

**2019**  
**IWTO**



**88th Congress**

**VENICE / 9-11 April**

# Theme: Wool in Excellence

2019  
IWTO  
88th Congress  
VENICE / 9-11 April

*Wool in excellence*

320 Delegates

25 Countries

25 Young professionals

# **A Changing Dynamic?**

## **The Current Situation and Short Term Outlook for the Global Wool Industry**

Chris Wilcox

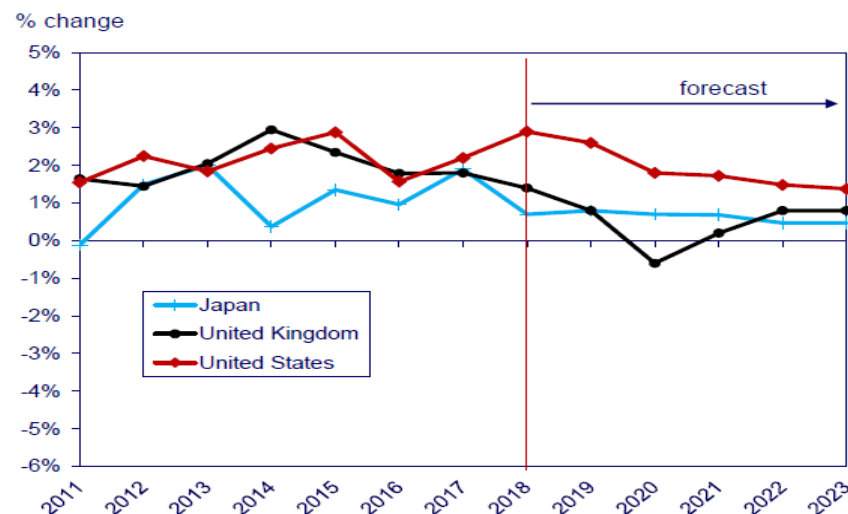
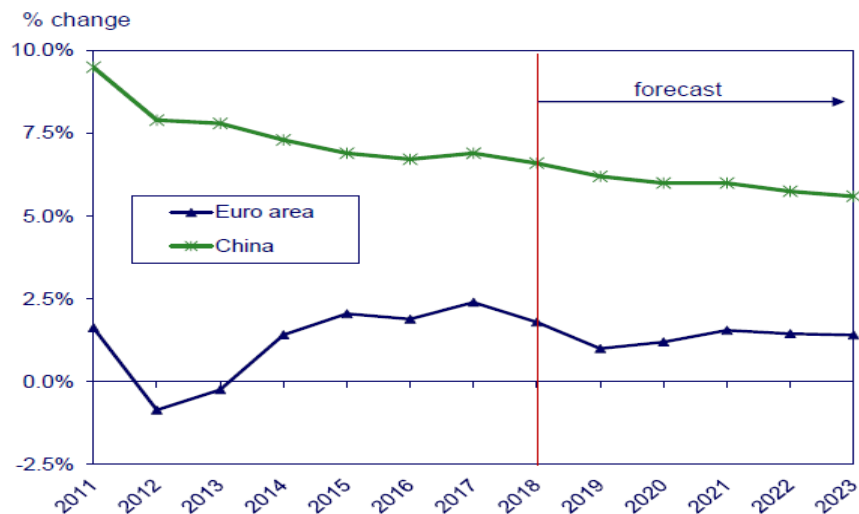
Executive Director, NCWSBA  
and  
Chairman, Market Intelligence Committee of IWTO

# Demand Environment

- Slowing global economic conditions, notably in China, but very strong in the US
- High level of macro-economic and political uncertainty
- High consumer confidence in key countries
- Mixed retail sales results



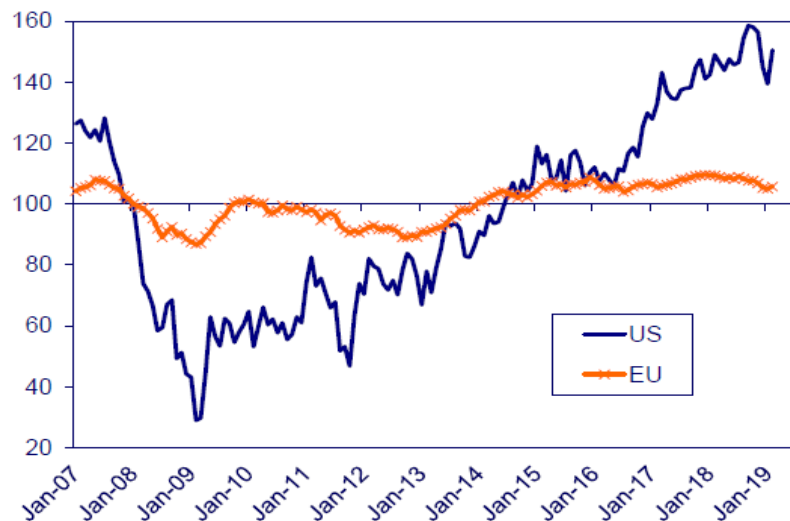
## Slowing Economic Growth Rates in Key Markets



