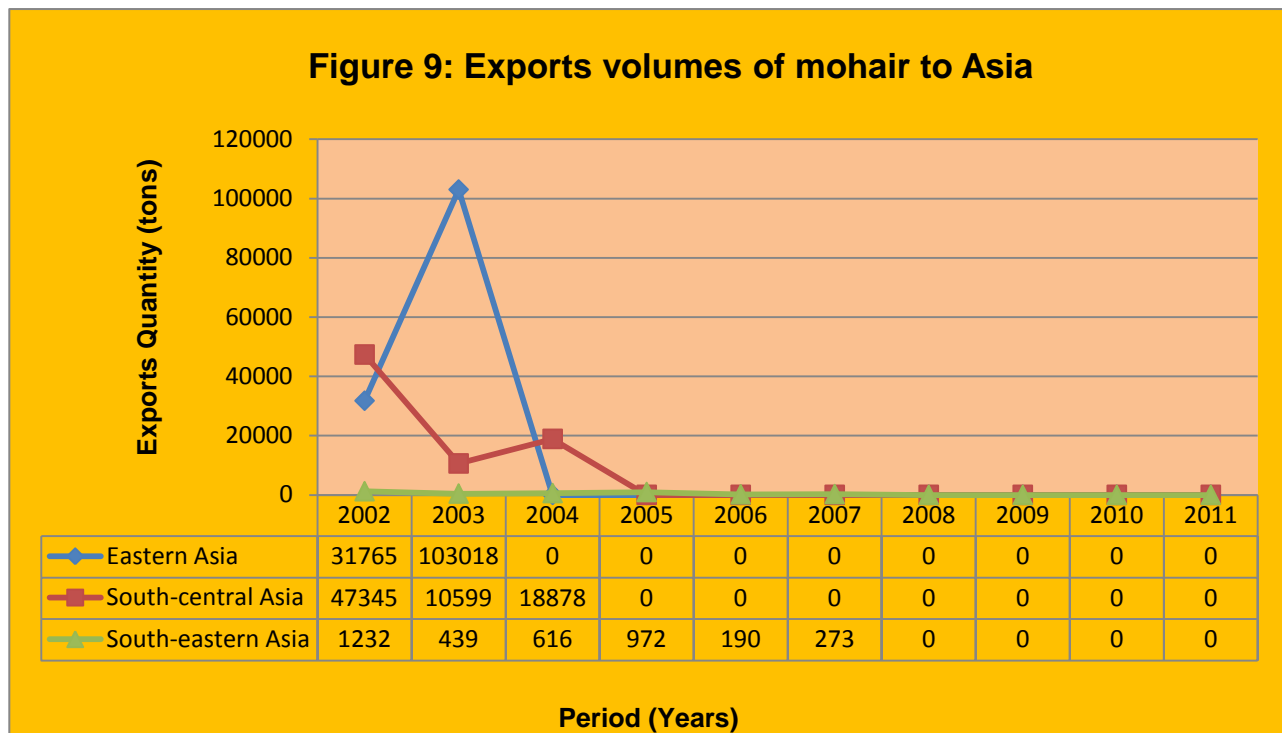
Figure 8: Exports volumes of mohair to Americas



Source: Quantec

Figure 8 illustrates exports volumes of mohair from South Africa to the Americas between 2002 and 2011. The graph further illustrates that during the period under review, the major export market for mohair from South Africa to Americas was NAFTA. The figure also illustrates that exports of mohair from South Africa to NAFTA started to increase in 2004, and during the same period attained a peak at an export volume of approximately

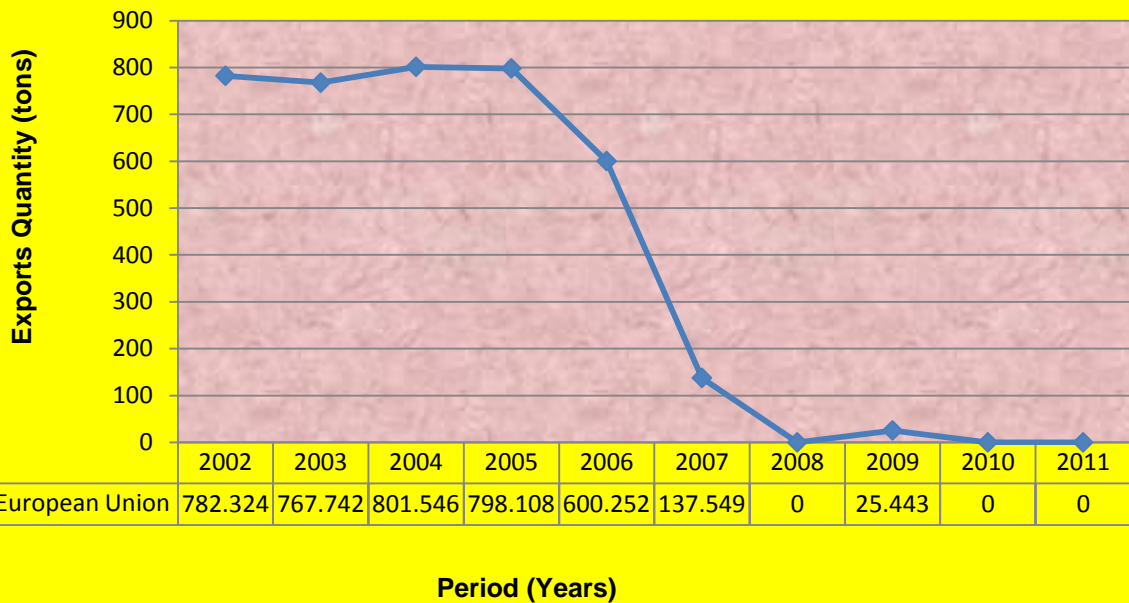
12.56 tons. The graph further illustrates that between 2002 and 2003 and again between 2005 and 2007, and also in 2009 and 2011, there were no exports volumes of mohair from South Africa to NAFTA. There was a 100% decline in exports volumes of mohair from South Africa to NAFTA in 2011 as compared to 2010.



Source: Quantec

Figure 9 confirms exports volumes of mohair from South Africa to Asia between 2002 and 2011. The graph further confirms that during the period under examination, Eastern Asia commanded the greatest share of mohair exports from South Africa, followed by South-central Asia. The figure also confirms that exports of mohair from South Africa to Eastern Asia started to increase in 2002, until a peak was attained in 2003 at approximately 103.02 tons, while exports of mohair from South Africa to South-central Asia attained a peak in 2002 at an export volume of approximately 47.35 tons. The figure further confirms that between 2004 and 2011, there were no exports of mohair from South Africa to Eastern and South-central Asia, while between 2008 and 2011 there were no exports of mohair from South Africa to South-eastern Asia. The figure also confirms that there were very low exports volumes of mohair from South Africa to South-eastern Asia of not more than 1 300 tons per month during the period under scrutiny. There was a 100% decline in exports volumes of mohair from South Africa to Eastern Asia in 2011 as compared to 2003.

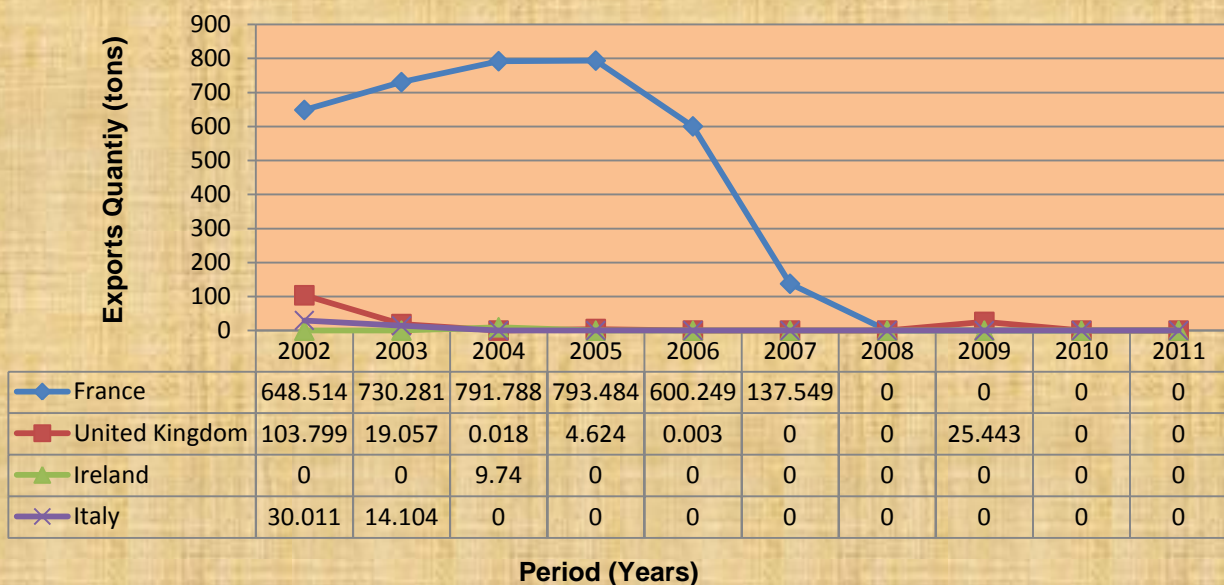
Figure 10: Exports volumes of mohair to Europe



Source: Quantec

Figure 10 shows volumes of mohair exports from South Africa to Europe between 2002 and 2011. The graph further shows that during the period under scrutiny, European Union commanded the greatest share of exports of mohair from South Africa to Europe. The graph also shows that exports of mohair from South Africa to the European Union started to increase in 2002, and then declined in 2003. The graph further shows that exports of mohair from South Africa to the European Union attained a peak in 2004 at an export volume of approximately 801.55 tons. The graph also shows that during the period under examination, there was a dramatic decline in exports of mohair from South Africa to the European Union between 2005 and 2007. In 2008 and 2010, there were no exports of mohair from South Africa to the European Union. In 2009, there was a slight increase in exports of mohair from South Africa to European Union to approximately 25.4 tons. In 2011, there was a 100% decline in exports volumes of mohair from South Africa to European Union as compared to 2009.

