



6th BACSA INTERNATIONAL CONFERENCE

“Building Value Chains in Sericulture”

“BISERICA” 2013

Padua, Italy

April 7th – 12th 2013

Silk Production in Latin America

SERICULTURE IN LATIN AMERICA

Goal of Governments through out the years

Development of poor regions

None has succeeded

High asset specificity

Barriers to newcomers



Silk Production in Latin America

SERICULTURE IN LATIN AMERICA



- Efforts on sericulture continues
- Cooperative network
- Overcome obstacles

Institutional aspects ruling sericulture



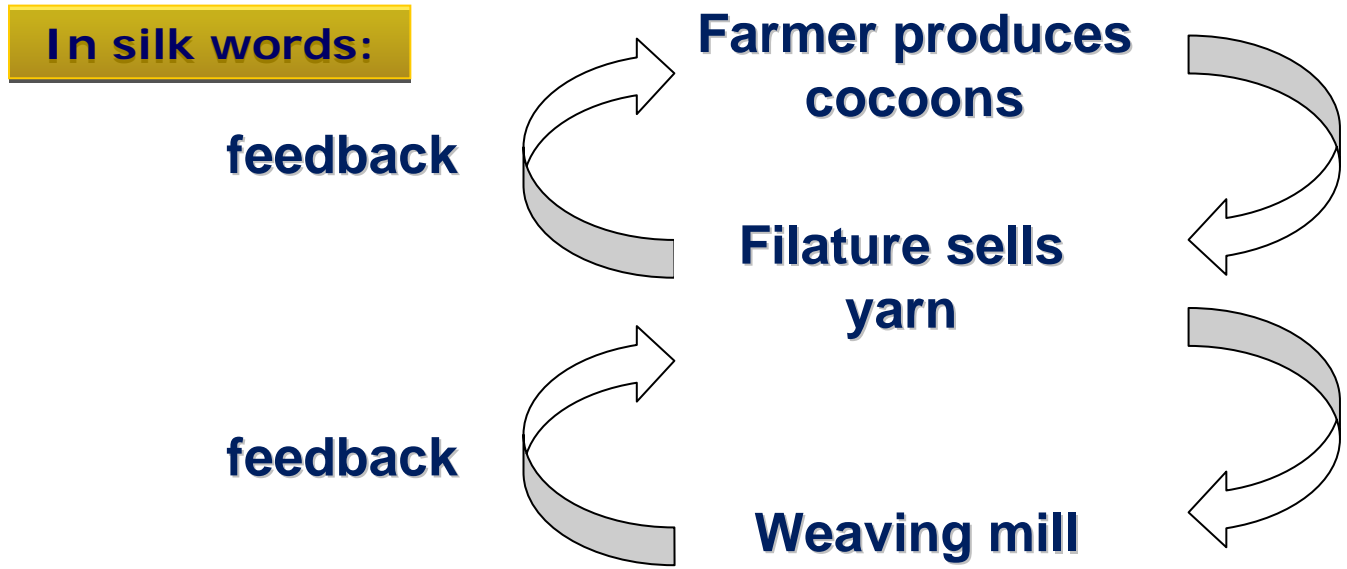
- **Silk production has many fascinating and unique aspects**
- **Same institutional rules of other industrial activities**

SUPPY AND DEMAND RULE

Institutional aspects ruling sericulture

COMPETITIVENESS:

- Existence of suppliers, distributors and competitive customers.