Source: IMF, *World Economic Outlook Update*, January 2019  
and OECD *Interim Economic Outlook*, March 2019

# Consumer Confidence in the Major Wool Consuming Countries

Index  
Jan 2008 = 100

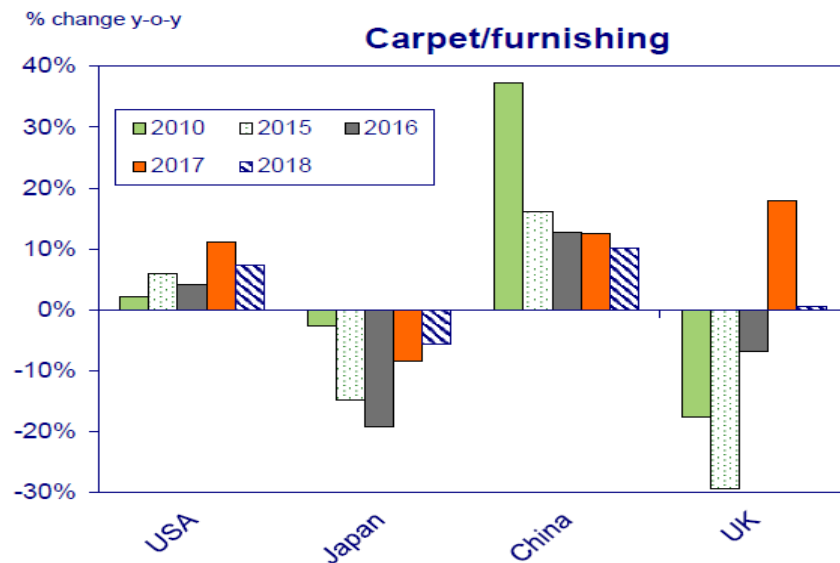
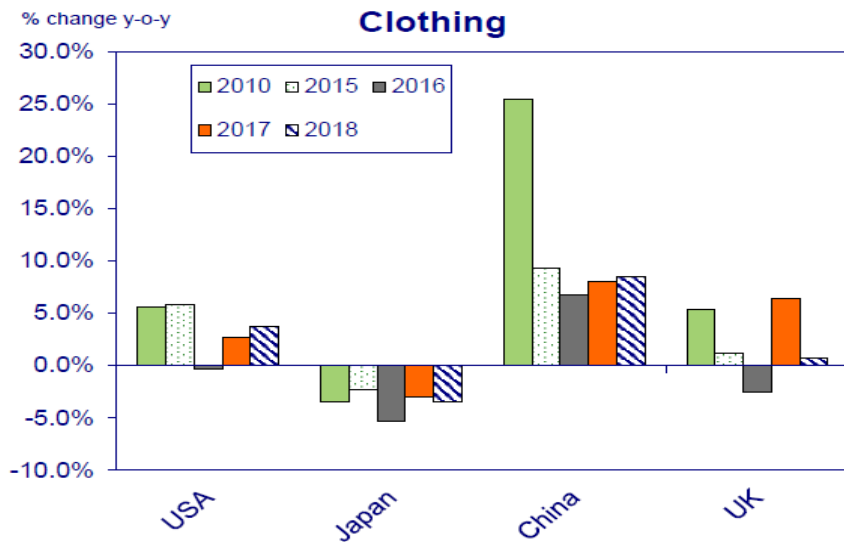


Index  
Jan 2008 = 100



Source: The US Conference Board, the European Commission and [www.tradingeconomics.com](http://www.tradingeconomics.com)  
Data to February 2019