Figure 11: Exports volumes of mohair to European Union

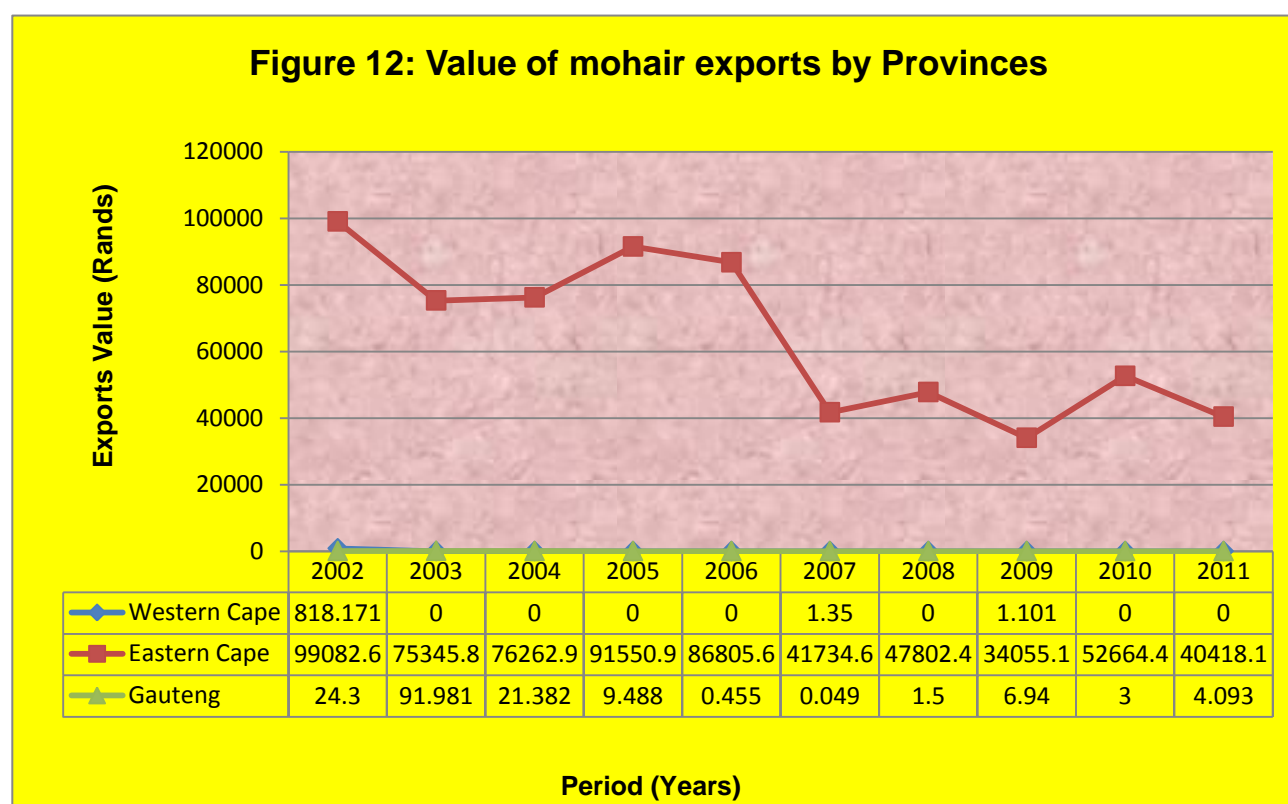


Source: Quantec

Figure 11 indicates volumes of mohair exports from South Africa to the European Union between 2002 and 2011. The graph further indicates that during the period under scrutiny, France commanded the greatest share of mohair exports from South Africa to the European Union. The graph also indicates that exports of mohair from South Africa to France started to increase in 2002, with a consistent increase until a peak was attained in 2004 and 2005 at export volumes of approximately 791.78 and 793.48 tons respectively. The graph also indicates that between 2005 and 2007, there was a dramatic decline in exports of mohair from South Africa to France of up to 137.6 tons during the period under examination. The figure also indicates that between 2008 and 2011, there were no exports volumes of mohair from South Africa to France. The figure further indicates that between 2005 and 2011, there were no exports volumes of mohair from South Africa to Ireland and Italy. In 2009, there was a slight increase in exports of mohair from South to the United Kingdom to approximately 25.4 tons. There was a 100% decline in exports volumes of mohair from South Africa to France in 2011 as compared to 2007.

6.1 Exports of Mohair by Provinces of South Africa

Figure 12 depicts values of mohair exports by provinces of South Africa to the world between 2002 and 2011.

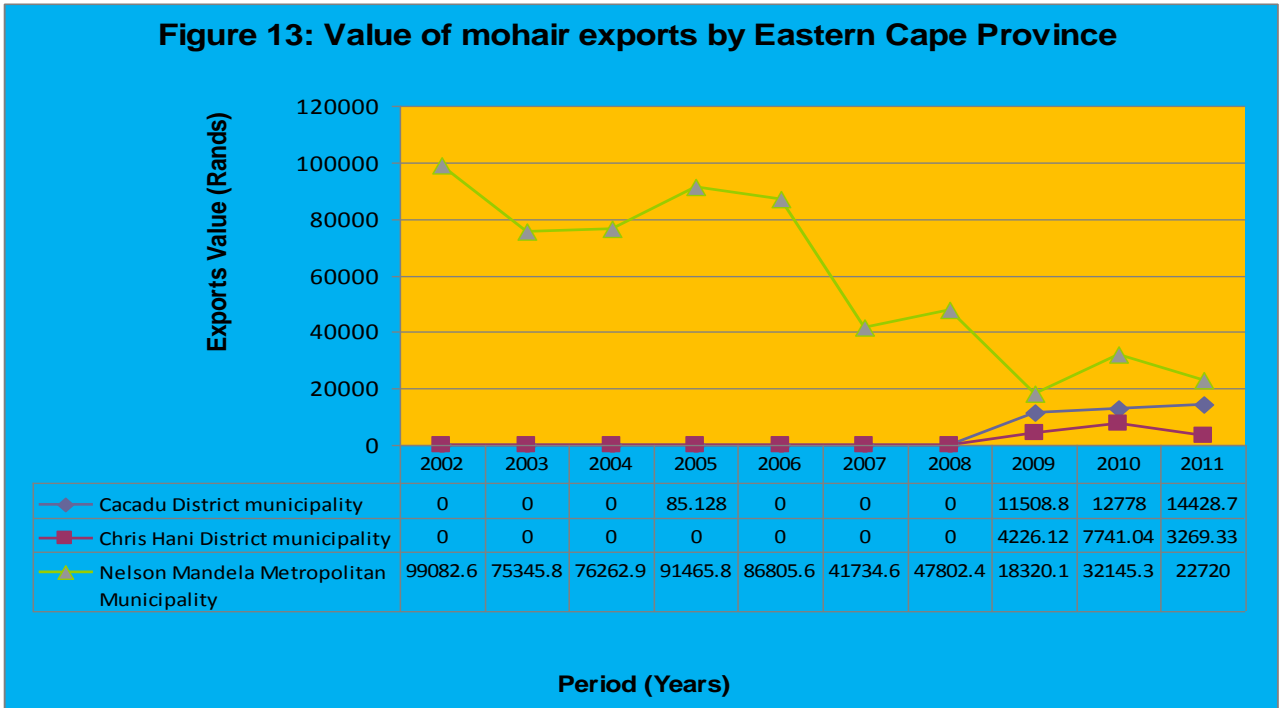


Source: Quantec

The graph further depicts that the major exporter of mohair from South Africa to the world was Eastern Cape Province with no competition from other provinces. The graph also depicts that exports of mohair from the Eastern Cape Province started to increase in 2002, and then between 2003 and 2004 exports of mohair slightly declined at approximately R75 000 and R76 000 respectively. The graph further depicts that exports of mohair from the Eastern Cape Province to the world attained a peak at an export value of approximately R99 000. Western Cape and Gauteng provinces had very low levels of mohair exports to the world during the period under examination. The graph further depicts that between 2002 and 2006, and again in 2008, 2010 and 2011, there were no exports of mohair exports by Western Cape Province to the world.

In 2011, there was a 23.3% decline in value of mohair exports from the Eastern Cape Province to the world as compared to 2010.

