



DATE: 10 September 2010

ATTENTION: The News Editor

## **PRESS RELEASE**

### **AGRA UNABLE TO BUY ANY KARAKUL WOOL**

Agra has unfortunately been forced to cease the purchasing of any karakul wool with immediate effect for an indefinite period. This unforeseen situation is the result of an internal problem on the side of Stucken, Agra's buyer in Port Elizabeth, South Africa.

As far as possible all karakul farmers have been informed of the situation. Agra is deliberating with Stucken and trusts that the problem will be solved soonest in order for Agra's export of wool to South Africa to continue.

Agra wishes to share the following important information with the public after the unfortunate publishing of a factual incorrect press release by a local newspaper on Friday 10 September 2010:

There are about 600 karakul producers in Namibia. In Agra's financial year 2009-2010, karakul farmers sold a total of 180 209 kg wool through Agra, packed in 1 855 bales. On average, a price of N\$2,30 per kg wool is paid to the farmers. If the actual shearing and transport costs incurred by the farmer are subtracted, this is a very low margin / low profit product and it is unlikely to have a major or catastrophic impact on the livelihoods of many families.

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Farmers farming with karakul sheep do this primarily for the solid prices currently obtained for the karakul pelts. In the 2009/2010 financial year, 125 949 **swakara** pelts were marketed through Agra at the two Copenhagen fur auctions and to South Africa, which resulted in a total income of N\$40,2 million for the karakul industry. Wool is regarded as a low profit by-product, in fact, due to low market demands for wool, coupled to low prices, a number of farmers do not go to the trouble to sell their wool.

Agra realizes the importance of the karakul industry for these producers and the country's economy as a whole. Probably one of the first public private partnerships was formed in 1996 in which the Karakul Board (a statutory body of the Namibian Government) and the Agra Pelt Centre formally joined hands in establishing a partnership. This partnership had as its sole objective the survival of the karakul industry in Namibia. With very limited resources and lots of dedicated manpower, the objective was reached and now karakul producers can earn a sustainable living from karakul farming. Agra also supports initiatives of the Karakul Breeders Association and contributes to the training of karakul producers through our corporate social involvement.

**swakara** pelt sales, which in 1998 reached a low of 78 000 in quantity but an all-time average high of N\$ 162.57, recovered over the years to a figure of 110 000 pelts at an average price of N\$ 479 in 2007. This represents a dramatic recovery, which was only possible because Agra as the custodian and the agent of the karakul industry continued its unwavering support of the karakul producer, even in the times when losses were incurred and quantities were decreasing.

**Ends.**

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