## Mixed Retail Sales Results in 2018

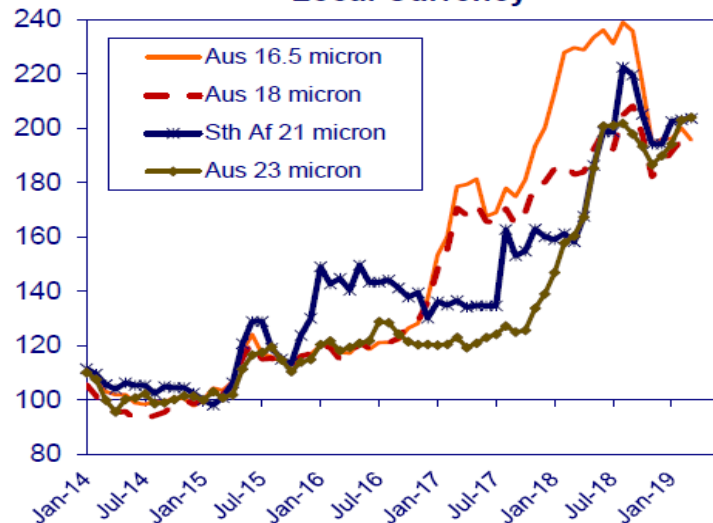


Source: Government statistical services. Includes data on retail sales or private expenditure on clothing and on carpets and/or furnishings

# Changing Dynamic? Merino Wool Prices Remain on a High

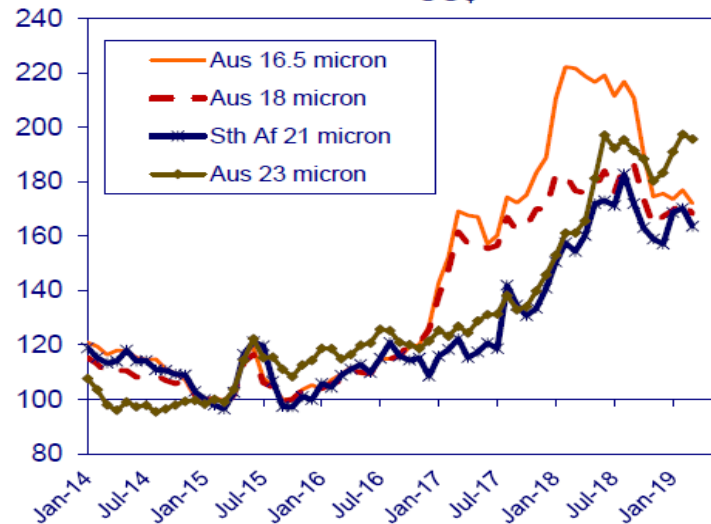
Index  
Jan 2015 = 100

Local Currency



Index  
Jan 2015 = 100

US\$

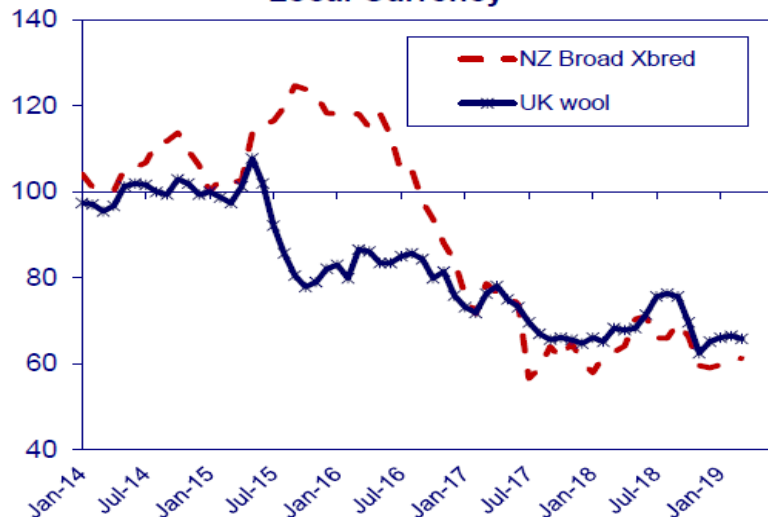


Source: AWEX, NZ Wool Services, Capewools, BWMB  
Data to 29<sup>th</sup> March 2019