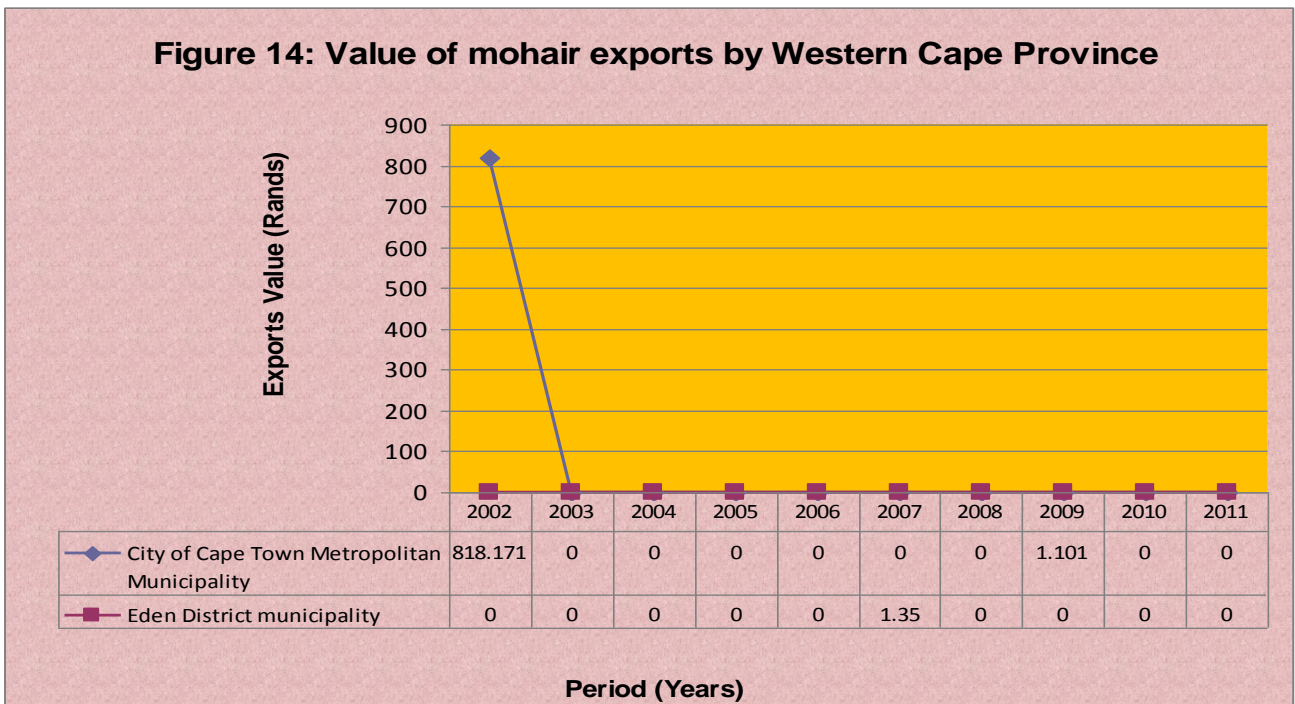
Figure 13: Value of mohair exports by Eastern Cape Province



Source: Quantec

Figure 13 shows value of mohair exports by Eastern Cape Province of South Africa to the world between 2002 and 2011. The graph further shows that the major exporter of mohair from the Eastern Cape Province to the world was Nelson Mandela Metro, followed by Cacadu and Chris Hani Districts. The figure also shows that exports of mohair from Nelson Mandela Metro municipality started to increase in 2002, and during the same period attained a peak at an export value of approximately R100 000. The figure further shows that, the Cacadu and Chris Hani District municipalities had very low levels of mohair exports from South Africa to the world of not more than R15 000 per year of the period under review. The figure also shows that between 2002 and 2008, there were no exports of mohair Cacadu and Chris Hani Districts, except in 2005 where Cacadu District managed to export mohair at a value of R85.128. The figure further shows that there was a 29.3% decline in value of mohair exports from Nelson Mandela Metro to the world in 2011 as compared to 2010.

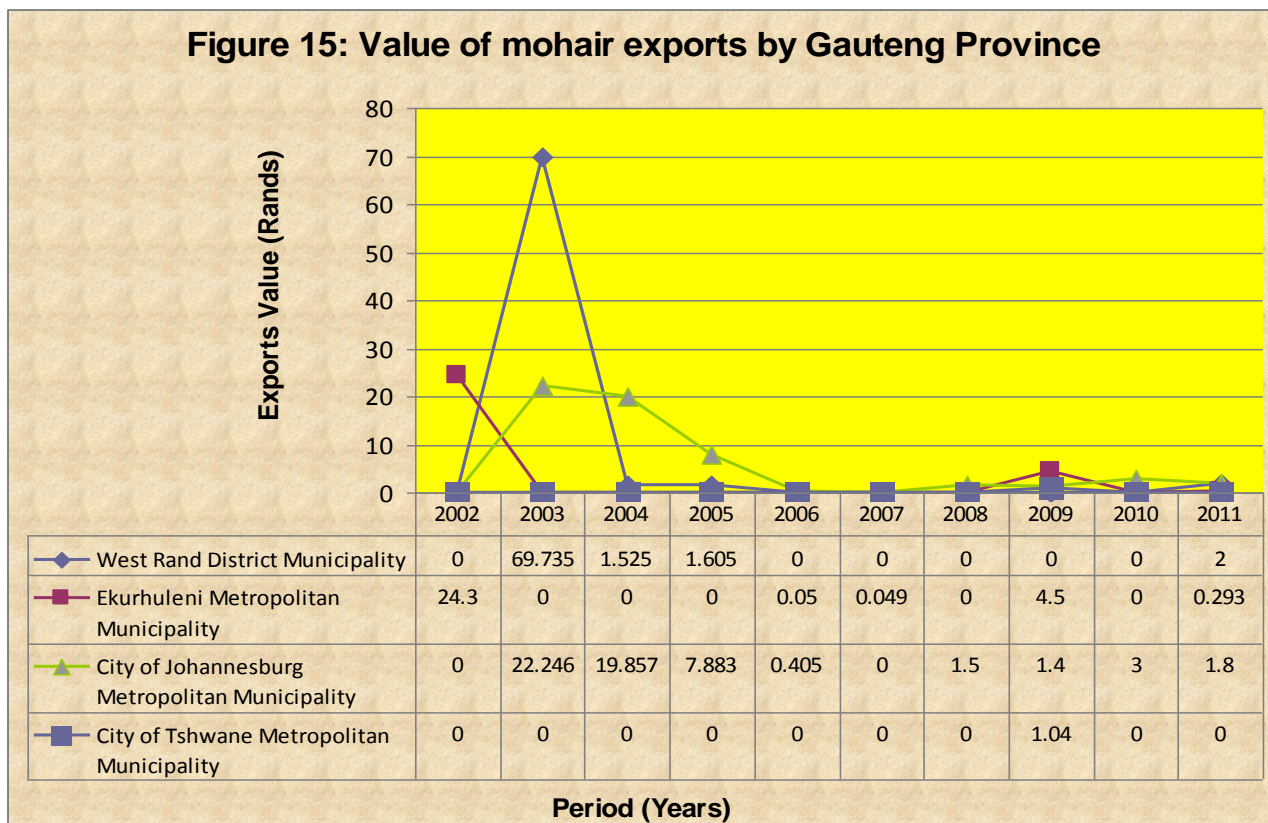
Figure 14: Value of mohair exports by Western Cape Province



Source: Quantec

Figure 14 illustrates value of mohair exports by Western Cape Province of South Africa to the world between 2002 and 2011. The graph further illustrates that during the period under examination, the major exporter of mohair from the Western Cape Province to the world was the City of Cape Town Metropolitan municipality. The figure further illustrates that exports of mohair from the City of Cape Town Metropolitan municipality to the world started to increase in 2002, and during the same period attained a peak at an export value of approximately R818 171. The figure also illustrates that between 2003 and 2008 and again between 2010 and 2011, there were no exports of mohair from the City of Cape Town Metro to the world. Between 2002 and 2006, and again between 2008 and 2011, there were no exports of mohair from Eden District to the world.

In 2011 there was a 100% decline in value of mohair exports from the City of Cape Town Metropolitan municipality to the world as compared to 2009.



Source: Quantec

Figure 15 confirms value of mohair exports by Gauteng Province of South Africa to the world between 2002 and 2011. The graph further confirms that during the period under examination, the major exporter of mohair from Gauteng Province to the world was West Rand District, followed by Ekurhuleni Metro. The graph also confirms that exports of mohair from West Rand District to the world started to increase in 2002, and during the same period attained a peak at approximately R67 753. The graph further confirms that exports of mohair from Ekurhuleni Metro to the world started to increase in 2002, and during the same period attained a peak at approximately R24.3. The graph also confirms that the City of Johannesburg and Tshwane Metropolitan Municipalities had very low levels of mohair exports to the world during the period under review.

There was a 24.2% increase in value of mohair exports from West Rand District to the world in 2011 as compared to 2005.

7. SHARE ANALYSIS

From Table 1, it is clear that Eastern Cape Province commanded the greatest share of South African mohair exports over the past ten years. This is due to the fact that Eastern Cape is the main production area of mohair and it is the main auction market and nearest exit point to the world.

Table 1: Share analysis of provincial mohair exports to the total RSA mohair exports (%)

| Years Provinces | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Eastern Cape | 99.2 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 99.99 |
| Western Cape | 0.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gauteng | 0.02 | 0.12 | 0.03 | 0.01 | 0.00 | 0.00 | 0.00 | 0.02 | 0.01 | 0.01 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source of data: Quantec

Tables 2 to 5 illustrate analysis of district mohair exports.

