

Analysis on the Cashmere Industry Cluster: Development, Challenges and Solutions

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Abstract: Mongolia is one of the world's leading producers of cashmere. Development of the cashmere industry cluster in Mongolia presents both opportunities and challenges. To address these challenges, a range of measures can be taken, including supporting climate change adaptation, improving access to finance and markets, and establishing quality control and certification systems.

1. Introduction

Cashmere is a soft, warm, and luxurious fiber that is obtained from the undercoat of cashmere goats ^[1]. Mongolia is one of the world's leading producers of cashmere ^[2], with an estimated 70% of the world's cashmere coming from the country. The cashmere industry is a significant source of income for many Mongolians, particularly those who live in rural areas ^[3].

The development of the cashmere industry cluster in Mongolia has been a key focus of the Mongolian government and international organizations in recent years ^[4]. A cluster is a geographic concentration of interconnected companies and institutions in a particular industry. In the case of the cashmere industry in Mongolia, the cluster includes companies that produce raw cashmere, spin yarn, and create finished cashmere products, as well as the organizations that support and regulate the industry.

One of the main goals of developing the cashmere industry cluster in Mongolia is to improve the quality of Mongolian cashmere and increase its value in the global market. This involves improving the breeding and management of cashmere goats ^[5], as well as enhancing the processing and manufacturing of cashmere products ^[6]. The development of the cashmere industry cluster also aims to provide more employment opportunities for Mongolians and to promote sustainable economic growth in the country ^[7].

To achieve these goals, the Mongolian government and international organizations have implemented a number of initiatives. For example, the government has provided support for cashmere cooperatives, which allow small-scale cashmere producers to pool their resources and sell their products collectively ^[8]. The government has also provided training for cashmere producers in best practices for breeding, management, and shearing of cashmere goats.

Overall, the development of the cashmere industry cluster in Mongolia is an important step towards sustainable economic growth and poverty reduction in the country ^[9]. By improving the quality and value of Mongolian cashmere, the industry can provide a more stable and reliable source of income for Mongolian cashmere producers and their families.

2. Development of Cashmere Industry Cluster

The cashmere industry is an important source of income for many Mongolian herders, particularly those who live in rural areas. Mongolian cashmere is highly prized for its softness, warmth, and durability, and is used to make a wide range of high-end products, including sweaters, scarves, and coats. The cashmere industry in Mongolia involves the entire value chain, from raising cashmere goats to spinning yarn, dyeing, knitting or weaving, and manufacturing finished products.

2.1 Government Support

The Mongolian government has played a key role in the development of the cashmere industry cluster in Mongolia. The government has provided financial and technical assistance to cashmere producers and cooperatives to improve the quality of cashmere and increase production. The government has also established policies to regulate the industry and ensure sustainable growth. For example, the government has implemented regulations to control the number of cashmere goats in the country, which helps prevent overgrazing and land degradation.

2.2 International Partnerships

International organizations, such as the United Nations Development Programme (UNDP), have also played a significant role in the development of the cashmere industry cluster in Mongolia. The UNDP has worked with the Mongolian government and local communities to provide training and technical support for cashmere producers. The UNDP has also provided funding for research and development of new technologies and processes for cashmere production and processing.

2.3 Value Chain Development

The development of the cashmere industry cluster in Mongolia involves the entire cashmere value chain, from raw material production to finished product manufacturing. To develop a more sustainable and efficient value chain, the industry has established partnerships and collaborations between different actors, including cashmere cooperatives, yarn spinners, and garment manufacturers. By working together, these different actors can create a more efficient and profitable cashmere industry in Mongolia.

2.4 Sustainable Grazing and Land Management

Sustainable grazing and land management practices are essential for the long-term viability of the cashmere industry in Mongolia. Overgrazing and land degradation can lead to reduced productivity and poor quality cashmere. To address these issues, the Mongolian government and international organizations have provided training and support for sustainable grazing and land management practices. These practices help prevent overgrazing and ensure the long-term health and productivity of cashmere goats and the land they graze on ^[10].

2.5 Quality Control and Certification

To increase the value and competitiveness of Mongolian cashmere in the global market, the industry has established quality control and certification standards. These standards ensure that Mongolian cashmere meets certain quality and sustainability criteria, and they provide a way for consumers to identify and choose high-quality, sustainable cashmere products ^[11]. The industry has established partnerships with international certification organizations to ensure that Mongolian

cashmere is recognized and valued in the global market.

Overall, the development of the cashmere industry cluster in Mongolia is a complex and ongoing process that involves many different actors and initiatives. By working together, these different actors can create a more sustainable, profitable, and competitive cashmere industry in Mongolia that benefits both producers and consumers.

3. Challenges of Cashmere Industry Cluster

3.1 Climate Change

Mongolia is highly vulnerable to climate change, which has a significant impact on the cashmere industry. Harsh winters and summers, droughts, and desertification can all affect the quality and productivity of cashmere goats, as well as the livelihoods of cashmere producers. Climate change also affects the availability of grazing land and water, which can impact the health and productivity of cashmere goats^[12].