# Changing Dynamic? Broad Wool Prices Remain at Lows

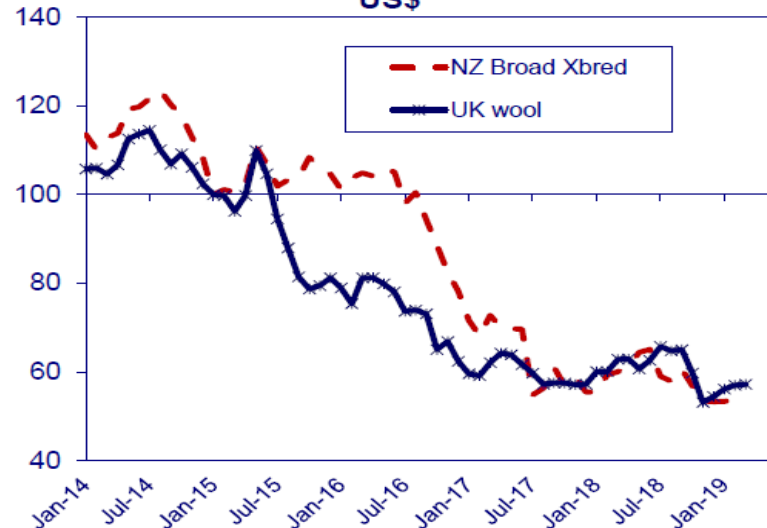
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Local Currency