Table 2: Share of district mohair exports to the total Eastern Cape provincial mohair exports (%)

| Years Districts | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Cacadu District | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 33.8 | 24.3 | 35.70 |
| Chris Hani | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.4 | 14.7 | 8.09 |
| Nelson Mandela | 100 | 100 | 100 | 99.9 | 100 | 100 | 100 | 53.8 | 61.0 | 56.21 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source of data: Quantec

From Table 2 shows that over the past decade, Nelson Mandela Metro commanded the greatest share of district mohair exports from Eastern Cape Province.

Table 3: Share of district mohair exports to the total Western Cape provincial mohair exports (%)

| Years Districts | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|------------|-------------|-------------|-------------|-------------|------------|-------------|------------|-------------|-------------|
| City of Cape Town | 100 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100 | 0.00 | 0.00 |
| Eden District | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 100 | 0.00 | 0.00 | 0.00 | 0.00 | 100 | 0.00 | 100 | 0.00 | 0.00 |

Source of data: Quantec

From Table 3, shows that City of Cape Town Metro commanded the greatest share of district mohair exports from Western Cape Province over the past decade.

Table 4: Share of district mohair exports to the total Gauteng provincial mohair exports (%)

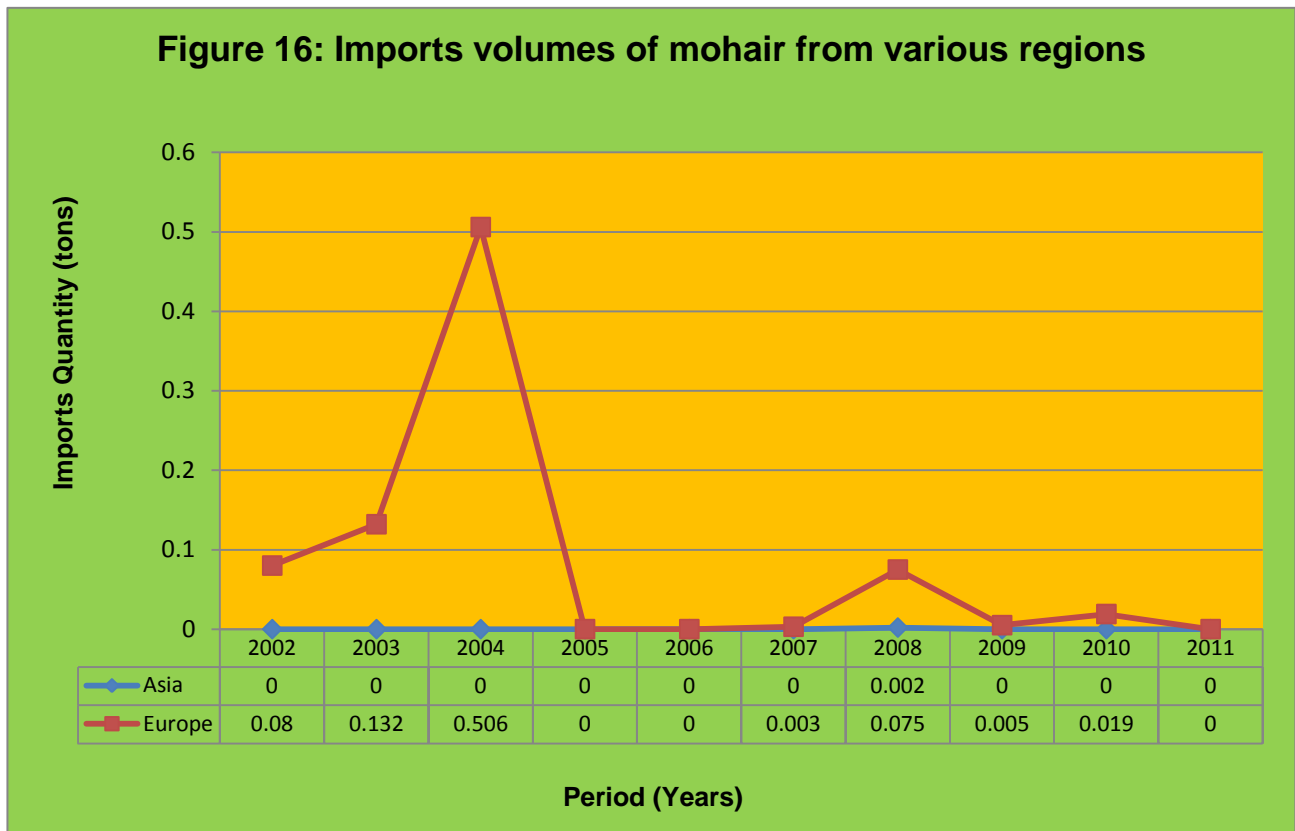
| Years Districts | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| West Rand District | 0.00 | 75.8 | 7.13 | 16.9 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 48.86 |
| Ekurhuleni Metro | 100 | 0.00 | 0.00 | 0.00 | 11.0 | 100 | 0.00 | 64.8 | 0.00 | 7.16 |
| City of Johannesburg | 0.00 | 24.2 | 92.9 | 83.1 | 89.0 | 0.00 | 100 | 20.2 | 100 | 43.98 |
| City of Tshwane | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.0 | 0.00 | 0.00 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source of data: Quantec

From Table 4, it shows that City of Johannesburg commanded the greatest share of district mohair exports from Gauteng Province over the past ten years.

8. IMPORTS VOLUMES

South Africa imports small quantities of mohair. Most of the imports are re-exported after processing. Imports from the 2011 year decreased by 8% and amounted to 1,410 million kg's. Figure 16 below shows the import of mohair over the past decade.



Source: Quantec

Figure 16 illustrates volumes of Mohair imports from various regions of the world into South Africa between 2002 and 2011. The graph further illustrates that during the period under examination, the major import market for mohair from the world into South Africa was Europe. The figure also illustrates that imports of mohair from Europe into South Africa started to increase in 2002, until a peak was attained in 2004 at approximately 0.51 tons. The graph further illustrates that over the past decade, there were very low imports of mohair from Europe into South Africa of not more than 0.51 tons per year. The graph further illustrates that Asia had very low or minimal imports volumes of mohair from Europe into South Africa during the period under scrutiny. The graph further illustrates that between 2002 and 2007, and again between 2009 and 2011, there were no imports of mohair from Asia into South Africa.

The figure also illustrates that there was a 100% decline in imports volumes of mohair from Europe into South Africa in 2011 as compared to 2010.

Figure 17: Imports volumes of mohair from Europe

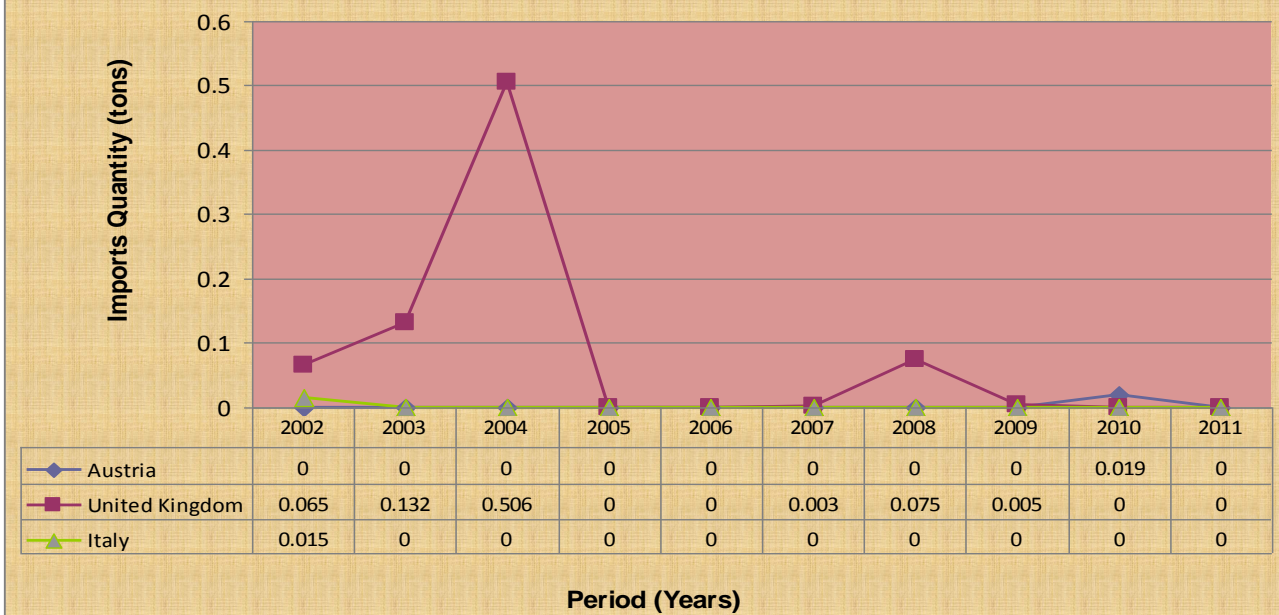


Source: Quantec

Figure 17 shows volumes of mohair imports from Europe into South Africa between 2002 and 2011. The graph further shows that during the period under examination, the major import market for mohair from Europe into South Africa was European Union. The figure also shows that imports of mohair from the European Union into South Africa started to increase in 2002, until a peak was attained in 2004 at approximately 0.51 tons. The graph further shows that over the past decade, there were very low imports of mohair from European Union into South Africa of not more than 0.51 tons per year. The graph shows that between 2005 and 2006, and again in 2011 of the period under examination, there were no imports of mohair from European Union into South Africa.