3.2 Limited Access to Finance

Many small-scale cashmere producers in Mongolia face difficulties accessing finance to invest in their businesses. They often lack collateral, credit histories, and formal business plans, which make it challenging to secure loans or other forms of financing. This limits their ability to expand their businesses, invest in new technologies, and improve their productivity and quality.

3.3 Limited Access to Markets

Small-scale cashmere producers in Mongolia also face challenges in accessing markets for their products. They often lack the resources and infrastructure needed to reach domestic and international markets, and may not have the necessary knowledge and skills to market and sell their products effectively.

3.4 Competition from Other Countries

Mongolian cashmere producers also face competition from other countries, particularly China and India. These countries have larger-scale production systems, lower labor costs, and established supply chains, which make it challenging for Mongolian cashmere to compete on price and scale.

3.5 Quality Control and Traceability

Ensuring consistent quality and traceability of Mongolian cashmere is a challenge, particularly for small-scale producers. The lack of standardized quality control measures and certification systems can make it difficult for buyers to differentiate high-quality Mongolian cashmere from lower-quality products, which can impact the reputation and marketability of Mongolian cashmere.

The cashmere industry in Mongolia is predominantly made up of small-scale producers, including individual herders and cooperatives. These producers face many challenges, including harsh climatic conditions, a lack of access to markets and financing, and competition from other cashmere-producing countries.

To address these challenges, the Mongolian government and international organizations have implemented a number of initiatives to support the development of the cashmere industry in Mongolia, including the establishment of cashmere cooperatives, training and support for cashmere producers, and the development of quality control and certification standards. These initiatives aim to improve

the quality and value of Mongolian cashmere, promote sustainable and equitable growth, and support the livelihoods of Mongolian herders and their families.

Despite these challenges, the cashmere industry in Mongolia has great potential for growth and development, and can contribute to sustainable economic growth and poverty reduction in the country.

Overall, these challenges present significant obstacles to the development of the cashmere industry cluster in Mongolia. However, there are ongoing efforts to address these problems, including initiatives to improve access to finance and markets, support climate change adaptation, and establish quality control and certification systems. By addressing these challenges, the industry can continue to grow and develop in a sustainable and equitable manner.

4. Solutions of the Challenges

4.1 Climate Change Adaptation

To address the impacts of climate change on the cashmere industry, there are several measures that can be taken. These include:

- Supporting the development of climate-resilient livestock management practices, such as better herd management, pasture restoration, and drought-resistant crop varieties.
- Establishing early warning systems and contingency plans to help cashmere producers prepare for extreme weather events, such as droughts or heavy snows.
- Investing in climate-smart infrastructure, such as water storage systems and drought-resistant pasture plants, to improve access to water and grazing land.

4.2 Access to Finance

To improve access to finance for small-scale cashmere producers, there are several potential solutions:

- Supporting the establishment of microfinance programs that cater specifically to cashmere producers and their needs.
- Providing training and capacity building to help cashmere producers develop business plans, financial literacy, and credit histories.
- Establishing partnerships between cashmere producers and financial institutions to develop collateral and risk-sharing mechanisms that reduce the cost and risk of lending.

4.3 Access to Markets

To improve access to markets for Mongolian cashmere, several measures can be taken:

- Developing better transportation infrastructure to improve the logistics of getting cashmere products to markets.
- Supporting the development of e-commerce platforms that make it easier for small-scale producers to reach a wider range of customers.
- Investing in market research and market development programs to help Mongolian cashmere products stand out in a crowded and competitive market.

4.4 Quality Control and Traceability

To address the issue of quality control and traceability, several potential solutions include:

- Establishing national quality control and certification systems that ensure consistent quality and traceability of Mongolian cashmere.

- Developing traceability systems that allow buyers to trace the origins of their cashmere products back to specific producers and locations.
- Providing training and technical assistance to small-scale producers to help them improve the quality and consistency of their cashmere products.

By implementing these and other measures, it is possible to address the challenges facing the cashmere industry cluster in Mongolia and promote sustainable and equitable growth. These solutions can help cashmere producers increase their incomes, improve their livelihoods, and contribute to the overall economic development of Mongolia.

5. Summary

In conclusion, the development of the cashmere industry cluster in Mongolia presents both opportunities and challenges. On the one hand, Mongolia has significant advantages, including a large and growing herd of cashmere goats, a skilled and experienced workforce, and a reputation for producing high-quality cashmere. On the other hand, the industry also faces several challenges, including climate change, limited access to finance and markets, competition from other countries, and issues related to quality control and traceability.

To address these challenges, a range of measures can be taken, including supporting climate change adaptation, improving access to finance and markets, and establishing quality control and certification systems. By taking a comprehensive and integrated approach, it is possible to promote sustainable and equitable growth in the cashmere industry cluster in Mongolia. This, in turn, can contribute to the broader economic development of Mongolia, support rural livelihoods, and provide consumers around the world with high-quality and sustainable cashmere products.

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