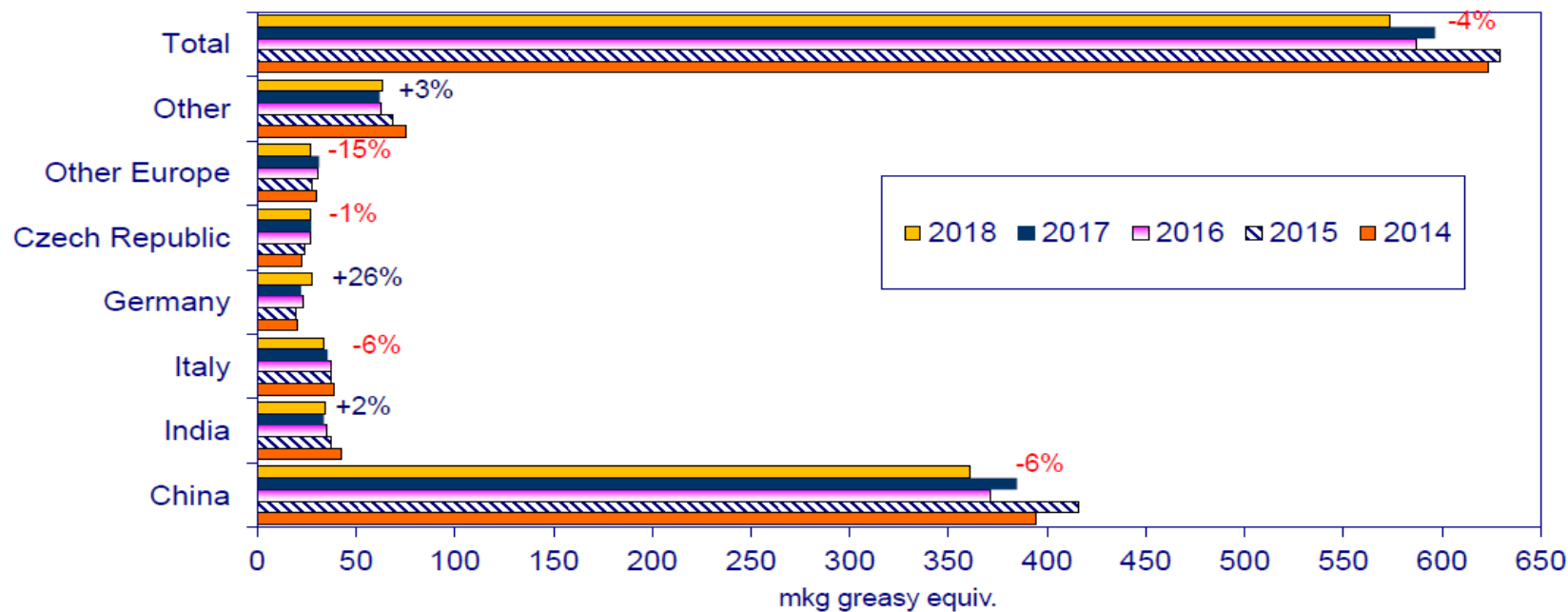
Index  
Jan 2015 = 100

US\$



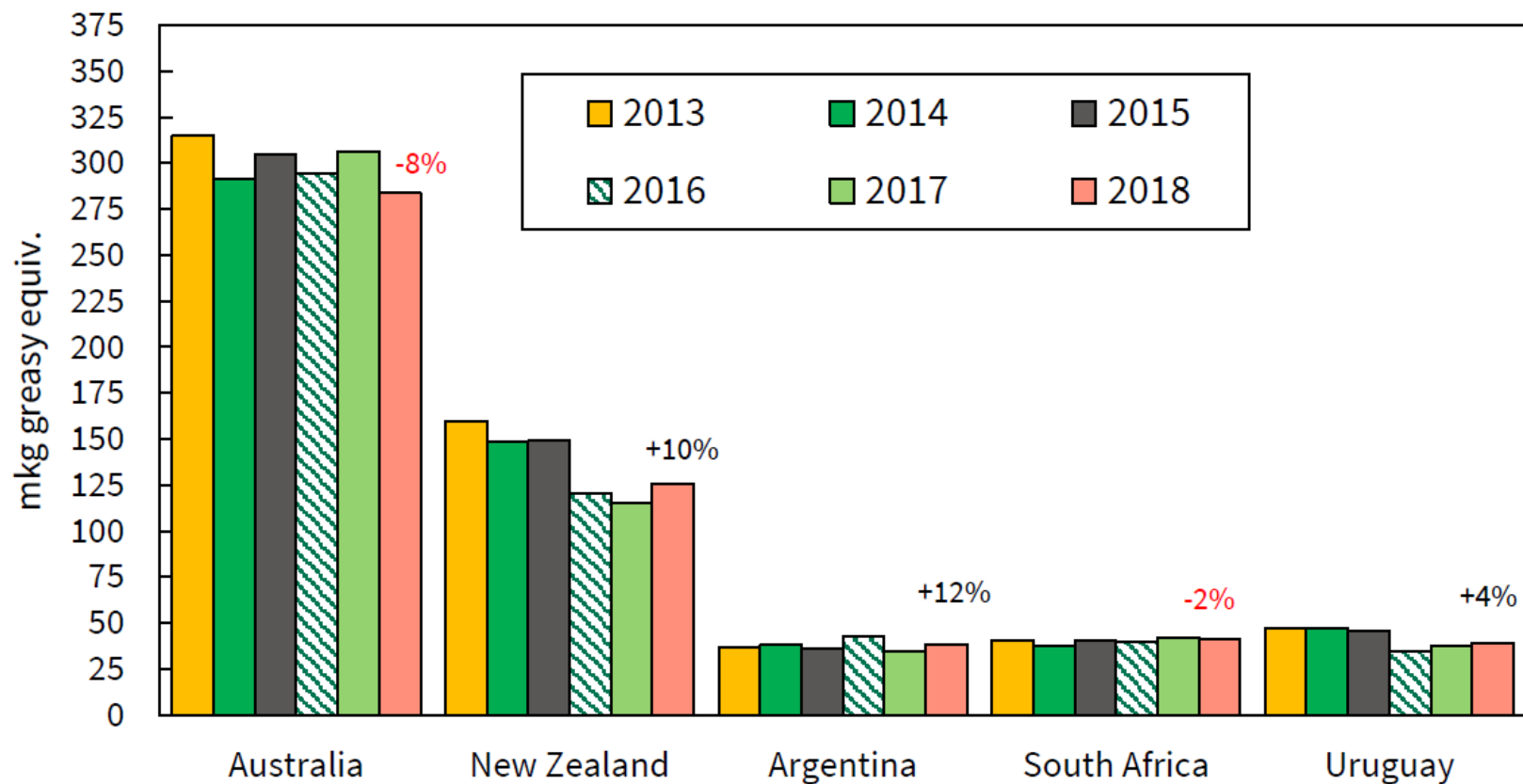
Source: NZ Wool Services, BWMB  
Data to 29<sup>th</sup> March 2019

## Volume Demand for Wool Falls in 2018 Calendar Year



Note: From the five major exporting countries (Australia, New Zealand, Argentina, Uruguay and South Africa)  
Source: Australian Bureau of Statistics, FLA, SUL, Capewools, Beef + Lamb NZ

Chart E: Wool Exports by Major Exporting Countries  
Calendar Year to November



# Prospects for 2019/20

## Check-list

	Merino	Medium	Strong
Production	✓✓	✓	✗
+			
Economic growth	✗	✗	✗
+			
Wool textile industry conditions	✓	✓	✗
+			
Stocks in the industry	✓✓	✓	✓
+			
Wool demand	✓	✓	✗
+			
Price ratio with other fibres	✗✗	✗	✓✓
=			
<b>Prices</b>	<b>Steady- softer</b>	<b>Volatile/ seasonal</b>	<b>Improving</b>



## **Study on the demand for higher animal standards**

### **Findings and Conclusions**

- Demand for higher animal welfare standards will continue to grow and is likely, ultimately, to develop in Asia.
- Retailers in Europe and in North America are leading the journey for welfare-assured wool
- Traceability back to source rising in importance.
- Consumers will pay more for products with higher welfare standards, if they believe that the quality of the product is higher as a result.
- Animal welfare is embedding in the commercial world and commercial transactions.