The figure also shows that there was a 100% decline in imports volumes of mohair from European Union into South Africa in 2011 as compared to 2010.

Figure 18: Imports volumes of mohair from European Union



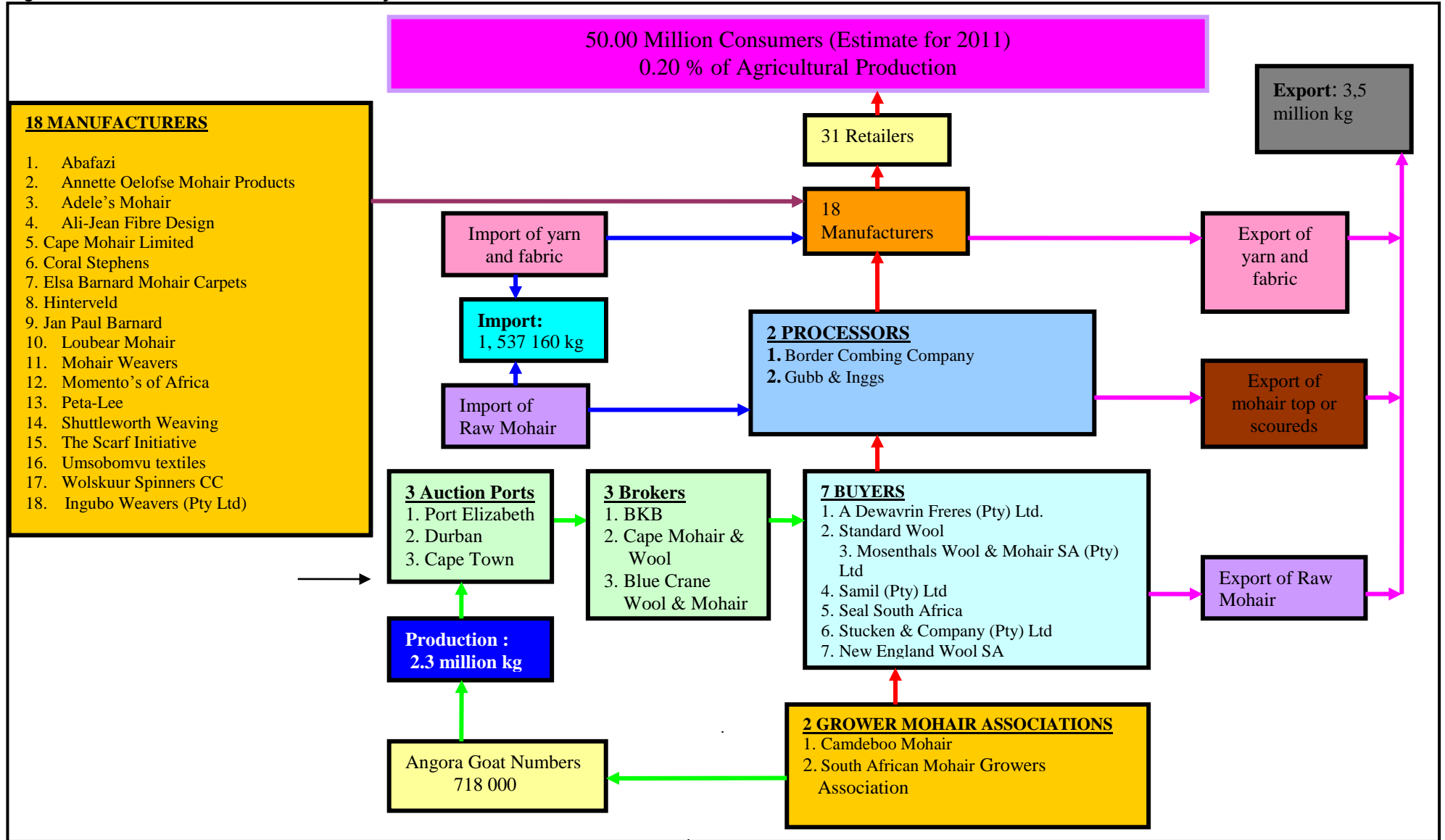
Source: Quantec

Figure 18 indicates imports volumes of mohair from European Union into South Africa between 2002 and 2011. The graph further indicates that during the period under review, the major import market for mohair into South Africa was United Kingdom, with no competition from its counterparts. The figure also indicates that imports of mohair from the United Kingdom into South Africa started to increase in 2002, until a peak was attained in 2004 at approximately 0.51 tons. The graph further indicates that between 2005 and 2006, and again between 2010 and 2011, there were no imports of mohair volumes from United Kingdom into South Africa. The graph further indicates that in 2008, there was a slight increase in mohair imports volumes from the United Kingdom into South Africa at approximately 0.08 tons.

In 2011, there was a 100% decline in imports volumes of mohair from the United Kingdom into South Africa as compared to 2009.

9. MOHAIR VALUE CHAIN

Figure 25: Structure of the mohair industry.



The value chain of mohair starts with 2 Grower Mohair Associations with members that owns 718 000 angora goats. Production in 2011 was estimated at 2,3 million kg of mohair that was traded through 3 auction ports managed by 3 brokers. Auctions are held every Wednesday during the production seasons and around 32 auctions took place throughout the year. There are 7 main buyers of mohair acting on behalf of local and international processors. Direct sales occur on a small scale. Processors process mohair into tops and scoureds and sent them to 18 manufacturers. Manufacturers produce products such as blankets, scarves, shawls, throws, plaids, bedcovers, cushions, yarn, fabric, etc.

Import and export of mohair occurs in every stage of the value chain; from raw wool to yarn and fabric. Import of raw mohair is mainly to be processed and re-exported. Import amounted to 1,5 million kg of mohair while export was 3,5 million kg.

10. BARRIERS TO PARTICIPATION BY THE EMERGING SECTOR

The quantity and quality of mohair produced by small-scale producers vary from season to season due to:

- Very difficult conditions under which they farm, which is according to the communal pastoral system, whereby the veld belongs to the community.
- Breeding programmes are difficult and complicated to apply because all types of goats run together in the veld. This problem is aggravated during the mating season because the producer has to tend the goats day and night in order to avoid crossbreeding.
- Small-scale mohair producers lack sufficient and easy accessible sheltering, this poses a problem because Angora goats are very sensitive to drastic weather changes, usually more than one large shelter has to be erected on different locations on the farm and this can be quite costly.
- There is no sufficient shearing and mohair sorting equipment, applicable hair sorting and classing and classing knowledge of both farmer and labourers is minimal.

11. BLACK ECONOMIC EMPOWERMENT INITIATIVES

The SA Mohair industry fully supports BEE policy of government since its initiation in 2006, and has accepted the responsibility for Black Economic Empowerment and it has established projects as follows:

- a. The combined project with SAMIL and governmental organizations to establish training centers with the aim of training individuals in all aspects of mohair farming.
- b. The Hardwood project at Klipplaat (Mentoring).
- c. The mentoring project at Prince Albert.
- d. The mentoring project at Pearston.

The industry latest focus is on the area around Matatiele in the north eastern part of the Eastern Cape Province. Most Angora goats owned by people of colour are found in this part of the country. Efforts will therefore to be made by the mohair industry to help the villagers obtain superior breeding material, especially rams. No classing of mohair is done in the area, once more the industry will have to step in and conduct classing demonstrations to teach the people the very basic principles of classing mohair.

11.1 Representation within the Empowerment Trust

- The emerging farmers are represented in the Mohair Trust as well as in the Empowerment Trust;
- The National agricultural Marketing Council also has two trustees in the empowerment Trust, which, it is accepted, will be ethnically representative of the demographic of the South African population.
- The other trustees are:

- The Chairman and Vice-Chairman of the Mohair Trust
- The Chairman of Mohair South Africa Limited.
- The President of SA Moahir Growers Association.

12. MARKET ACCESS

12.1 Export tariffs for mohair

Tariffs that different importing countries applied to mohair originating from South Africa in 2011 are shown below.

Table 5: Tariffs applied by various markets to South African mohair

| Country | Product description | Trade Regime Description. | Applied Tariffs. | Total Ad Valorem Equivalent Tariff |
|--------------------------|--|---------------------------------------|------------------|------------------------------------|
| United States of America | Fine hair of Kashmir (cashmere) goats, not processed in any manner | MFN duties | 51.00\$/ton | 0.09% |
| | Fine hair of Kashmir (cashmere) goats, not processed in any manner | Preferential tariff for GSP countries | 0.00% | 0.00% |
| Canada | Hair of Kashmir cashmere goats, neither carded nor combed | MFN duties | 0.00% | 0.00% |
| China | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir cashmere goats) : Of other goats | MFN duties | 0.00% | 0.00% |
| France | Hair of Kashmir "cashmere" goats, neither carded nor combed | MFN duties | 0.00% | 0.00% |
| India | Fine or coarse animal hair, not carded or combed: fine animal hair: of Kashmir (cashmere) goats: fine animal hair: marine angora | MFN duties | 5.00% | 5.00% |
| Ireland | Hair of Kashmir "cashmere" goats, neither carded nor combed | MFN duties | 0.00% | 0.00% |
| Italy | Hair of Kashmir "cashmere" goats, neither carded nor combed | MFN duties | 0.00% | 0.00% |
| Japan | Fine or coarse animal hair, not carded or combed | MFN duties | 0.00% | 0.00% |
| United Kingdom | Hair of Kashmir "cashmere" goats, neither carded nor combed | MFN duties | 0.00% | 0.00% |
| Brazil | Fine or coarse animal hair, not carded or combed | MFN duties | 8.00% | 8.00% |
| Zambia | Fine or coarse animal hair, not carded or combed | MFN duties | 15.00% | 15.00% |
| | | Preferential tariff for South Africa | 0.00% | 0.00% |
| Zimbabwe | Fine or coarse animal hair, not carded or combed | MFN duties | 5.00% | 5.00% |

Source: Macmap

Mohair from South Africa is exported duty free to many countries. It is only United States of America, Brazil and India that applies between 5% and 51% tariffs respectively.

