

## Cashmere Wool Washing and Spinning Project

### Project Summary

<b>Subsector</b>	Agribusiness
<b>Location</b>	Herat, Afghanistan
<b>Project Cost</b>	\$6.0 Million
<b>Project Type</b>	Construction, Equipment Supply, Export Marketing
<b>Project Executing Firm/Agency</b>	Habib Faride Company
<b>Financing Agency</b>	Not Identified



## Project Outline

The Habibzad Faride Company is interested in establishing a factory in Herat, Afghanistan to clean and spin Cashmere wool (“kork”) for export to Europe and North America. For several generations, the Habibzad family has been trading kork. The company’s president, Haji Abdul Aziz Habibzad, has been involved in the business for the last 25 years.

The Habibzad Faride Company is the largest of three Afghan companies that collect kork from around the Herat area. Currently, the supply of kork is purchased from neighboring villages and nomadic farmers as well as regional producers. The industry directly and indirectly employs an estimated 10,000 people. Herd sizes of sheep have experienced a reduction due to last four years of drought, but it is expected that herd size will increase in the near future with better land management and the reduction of conflict. The project promoters anticipate that the proposed processing plant will be able to annually source at least 1,000 tons of raw material from Afghanistan with another 2,000 tons from neighboring countries.

The company employs 270 women who hand clean about 360 tons of kork per year. After the kork is initially cleaned, it is then shipped to Belgium. There it is cleaned again, sorted, dyed, and spun under contract. The processed product is then warehoused to await shipment. An Iranian agent provides links with European and North American buyers who use the product to make high quality linings for jackets and gloves.

The company is seeking a strategic partner for a joint venture that would include the existing operations. The partner will be expected to provide an investment in the processing factory and assist with direct sales to buyers.

## **Technical Description**

The project will require the construction of five buildings of about 300 square meters each. The equipment required for this project includes machines to remove impurities, dye, and spin the raw wool into thread.

Water is currently available and a reliable electricity supply should soon be available from a transmission line from Turkmenistan.

## **Project Site**

The company owns a one-hectare site in the Herat Industrial Area.

## **Project Status/Timeline**

The necessary licenses have been secured from the government, and the project promoter intends to move forward with the project in the next few months. Habibzad is seeking a strategic investor that can assist in the export of kork.

## **Equipment and Services**

The construction of five factory buildings will be required to house the operations. Equipment capable of processing at least 3,000 tons of kork per year will also be procured. This equipment includes:

- Washing equipment
- Carding equipment
- Combing equipment
- Stretching equipment
- Spinning equipment

Technical and management services will also be needed during the initial stage.

## **U.S. Competitiveness**

Habibzad has a predisposition towards sourcing equipment from an American supplier.

## **Project Financing**

The company is actively seeking co-investors to participate in the project. The promoters have secured the industrial land and all permits necessary to initiate the project. They propose to contribute the existing operation as well as a cash injection, but will require further financing to implement the project.

## **Key Decision Makers**

<b>Organization or Company Name</b>	Habibzad Faride Company
<b>Contact Person</b>	Haji Abdul Aziz Habibzad
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