# WOOL FOR WELLNESS

## TURNING SCIENCE INTO SALES



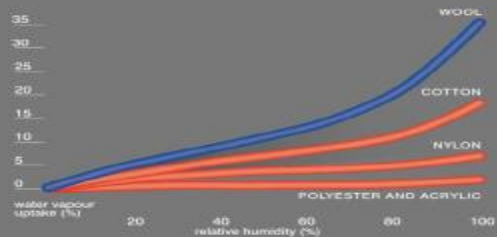
### Angus Ireland:

- IWTO Product Wellness Working Group
- AWI Program Manager Research



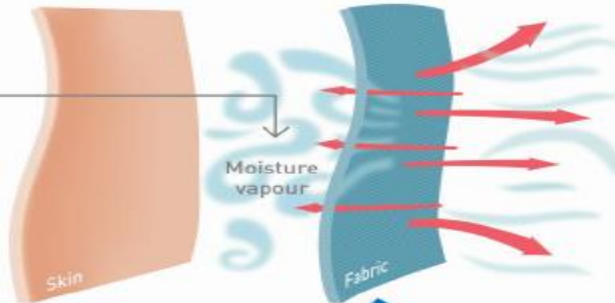
# CONTEMPLATE – More Stable Microclimate

## Moisture Vapour Absorption



As humidity levels rise to saturation point, wool absorbs twice as much vapour as cotton and more than 30 times as much as polyester.

Wool acts as a buffer (humidity and temperature)



Skin Health

1



2 Sleep Health



3 Cognitive Health

# EVALUATE – Completed Studies of Wool & Eczema (2011 – 2019)



“not only tolerated superfine merino, their AD was shown to have significantly improved” <sup>6</sup>

“Superfine merino provides a valuable adjunct therapy in the management of AD” <sup>7</sup>

Prof Joseph Fowler  
University of  
Louisville, Kentucky  
(5 – 65 y/o)



“Merino wool clothing compared with standard clothing provided improvements in severity of atopic dermatitis as well as quality of life in atopic patients” <sup>9</sup>

Prof John Su - MCRI  
(1 – 3 y/o)



“ in this study superfine merino wool clothing reduced the severity of paediatric mild – moderate AD as compared to cotton clothing” <sup>8</sup>

Dr Lynda Spelman - QID  
(15 – 25 y/o)





# British Wool

## Cross Bred Wool Drivers, Challenges Prospects

Joe Farren, CEO



### Drivers – Wool is a by product



Cross Bred wool is a by product of the sheep industry.

The price of Cross Bred wool has very little impact on production levels.

Wool volumes will be determined by the economics of rearing lamb.

This is different to the Merino wool market.

- Merino wool makes a significant contribution to the farmer's income.



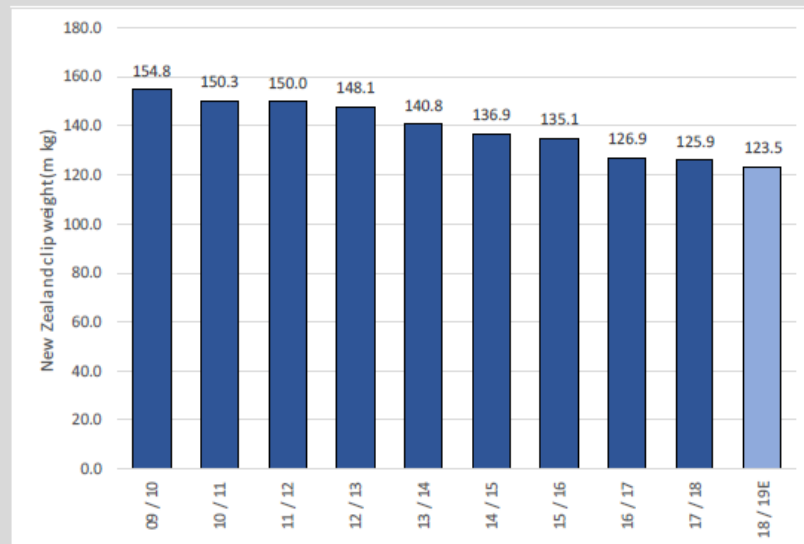
## Drivers - NZ Production

New Zealand's production has been in steady decline since the 1980s.

- Decline driven by a switch to dairy.