12.2 Import tariffs for mohair

Tariffs that South Africa applied to imports of mohair originating from all possible countries in 2011 are shown in table 6 below.

Table 6: Tariffs applied by South Africa to mohair originating from other countries

| Country | Product Description | Trade Regime Description. | Applied Tariffs. | Total Ad Valorem Equivalent Tariff |
|--------------------------|---|--|------------------|------------------------------------|
| Austria | Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Not further processed | MFN duties (Applied) | 0.00% | 0.00% |
| | Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Other | MFN duties (Applied) | 8.50% | 8.50% |
| India | Hair of Kashmir "cashmere" goats, neither carded nor combed: Not further processed than bleached | MFN duties (Applied) | 0.00% | 0.00% |
| Italy | Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Other | MFN duties (Applied) | 8.50% | 8.50% |
| | Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Other | Preferential tariff for European Union Countries | 2.13% | 2.13% |
| United Kingdom | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 0.00% | 0.00% |
| United States of America | Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Other | MFN duties (Applied) | 8.50% | 8.50% |
| Germany | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 8.50% | 8.50% |
| | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | Preferential tariff for European Union countries | 0.00% | 0.00% |
| France | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 0.00% | 0.00% |
| Zimbabwe | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 0.00% | 0.00% |

| Country | Product Description | Trade Regime Description. | Applied Tariffs. | Total Ad Valorem Equivalent Tariff |
|-------------|---|--|------------------|------------------------------------|
| Zambia | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 0.00% | 0.00% |
| Brazil | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 8.50% | 8.50% |
| Netherlands | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 8.50% | 8.50% |
| | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | Preferential tariff for European Union countries | 0.00% | 0.00% |
| Spain | Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other | MFN duties (Applied) | 0.00% | 0.00% |

Source: Macmap

The table indicates that mohair from other countries to South Africa attracts a tariff of 8.50% in 2011 except mohair that moves within the European Union countries where a tariff of 0.00% or 2.13% is applied.

13. MARKET INTELLIGENCE

**Table 7: List of importing markets for fine or coarse animal hair exported by South Africa in 2011
(Product: 5102 Fine or coarse animal hair not carded or combed)**

South Africa's exports represent 3.39% of world exports for this product; its ranking in world exports is 7.

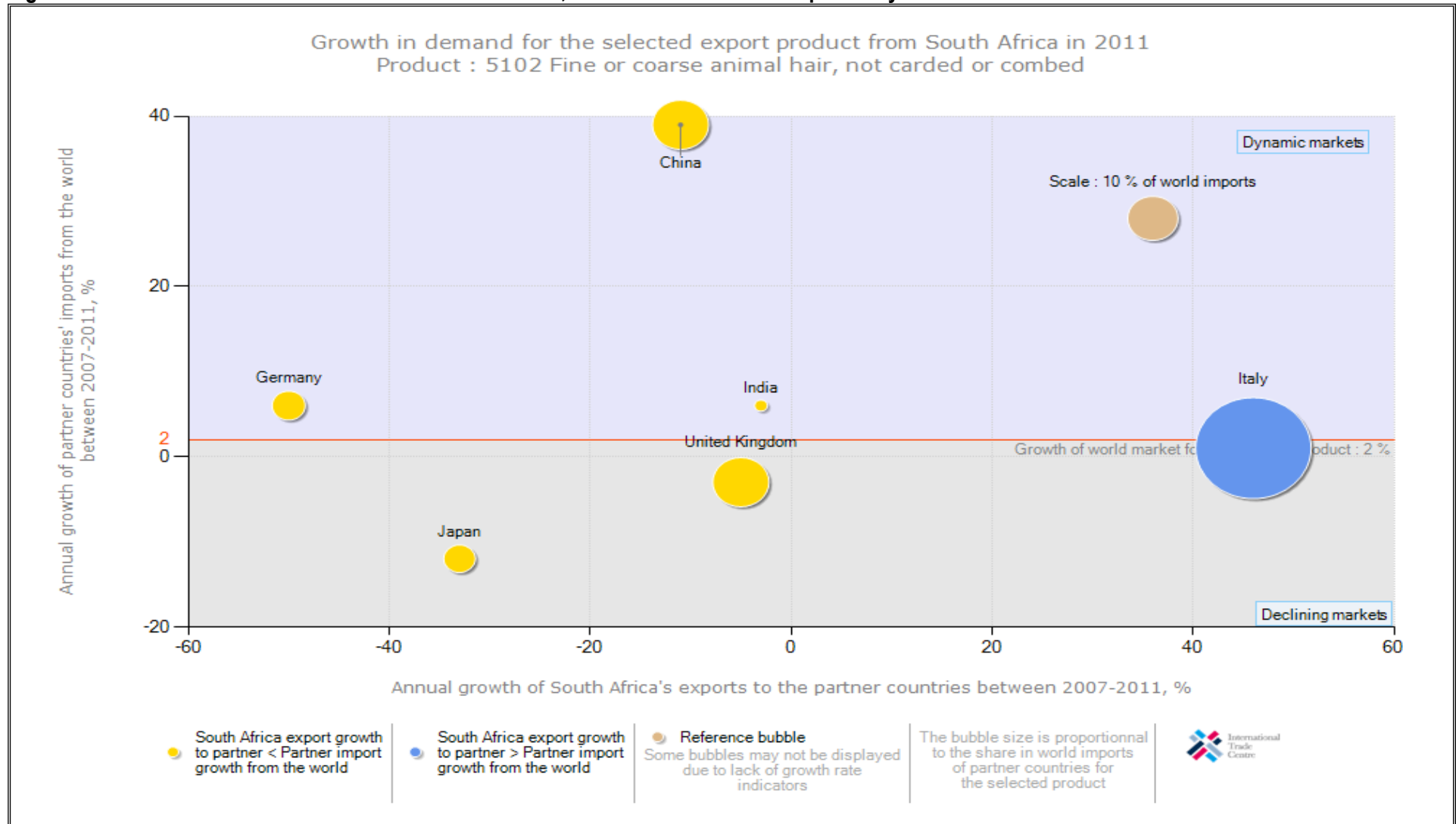
| Importers | Trade Indicators | | | | | | | Tariff (estimated) faced by South Africa (%) |
|----------------|---|--|-------------------------------------|--------------------------|--|---|--|--|
| | Exported value 2011 (USD thousand) | Share in South Africa's exports (%) | Exported quantity 2011 (tons) | Unit value (USD/unit) | Exported growth in value between 2007-2011 (%, p.a.) | Exported growth in quantity between 2007- 2011 (% , p.a.) | Exported growth in value between 2010-2011 (%, p.a.) | |
| World | 5569 | 100 | 453 | 12294 | 1 | -6 | -25 | |
| Italy | 3848 | 69.1 | 269 | 14305 | 46 | 26 | 12 | 0 |
| United Kingdom | 1113 | 20 | 139 | 8007 | -5 | -10 | -17 | 0 |
| India | 173 | 3.1 | 10 | 17300 | -3 | -22 | -47 | 5 |
| China | 159 | 2.9 | 13 | 12231 | -11 | -14 | -92 | 9 |
| Belgium | 105 | 1.9 | 6 | 17500 | | | 31 | 0 |
| Germany | 96 | 1.7 | 13 | 7385 | -50 | -20 | 3100 | 0 |
| Japan | 42 | 0.8 | 2 | 21000 | -33 | -33 | 11 | 0 |
| Nepal | 21 | 0.4 | 1 | 21000 | | | 110 | 5 |
| Mauritius | 10 | 0.2 | 0 | | | | 150 | 0 |
| Canada | 1 | 0 | 0 | | | | | 0 |
| USA | 1 | 0 | 0 | | | | | 1.8 |

Source: ITC (Trade Map)

Table 7 shows the list of importing markets for fine or coarse animal hair (not carded or combed) exported by South Africa to the world in 2011. The table further shows that in 2011, South Africa exported a total of 453 tons of fine or coarse animal hair at an average value of US\$ 12 294/unit. Italy and United Kingdom were the leading importers of fine or coarse animal hair, accounting for 69.1% share and 20% share respectively of South Africa's export market. Italy is the world's 1st leading importer of this product while United Kingdom is 2nd. Italy's imports worldwide experienced a growth in value of 46% and United Kingdom experienced a negative growth of 5% per annum over the period between 2007 and 2011, and the growth of the world market over the same period was 1% per annum.

However the table also shows that South African import market declined in 2011 compared to 2010 with a growth rate of 25%. At the same time Italy's imports to South Africa experienced an extraordinary increase of 12%, while United Kingdom experienced a decrease of 17% in value between 2010 and 2011.