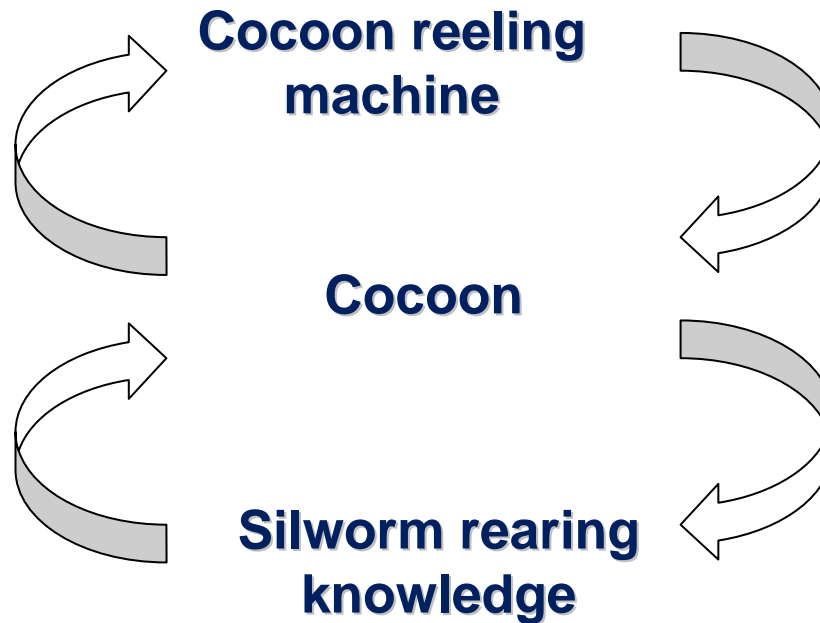


... and it goes on up to end user.

Institutional aspects ruling sericulture

ASSET SPECIFICITY

In silk words:



Institutional aspects ruling sericulture

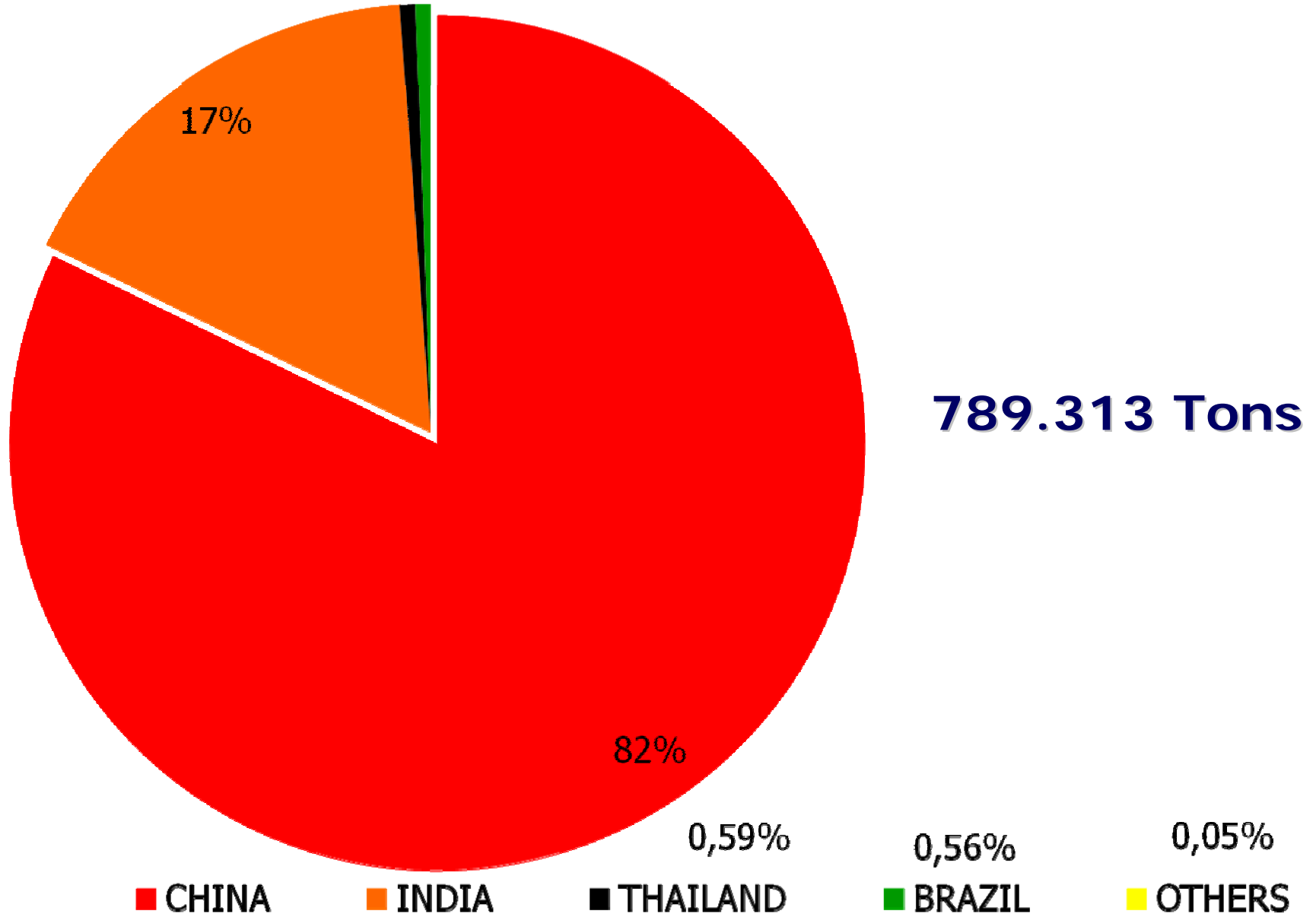
BARRIERS TO ENTRY

- Training of qualified human resources;
- Economies of scale and high initial investment.

In silk words:



World cocoon silk production Year 2010



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**Red Andina de la Seda / Red Latinoamericana de la Seda
- Settled in 2001 -**

Seri-farmers, artisanales

cocoons at countries of
la Seda

Country	Number of
ARGENTINA	
BOLÍVIA	
COLOMBIA	
ECUADOR	
PERU	
CUBA	
GUATEMALA	
TOTAL	

Source: Rede Latinoamericana



Country	Cocoon production (kg)	%
ARGENTINA		
BOLÍVIA	42	1%
COLOMBIA	5.175	79%
ECUADOR	517	8%
PERU	794	12%
CUBA		
GUATEMALA		
TOTAL	6.528	100%

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ARGENTINA



- 2004 → Federal law incentivize sericulture
- 2007 → State Regulation on Provinces Salta, Catamarca, La Pampa and Misiones
- 2010 → Lack of common goals and coordination

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BOLÍVIA



80 e 90 ⇨ USAID and World Bank

1990 ⇨ 2 Korean Companies settled down

1997 ⇨ 2 Korean companies closed down

2004 ⇨ Cooperation with IILA
Stop cocoon production

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COLÔMBIA



Late 80s: Raw silk high prices on international market

Two Korean joint ventures :

COKOSILK S.A in the city of Pereira

COSEDAS in Popayan

1992 → Cosedas is closed down and Cokosilk changes its project.

1993 → ECU agreement 1.500 ha mulberry

1998 → ECU cancels agreement

2000 → Corseda is settled

2012 → 170 seri-farmers and 120 artisans

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CUBA



- 2004 → Experimentation starts at Indio Hatuey Station
- 2006 → High quality cocoon can be produced in small scale
- 2012 → Decease problems as a reason to small development, but project continues aiming production for tourists.

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EQUADOR



- 2010 ⇒ 517 kg of cocoon produced
10 seri-farmers and 25 artisans
- 2004 ⇒ 500 farmers trained and
110 ha of mulberry trees planted

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MÉXICO



1991 ⇨ National Sericulture Program

2009 ⇨ Silkworm distribution in the regions of Sierra Norte, Valle Central and Mixteca

1995
to

2012 ⇨ Distribution of more than 15.000.000 heads of silkworm

30 tons of cocoon in 17 years

Silk Production in Latin America

PARAGUAI



1988 ⇒ Seda y Fibras Srl.

2003 ⇒ National de Sericulture Program

- Alternative to small farms
- optimize use of resources
- create partnerships

2011 ⇒ Seda y Fibras signs cooperation agreement with state University in Brazil to maintenance of parent races and hybrids production

Silk Production in Latin America

PERU



2005 → National Law to support sericulture as alternative to coca cultivation

2006 → 10 ha of mulberry trees
50 seri-farmers
10 artisans
500 m2 to 2,0 ha

2008 → Protocol between Peru and China to plant 14.000 ha of mulberry trees.