Shorn wool production in New Zealand is forecast at 123mkg for 2018 / 19.

- New Zealand is ~80% of the quality Cross Bred wool market.
- British Wool is ~20% of the quality Cross Bred is market.

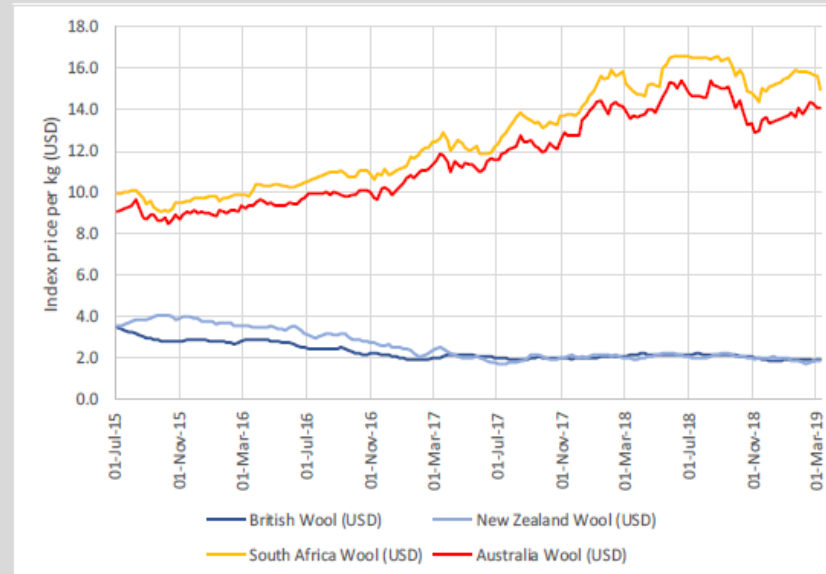




## Drivers – Value versus Merino

As the price of Merino Wool has increased finer Cross Bred wools look increasingly attractive.

- Cross Bred wools have been trading around \$2 per kg clean for the last two years.
- This represents attractive value relative to Merino prices of \$14 to \$16 per kg.
- Prices have been higher in recent years.





THE CAMPAIGN FOR WOOL  
Patron: HRH The Prince of Wales

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# The Campaign for Wool

Marshall Allender

[marshall.Allender@wool.com](mailto:marshall.Allender@wool.com)



THE CAMPAIGN FOR WOOL  
Patron: HRH The Prince of Wales

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## *Who we Are*



The Campaign for Wool is a global initiative started by HRH The Prince of Wales in 2010. We continue to operate internationally with our funding partners, which cover every sector of the wool market.

Our aim is to educate the public about the natural benefits of wool, through educational projects and consumer driven activations.



THE CAMPAIGN FOR WOOL  
Patron: HRH The Prince of Wales

## *Global Wool Week 2018 - Careability*



In order to achieve this for Wool Week 2018 (which was titled “Wool Care”), the Campaign partnered with Electrolux/AEG.

Over two days at the Wool Week installation in October there were an estimated 5.5K visitors to Covent Garden and the Wool Care event on the 11th and 12th of October.

For this project, AEG and the Campaign for Wool highlighted “Five Facts about Wool” to educate consumers on its benefits:

1. Wearing and sleeping with wool products helps you sleep
2. Wool is environmentally friendly
3. Wool is good for your skin and can even help with adult and children's eczema
4. Wool can be invisibly repaired
5. Wool is replacing leather for seats in luxury automotive brands and first-class cabins in planes.

# AEG



# Harriet Vocking

Chief Brand Officer, Eco-Age

**IWTO CONGRESS VENICE 2019**

## Three growth areas



**TRACEABILITY**  
*Zegna*  
*AchillFarm*



**INNOVATION**  
*ShleepSkin™*



**DESIGN**  
*Wool jacquard fur*  
*with ANOFIX dye*

# TRANSPARENCY A TOP PRIORITY FOR THE FASHION INDUSTRY

Heinz Zeller

HUGO BOSS Ticino, Switzerland

Heinz\_Zeller@hugoboss.com

## TRANSPARENCY: WHY

Australian  
Wool  
Innovation?

RETAILERS AND THE PUBLIC  
AREN'T BUYING IT.