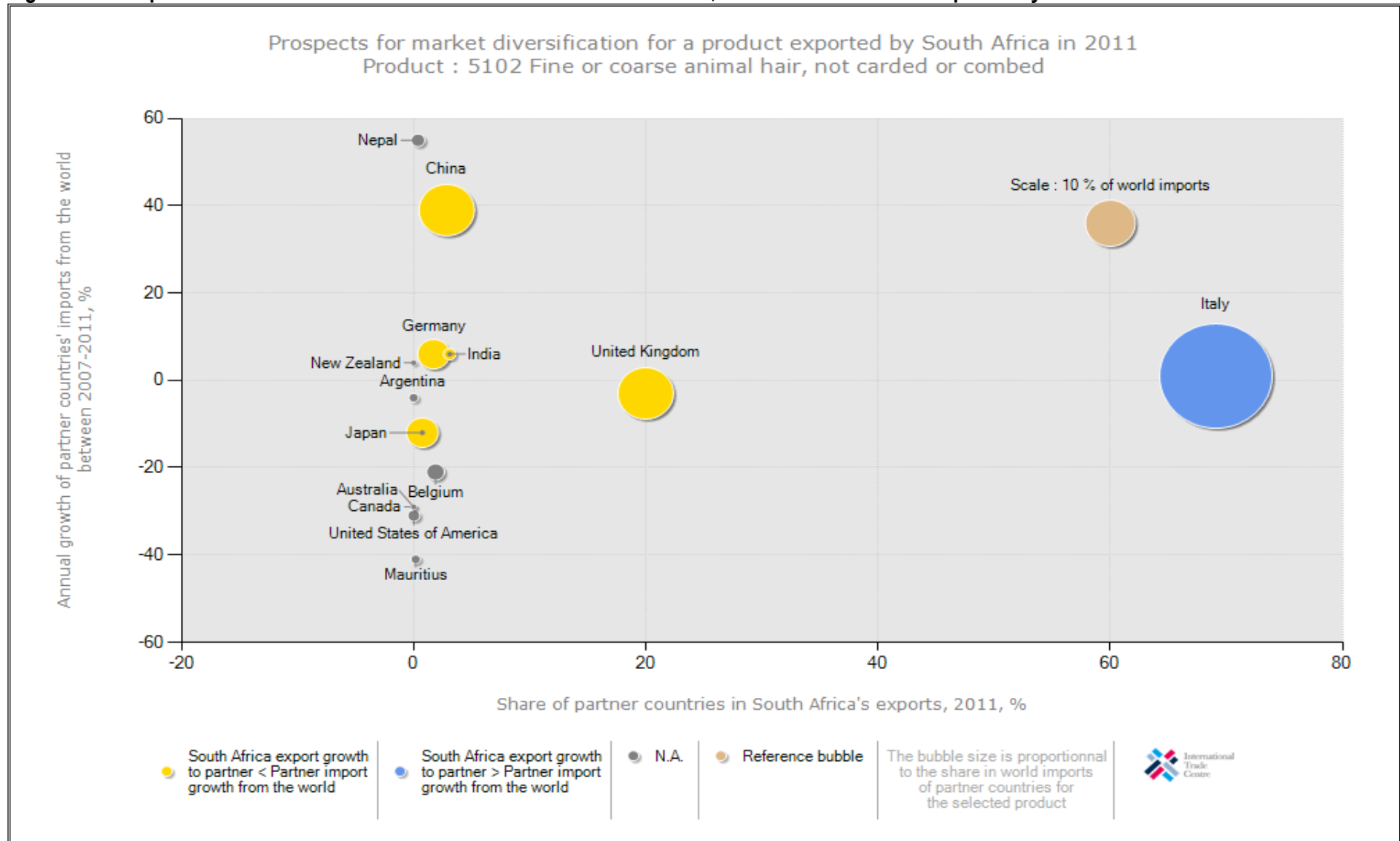
Figure 26: Growth in demand for fine or coarse animal hair, not carded or combed exported by SA in 2011



Source: ITC (Trade map)

Figure 26 indicates growth in demand for fine or coarse hair (not carded or combed) exported by South Africa in 2011. The graph further indicates that Italy was the largest import market for fine or coarse animal hair from South Africa during the period under scrutiny. However, South Africa's exports of fine or coarse animal hair to Italy increased by 46% while Italy's imports from the world decreased by 1% between 2007 and 2011. Although United Kingdom is one of the biggest markets of fine or coarse animal hair from South Africa, its annual growth of South Africa exports decreased by 5%, while China's imports from the world increased by 40%. The bubble graph further indicates that the annual growth of South Africa's exports to China decreased by 10% between 2007 and 2011. The graph also indicates that Japan and United Kingdom were declining markets for fine or coarse animal hair from South Africa between 2007 and 2011 at 35% and 5% respectively.

Figure 27: Prospects for market diversification for fine or coarse animal hair, not carded or combed exported by SA in 2011



Source: ITC (Trade Map)

Figure 27 shows prospects for market diversification for fine or coarse animal hair (not carded or combed) exported by South Africa in 2011. The figure further shows that if South Africa has to diversify its exports of fine or coarse animal hair, the other markets exist in China, Germany and India. Between 2007 and 2011, South Africa's fine or coarse animal hair exported to Italy and United Kingdom were growing at a rate that is more than their import growth from the rest of the world. During the same period, South Africa's fine or coarse animal hair imports to China and India were growing at a rate that is less than their exports to the rest of the world.

By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's import of this product, the following conclusions can be made:

- South Africa's exports for fine or coarse animal hair to India and Germany were growing while world's imports were also growing but at a slower pace than South Africa's exports.
- South Africa's exports for fine or coarse animal hair to Italy were growing faster than world's imports.
- South Africa's exports for fine or coarse animal hair to China were increasing at the same rate with world's imports.
- South Africa's exports for fine or coarse animal hair to United Kingdom were growing faster while world's imports were starting to decline at a slow pace.

14. COMPETITIVENESS OF SOUTH AFRICA'S MOHAIR IMPORT

South Africa's imports represent 1.24% of world imports for this product; its ranking in the world imports is 8.

Table 8: List of supplying markets for fine or coarse animal hair, not carded or combed) imported by South Africa in 2011

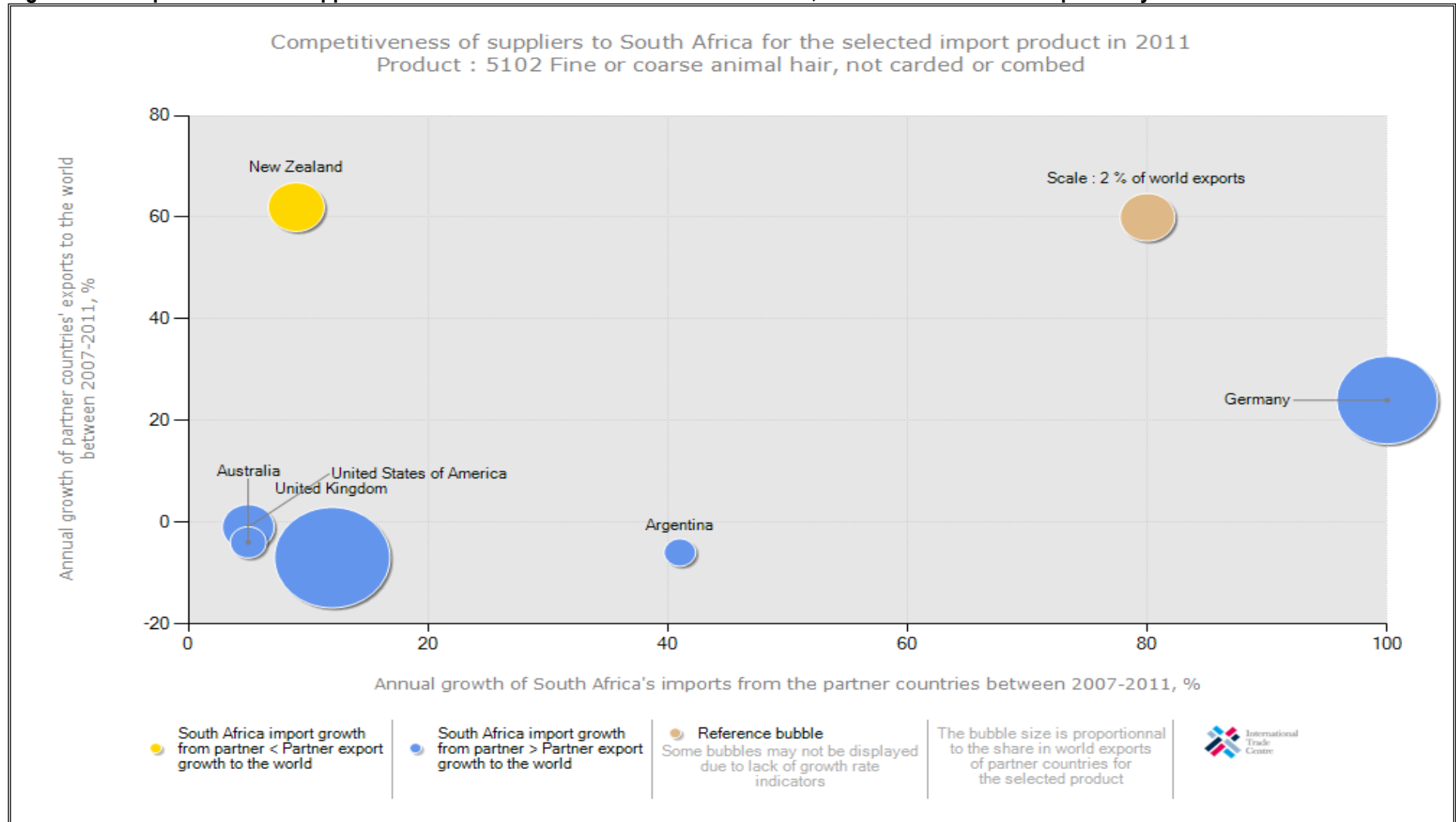
| Exporters | Trade Indicators | | | | | | | Tariff (estimated) applied by South Africa (%) |
|--------------------------|------------------------------------|-------------------------------------|-------------------------------|-----------------------|---|--|---|--|
| | Imported value 2011 (USD thousand) | Share in South Africa's imports (%) | Imported quantity 2011 (tons) | Unit value (USD/unit) | Imported growth in value between 2007-2011 (% p.a.) | Imported growth in quantity between 2007-2011 (% p.a.) | Imported growth in value between 2010-2011 (% p.a.) | |
| World | 8226 | 100 | 748 | 10997 | 8 | 1 | 8 | |
| United States of America | 4731 | 57.5 | 475 | 9960 | 5 | 0 | 14 | 0 |
| Australia | 2094 | 25.5 | 152 | 13776 | 5 | -3 | 7 | 0 |
| New Zealand | 484 | 5.9 | 32 | 15125 | 9 | -1 | -4 | 0 |
| Argentina | 433 | 5.3 | 25 | 17320 | 41 | 8 | -28 | 0 |
| Germany | 431 | 5.2 | 59 | 7305 | 164 | 49 | 25 | 0 |
| United Kingdom | 52 | 0.6 | 5 | 10400 | 12 | -26 | 18 | 0 |
| Canada | 1 | 0 | 0 | | | | | 0 |

