

May 2006  
2nd Edition

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# ASWGA

The Australian Superfine Wool Growers' Association

## Information Update

### Market Situation

- Post Easter prices for fine and superfine wool have fallen due higher volumes, currency movements and poor quality. Staple strength in all States except WA is low averaging about 30N/Kt.
- Stocks held in Brokers stores have fallen by 12% in the 17.6 to 19.5 micron range.
- China continues to dominate the market but Italy is a major force for higher quality and sounder superfine wool.
- Low European and Asian inventories for tops suggest that prospects in the coming months may improve.
- Retail reports are positive for wool in Japan, USA, Korea and China.

### Production

- Production of fine and superfine wool is 9% lower this season with the main area of reduction in the 17.5 to 19.5 range.
- Production under 16.5 continues at record levels being 10% higher. The main increase is in the 14.5 to 16.5 range and here supply exceeds demand with resultant low prices except for sound 45N/Kt and better wool. The increase is higher for skirtings (+ 10.6%) and cardings (+39.8%) than for fleece (+6.2%).
- Low staple strength and higher VM levels have been a feature of wool tested in March and April.

### Zegna Competition

- Entries were up on last year with over 60 fleeces in the Vellus Aureum and the standard was excellent in all 3 categories.
- Congratulations to the winners:  
Unprotected Section: Jill & Ed Hundy, "Windradeen", Pyramul, NSW with 96.4 points.

Protected Section: Geoff & Robyn Rayner, "Pomanara", Sallys Flat, NSW with 96.8 points  
Vellus Aureum: Legend/Tarrangower Group of Barry & Helen Finch, "Legend", Glen Innes and Don & Faye Tully of "Tarrangower", Armidale with an 11.1 micron fleece scoring 86.1 points.

- The awards were presented by Count Paolo Zegna at a Gala Dinner in Melbourne on 21st April. Over 200 guests, growers, Zegna clients and media were able to view the winning fleeces. Barry Walker delivered the Industry Address.

### Meeting with Count Paolo Zegna

- The Executive met with Count Zegna and received a very strong message on the future requirements for marketing and promoting wool.
- The younger generation have no knowledge of wool as a fibre and the failure to promote wool must be rectified. The Italian Textile Industry has come together to promote high quality Italian apparel.
- They are developing a funding proposal to work with Australian producers and the Italian Industry with the aim of promoting Italian high quality apparel.
- The absolute message was that demand must be created first and then price follows. There is not a production side solution the answer is on marketing at consumer level. If they can sell more kilograms this will create demand and as a consequence this will determine the types of wool required.
- The Italian industry will concentrate on high quality and Italian creativity together with fashion leadership.
- We must push wool into new areas particularly China. New sportswear should have a wool component and new projects such as Air Bus.
- We must understand what the young want

from wool. It may be blends such as superfine wool and lycra etc. but wool must be in the product.

- Too much drought fine wool has ended up in low quality Chinese knitwear and this has kept the price very low for fine microns.

### WoolPoll 2006

- Mrs Helen Cathles has been appointed to the WoolPoll Committee which is planning the questions on the rate of levy and other possible questions for the ballot in November.

### AWS - AWI Merger Proposal

- Talks on the merger of AWS (Woolmark) and AWI are stalled over the UK Pension Fund issue.
- ASWGA policy supports the integration of Research innovation and marketing and believes that AWS has valuable assets in the IP of the Company, its staff and the value of the brands. Savings from a merger are assessed to be of the order of \$5 - \$10 million annually.
- ASWGA does not support AWI having to take responsibility for the UK Pension fund. This liability estimated at \$27 million was 95% accrued by the previous statutory bodies and not the present privatised AWS.
- *ASWGA is mounting a major campaign to get the Government to accept responsibility for this liability and you are asked to contact your local Government member seeking his support. All Government members have been approached for support.*
- Barry Walker as Chairman of AWS and a past ASWGA President needs your support in his endeavours to further the interests of AWS to promote wool.

### New Marketing Opportunities for Superfine Wool

- Meetings of interested growers have been held in Yass, Hamilton and CampbellTown with a further meeting to be held in Armidale.
- The outline Business Plan developed by Frank Kisvarda has been explained and support for the further development of the plan sought. While there has been considerable interest more details regarding funding are required. An approach to Government under the Industry Partnerships for establishment funding is being made and we are waiting for the result.

### SGA Meeting Canberra

Sheep Genetics Australia (SGA) is now providing sheep producers from South East NSW and the Southern Tablelands to the Monaro with the opportunity for more informed and precise genetic selection than has been available previously. A free information session on SGA is being held from 9.00am to 1.00pm in Canberra ACT on Wednesday 17 May at the Canberra Rex Hotel and Function Centre, 150 Northbourn Ave. Please contact Suzanne Laing on 1800 012 803 Or email [sheepgenetics@coxinall.com.au](mailto:sheepgenetics@coxinall.com.au) to register your interest.

### Meeting Dates

AGM and Council Meeting  
Friday 14th July 2006 AWTA Melbourne

The President will be reporting to each Region on his return from Europe.

Current meeting dates arranged listed below:

Armidale: Saturday July 8th 1:00 pm  
In conjunction with a meeting to discuss the future of sales at Yennora.

Mudgee: Sunday July 9th 1:00 pm