**PETA**

See more at [PETA.org.au/AWIFail](http://PETA.org.au/AWIFail)



## HOW POWERFUL IS PETA?

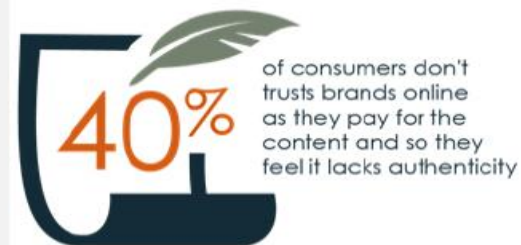
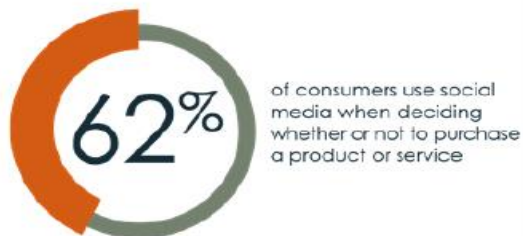
### PETA 2018 TOTAL OPERATING EXPENSES: **\$56.369.581**

- Youtube page: 221,901,205 views. Its most watched video reached 58 ml of views.
  - Its Facebook posts were seen an average of 142 million times each month.
  - PETA sent e-newsletters to more than 2.3 million subscribers.
- Its blog section received more than 6 million page views. PETA Living section exceeded 18 million page views.
  - PETA was mentioned by about 70 of the major print and online media outlets.



# TRANSPARENCY: WHY

Brands and companies that people engage with most on social media are:

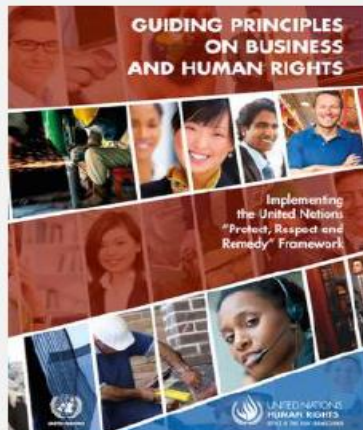


Source: Chris Daly, Chief Executive, CIM

OECD DUE DILIGENCE GUIDANCE FOR RESPONSIBLE SUPPLY CHAINS IN THE GARMENT AND FOOTWEAR SECTOR



OECD



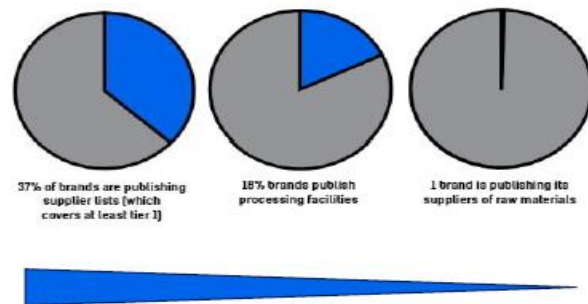
Partnership for Sustainable Textiles



"We can no longer accept the often inhuman conditions in which people employed in the textiles industry live and work in Asia and Africa. Germany can and must take a leading role in efforts to improve working conditions."

B. Gerd Müller,  
Federal Minister for Economic Cooperation  
and Development

## Fashion Transparency Index 2018



KEITH SPILSBURY – STRATEGIC DIRECTOR  
WOOLCOOL – THE WOOL PACKAGING COMPANY LTD  
[WWW.WOOLCOOL.COM](http://WWW.WOOLCOOL.COM)



## WHAT IS WOOLCOOL?

Woolcool® is a pioneering, highly innovative and incredibly effective, multi award winning, insulated packaging system comprising of 100% pure sheep's wool, needle felted and sealed within a recyclable, food-grade wrap to create liners for recycled and recyclable delivery boxes for a whole range of industry sectors, primarily food and pharmaceutical.

# Benetton

- \$10 000 to launch 1 pound into space!

- Wool light and beneficial with all its traits, including odour qualities!
- Save between 20 and 40 kg/person (44-88pd/person)

# Global Sheep Population (IWTO 2018)

Country	Sheep numbers (000)	% Wool Production	Wool Production (t)
China	164 225	20	425 844
Australia	73 335	19	417 873
Commonwealth Independent States	89 760	11	227 011
New Zealand	27 500	7	142 100
South Africa	23 244	2	42 581
Total	1 177 869	-	2 153 500

# Discussions/Networking

- Chinese delegation: FMD and wool exports
- Australia: Veterinary/ Biosecurity strategy
- Lesotho Wool Growers

# Conclusion

- Wool Market will soften from very high levels (super cycle), but remains steady...decline in supply will support prices
- Sustainability....driven by market!!!!
  - ❖ Environment
  - ❖ Animal welfare
  - ❖ Traceability
  - ❖ Transparency
  - ❖ Bio-degradable

# Thank you!