Source: ITC (Trade Map)

Table 8 depicts the list of supplying markets for fine or coarse animal hair (not carded or combed) imported by South Africa from the world in 2011. The table further depicts that during 2011 period, South Africa imported a total of 748 tons of fine or coarse animal hair at an average value of US\$ 10 997/unit. United States of America, Australia, New Zealand and Argentina were the leading suppliers of fine or coarse animal hair, accounting for a share of 57.5%, 25.5%, 5.9% and 5.3% respectively of South Africa's import market. The table also depicts that United States of America is the world's 8th leading exporter of this product while Australia is 15th. United States of America and Australia's exports worldwide experienced a growth in value respectively of 5% per.annum.respectively over the period between 2007 to 2011, and the growth of the world market over the same period was 8% per annum.

However, the table also depicts that South African import market from the world increased in 2011 compared to 2010 with a growth rate of 8%. At the same time United States of America's exports to South Africa experienced a growth rate of 14%, while Australia experienced a growth rate of 7% in value between 2010 and 2011.

Figure 28: Competitiveness of suppliers to South Africa for fine or coarse animal hair, not carded or combed imported by SA in 2011



Source: ITC (Trade map)

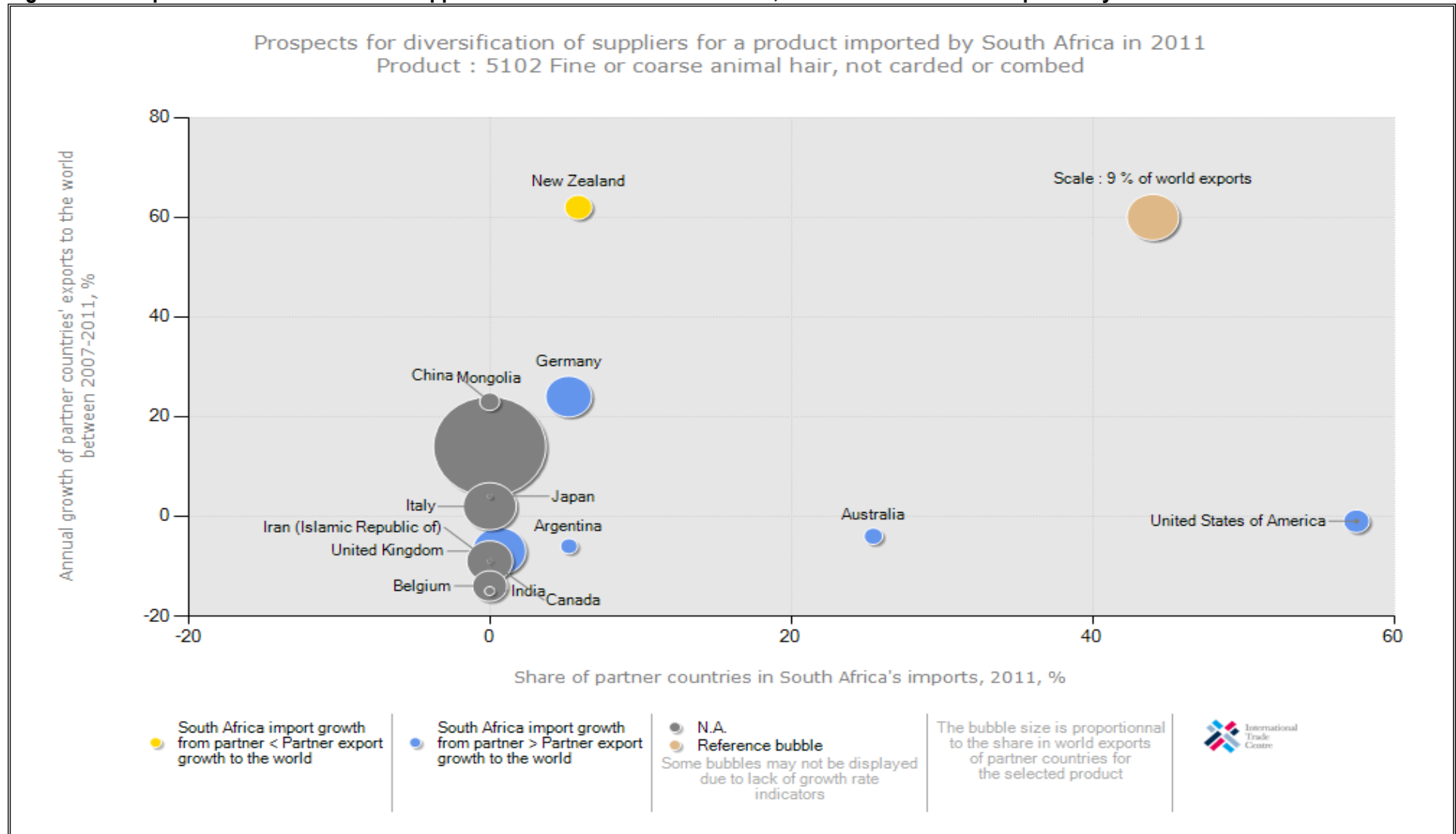
Figure 28 illustrates competitiveness of suppliers to South Africa for fine or coarse animal hair (not carded or combed) imports from the world in 2011. The figure further illustrates that Germany was the most competitive supplier of mohair to South Africa with an annual growth of South Africa's imports of approximately 100% between 2007 and 2011. South Africa's fine or coarse animal hair imported from New Zealand was growing at a rate that is less (5%) than their export growth to the rest of the world (60%).

During the same period, South Africa's fine or coarse animal hair from United States of America and Australia were growing at a rate that is greater than their exports to the rest of the world.

By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's import of this product, the following conclusions can be made:

- South Africa's imports for fine or coarse animal hair from its suppliers (United States of America and Australia) were increasing at a slow pace as compared to no growth with world's exports.
- South Africa's imports for fine or coarse animal hair from New Zealand were growing at a slow pace than world's exports between 2007 and 2011 period.

Figure 29: Prospects for diversification of suppliers for fine or coarse animal hair; not carded or combed imported by SA in 2011



Source: ITC (Trade map)

Figure 29 indicates prospects for diversification of suppliers for fine or coarse animal hair (not carded or combed) imported by South Africa in 2011. The graph further indicates that if South Africa has to diversify its imports of fine or coarse animal hair, the other markets except Australia and United States of America exist in New Zealand, Germany and Argentina.

Between 2007 and 2011, South Africa's fine or coarse animal hair imported from the United States of America and Australia were growing at a rate that is more than their export growth from the rest of the world. During the same period, South Africa's fine or coarse animal hair imports from United States of America and Australia were growing at a rate that is greater than their exports to the rest of the world.

By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's export of this product, the following conclusions can be made:

- South Africa's imports of fine or coarse animal hair to United States of America and Australia were growing while world's exports were declining.
- South Africa's imports for fine or coarse animal hair from Germany and New Zealand were growing at a slow pace than world's exports.
- South Africa's imports of fine or coarse animal hair from Australia were also growing faster while world's exports.
- South Africa's imports of fine or coarse animal hair from United Kingdom and Argentina were growing faster while world's exports of mohair were declining.

15. ACKNOWLEDGEMENTS

The following information sources are acknowledged:

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Fin24.com

<http://www.fin24.com>

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<http://www.mohair.co.za>

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Quantec

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Trade Map

www.trademap.org

Absa Agri-Business (Mohair Outlook)
www.absa.co.za

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