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VENEZUELA



Sericulture starts in middle XIX century

1983 ⇒ Veneseda is settled

1990 ⇒ Cocoon production started and was aborted few years later

2012 ⇒ Few farmers producing to Veneseda

2012 ⇒ Cooperation with IILA - Istituto Italo-Latino Americano: Torcitura di Domaso donates a twisting machine to Veneseda

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BRASIL



- 1850 ⇒ Sericulture starts D. Pedro II
- 1920 ⇒ Japanese immigration increases
- 1940 ⇒ Filature Bratac starts production
- 1992 ⇒ 6 silk filatures
19.134 tons of cocoon produced
- 2012 ⇒ Bratac is the sole silk reeling company in Brazil

Bratac's raw silk has the reputation of being the best one in the market.

Silk Production in Latin America

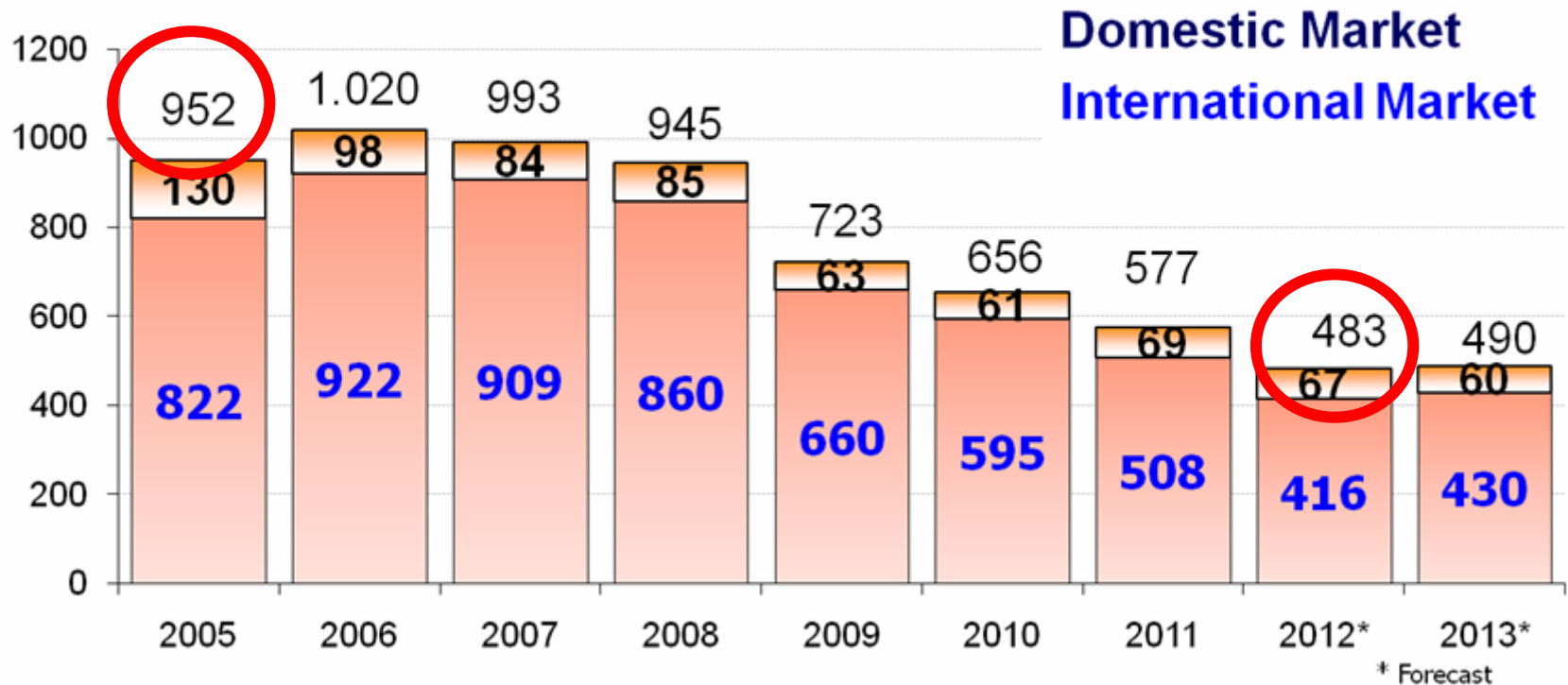


Brazil is second largest raw silk exporter in the world

Paraná ⇒ 92 % of Brazilian cocoon production

Silk Production in Latin America

Destination of Brazilian Raw Silk Production (tons)



Source: Bratac - 2012

Silk Production in Latin America

Brazilian cocoon production and wet cocoon price
(tons and R\$)
2005 a 2013*



Source: Bratac – 2012

* Forecast

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Average price of fresh cocoon paid in Brazil

- in 1989 = US\$3,51/kg
- 1991 to 2000 = US\$2,19/kg
- 2001 to 2010 = US\$2,51/kg
- 2011 / 2012 = US\$4,90/kg
- 2012 / 2013 = US\$5,83/kg

