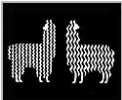


American Fiber Cooperative Re-focusing



By Starr Cash

A frequent topic of conversation in any gathering of North American alpaca owners, whether face to face or on-line, is “when will there be a commercial market for alpaca fiber?” The correct response is “right now!” because the Alpaca Fiber Cooperative of North America, Inc. (AFCNA) is making it happen for its membership.

For those who aren't familiar with this quiet little cooperative that could, AFCNA is a farmers' cooperative owned in equal share by over 1100 alpaca fiber producers in the United States and Canada. AFCNA has two purposes.

The first is to collect alpaca fiber produced by member farms and manufacture it into consumer products. Its second purpose is to use the volume buying power of the cooperative to purchase alpaca products from various outside sources. It then markets and sells these goods, in addition to the alpaca products it manufactures, through its distribution network of member farm stores and wholesale customers.

North American Alpaca Initiative

Two years ago AFCNA's Board of Directors adopted a revised strategic goal, called the North American Alpaca Initiative, to concentrate on manufacturing consumer products from member fiber in North American mills. Two years of intensive behind-the-scenes work have gone into developing each step of AFCNA's large volume manufacturing process, a pipeline to success. Over ten uniquely qualified commercial vendors have added value by processing more than 20,000 pounds of member fiber to finished products thus far in 2006.

Commercial Products

The first commercially produced product to shoot out of this volume pipeline is a 100% alpaca DK weight handknitting yarn named Vintage 2006™. Yarn is available for purchase now through AFCNA's on-line store, AmericasAlpacas.com, or through more than 200 AFCNA member-owned and operated farm stores. It is also being distributed in better yarn shops nationwide through a joint marketing arrangement between AFCNA and the renowned Pennsylvania-based spinning mill, Kraemer Textiles. Additional new products coming to market from the North American Alpaca Initiative will soon be available from AFCNA. This Fall (2006), AFCNA will be rolling out two styles of exquisitely soft woven throw blankets and a selection of knitted hats, gloves and scarves.

These new items are in addition to the wildly popular Extreme Alpaca™ outdoor socks which AFCNA has been



*Vintage 2006 (TM) yarns
6 natural colors, 100 gram skeins, DK weight.
100% AFCNA member fiber, made in North America*

manufacturing and selling for the past two years. These fabulously soft, warm and durable socks have been such hot sellers that AFCNA had to secure a production agreement with a commercial hosiery mill in order to meet the demand.

Each of the new products is 100% alpaca, manufactured entirely in North America from AFCNA member raised alpacas. Some items are being manufactured exclusively for sale by AFCNA, but others will be jointly marketed and distributed by the designer and manufacturing mills.

North American Alpaca Certification Mark

Products produced by AFCNA from member fiber in NA mills will be labeled with the North American Alpaca (NAA) quality Certification Mark that AFCNA is registering. This mark can also be licensed for use in labeling by any North American alpaca fiber product manufacturer who meets qualifying criteria of alpaca content and use of North American raised fiber.



PHOTOS - Left: AFCNA members ship their clip each year to the Collection Center at Tapetes de Lana. The Collection and Grading building is large and spacious with windows and skylights to allow abundant natural light. The arid climate of Mora, NM, is excellent for storage of boxed or baled fiber until called into production by AFCNA. Center: The sorters, employees of Tapetes de Lana already experienced with handling animal fibers including alpaca, were trained to hand grade alpaca fiber to AFCNA quality specification by the top fiber grader from Australia Alpaca Fleece Ltd (AAFL). Right: Each member's fleece is graded by hand and sorted into bins by color and grade. At present, since the national clip submitted to AFCNA is quite small by commercial standards, we only sort into 30 distinct color/grade bins. When the bins fill up, fiber is compressed into bales weighing approx 300 pounds. As a final quality control measure, bales are cored and samples submitted for micron testing to ensure the finished products manufactured from AFCNA member fiber will be of the specified grade.



Challenges Ahead

All who raise alpacas today appreciate that there is a long established world market and perceived value for alpaca fiber products. This is what makes raising alpacas an enduring agricultural enterprise. But AFCNA's membership, indeed all of North America, does not yet produce enough alpaca fiber to be a significant provider to the world fiber market. As the volume of alpaca fiber produced in North America rises with the herd population, North American fiber products will need to be positioned relative to existing suppliers of alpaca fiber goods such as Peru and other sources such as Australia, New Zealand and China.



52" by 72" plus fringe woven throw - available in solids in 3 colors or a stripe pattern using 2 colors. 100% AFCNA member fiber, manufactured entirely in North America

To effectively compete on the world market an intense focus on quality – at every step in the fiber production process from breeding choices to husbandry to fiber harvest, collection logistics and grading standards, to manufacture of finished items - will be necessary for the success of North American alpaca fiber products in the world market. The peculiar characteristics of most North American alpaca farmers - coming into agriculture as a second career - brings a diversity of world and business related experience to apply to solving this challenge.

AFCNA also recognizes that the full benefit of the farmers' cooperative model will not be realized by utilizing outsource vendors to provide value added

manufacturing services. Our business role model is Ocean Spray Cranberries, a highly successful and well known agricultural cooperative founded in 1930. Ultimately AFCNA hopes to integrate fiber processing capability as part of the cooperative, just as Ocean Spray has done with cranberry valued added processing.

True and dependable progress comes in small, steady, incremental steps rather than by trying to make a flying leap from here to there. For the next 5 to 10 years, AFCNA will continue to outsource production while expanding member fiber product diversity and sales channels and concentrate on achieving profitable results from operations for our members.

As is the case with most cooperatives, AFCNA was under-funded from inception and certain strategies in the past burdened the cooperative with a high amount of debt. AFCNA depends on member participation for its growth and success. A number of products in current production, and others in planning stages, depend on members continuing to contribute fiber. This will keep the production pipeline filled and finished products flowing out the other end. "Member owned" means members have a dual responsibility to contribute as well as patronize the cooperative store. AFCNA depends on income derived from product sales to generate working capital with which to pay for manufacturing. Members are not required to purchase anything but, if they don't, the cooperative is forced to borrow funds to pay for fiber processing expenses.

Is There Really Enough Fiber for a Commercial Market?

The world textile industry is in a state of transition. Many North American industrial textile mills have closed down entirely or have moved production off-shore – lock, stock and barrel. While some may wish it otherwise, it is beyond the powers of any of us, AFCNA included, to reverse that trend and make them continue manufacturing textiles in the US or Canada. However a few mills

and processors, who are committed to remaining in NA, are seeking to provide unique, higher value products to an ever more discriminating textile consumer. Alpaca fiber uniquely appeals to consumers interested in natural, yet naturally luxurious, products. The opportunity to manufacture goods using alpaca appeals to mills and processors looking to stand out from the crowd.

The vast majority of alpaca fiber produced in North America is processed by the fiber producer personally or by using the contract services of numerous mini-mills which supply the artisan product niche. But, as evidenced by the growing months of backlogs reported by numerous mini-mills, the amount of fiber produced in North America exceeds the capacity of that manufacturing channel.

By many rumors, a substantial amount of alpaca fiber is not being processed at all, but a great deal of excellent fiber is being contributed to AFCNA by its members. AFCNA received over 60,000 pounds of fiber from its members in the 2004/2005 clip and forecasts the 2006 clip collection to bring in upwards of 100,000 pounds.



AFCNA transferred sock knitting production to a commercial hosiery mill in Pennsylvania when demand for the popular Extreme Alpaca socks and slipper socks became greater volume than could be manufactured and finished by AFCNA staff at Decatur, TN.

Compared to Peru with their millions of pounds produced, 100,000 pounds sounds small indeed. However it is just the right amount to start forming relationships with commercial mills, processors and product designers to manufacture specialty items for the higher end textile market. If we as an industry wait until we are shearing a million pounds a year to start developing those relationships, it may well be too late for the producers, the mills and the market.

On Track and Gathering Steam

AFCNA is currently in negotiation with additional designers and textile manufacturers to develop more products and establish new markets and sales channels for all grades and colors of member raised fiber. AFCNA is becoming known among textile producers as the North American source for dependable commercial volumes of top quality alpaca fiber. Our goal of a sustainable large volume commercial market for North American raised alpaca fiber as a consumable agricultural product for the direct monetary benefit of AFCNA members and for the over all benefit of the alpaca breeding industry is achievable.

That is the power of the agricultural cooperative business model. That is the power of AFCNA, the only US based alpaca fiber cooperative. Information about AFCNA and becoming a member is available at www.afcna.com. AFCNA manufactured products may be purchased at www.americasalpacas.com or through member farm stores.

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About the Author

Starr Cash is a Director of the Alpaca Fiber Cooperative of North America, Inc. (AFCNA). Along with her husband, Joe Jaworski, she has been raising huacaya alpacas in Asheville, NC, since 2001. Joe and Starr are passionate about the alpacas they breed and believe a mainstream agricultural base of fiber production farms is essential to preserve the high value breeding market. Starr is especially motivated to establish a sustainable commercial market for alpaca fiber for the benefit of the growing national population of gelded "fiber" males. She believes the establishment of a commercial end product market for fiber is the essential lesson the Alpaca community must learn from the experiences of other new livestock species in North America.