Sources: SEAB-PR, 2010
Bratac (2012)

Silk Production in Latin America



- Increasing of cocoon price isn't motivating farmers in Brazil
- Brazilian silk filature has idle capacity
- International market for Brazilian raw silk is bullish
- Development of partnerships

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- Project **Vale da Seda**, by Technology Incubator of Maringa,
- Sustainable regional development
- Cooperative Artisans Brasil exports scarves to Artisans Du Monde, in France.

Silk Production in Latin America

Conclusion

- Federal Government efforts did not succeed so far in L.A.
- Sericulture creates one job/ha of mulberry trees
- Brazilian filature works with idle capacity and is very well positioned in the world market
- Sericulture equipments and know how are specific

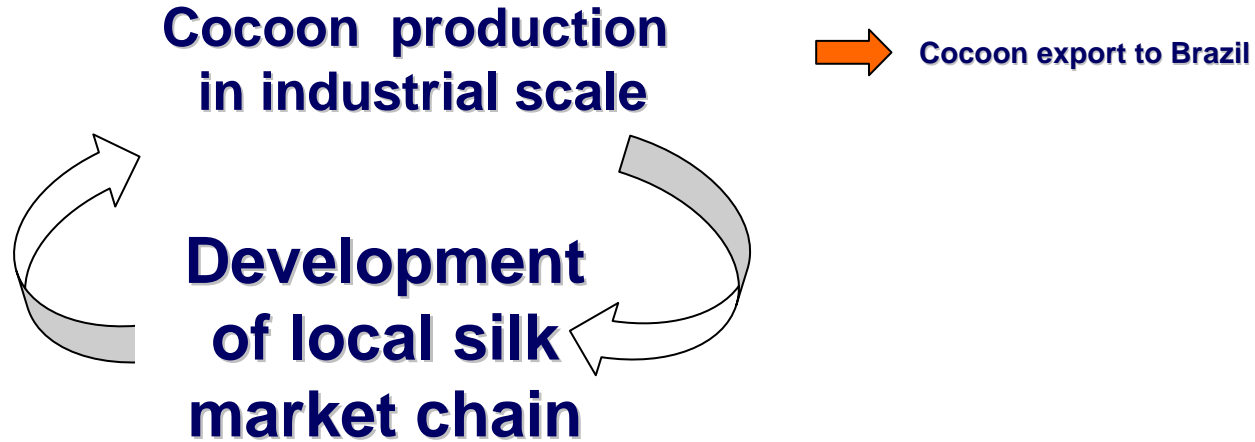
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Conclusion

- institutional environment in L.A. is favorable to sericulture
- **Vale da Seda** Project: big quantity of cocoon production can support local initiatives in the silk chain.



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Conclusion

Is it possible to settle an international cooperation network to support cocoon production chain in Latin America, based on raw silk production in Brazil?

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Thank you !

Grazie mille !

Carpe diem...