

OPEN LETTER TO AUSTRALIAN WOOLGROWERS

From Australian Wool Innovation chairman Wal Merriman

Last month a group of directors acting with authority from and on behalf of the AWI board was sent to meet with key business partners across Asia and Europe. This group met with some of the major wool processors and retailers across these markets.

While the overall message from this exercise was supportive of AWI's leveraged marketing programs, there has been some criticism from Italian wool interests that have been outlined in a letter to me.

It is disappointing this private letter has been leaked to parts of the media, one can only speculate the reasons why. Nevertheless, as Chairman I take full responsibility for this criticism.

Importantly this criticism comes from organisations I describe as 'partners in wool'; businesses that AWI has been working with to lift the demand for wool and introduce the fibre to a younger generation of consumers.

Many of these Italian partners not only use Australian wool but the textile innovations developed and transferred by AWI such as mercerisation through MerinoTouch™, new casual effects and designs through MerinoCasual™ and new lightweight fabrics with MerinoCool™. Initiatives such as the sponsorship of the fashion fair Milano Unica and partnership with sports and underwear producer Ragnò are examples of where we have worked to open up opportunities in Italy for wool as the natural fibre for all seasons and all occasions.

For the first time in my memory, the Italian industry has offered to fund leveraged marketing initiatives with AWI. Many have discussed with our Italy representative Fabrizio Servente how we can continue to work closely together in ways to improve the demand for wool.

In 2010 the unprecedented Prince of Wales Wool Campaign will promote wool as the natural alternative, wool continues to be a star in the growing active/outdoor market thanks to MerinoPerform™ and next week the L'Oreal Melbourne Fashion Festival Designer Award highlights the use of wool by the best and most influential Australian designers.

AWI's marketing brief has been sent out and is now being discussed in agencies around the world. Their ideas to promote wool will complement the marketing efforts of AWI staff on the ground in the markets across China, Japan, India, Europe and the United States.

Meanwhile AWI investments continue on farm with ongoing trials of the Skintraction™ flystrike prevention technology, breeding values for breech wrinkle and clips are now available. While AWI will continue to uphold woolgrowers' rights to undertake best practice animal welfare, it promotes market transparency through the National Wool Declaration. Approval has also just been given to fund extension groups to help transfer the latest production gains and technical developments.

Woolgrowers will continue to drive change at their marketing, research and development company. Direct input from growers will be sought at another consultation day in May, building

on greater transparency and accountability at AWI in recent years. Work is already underway into a new Strategic Plan which will be presented to the Federal Government in June.

At WoolPoll last year woolgrowers overwhelmingly backed a move to more marketing with 73% of all votes cast supporting a levy of 2% or more. AWI is now undertaking this, working with key retailer and manufacturing partners and their supply chains to sell the natural benefits of wool. As is the case in Italy, marketing funds are leveraged with those of business partners where possible. AWI is committed to the marketing plan growers voted for at WoolPoll.

The Merino industry has rarely looked so positive and profitable. There is a lot to be optimistic about both on farm but also at retail. There is a definite global movement towards natural fibres and the revival of wool as part of this has begun according to many Italian fashion houses.

At AWI we look forward to continuing our work to build demand for wool both in the apparel and the interiors markets. As global trendsetters in fashion and design, our Italian partners are crucial to wool's success. But we must work to put wool's best foot forward in as many markets as possible. AWI continues this marketing work on woolgrowers' behalf in the pursuit of a better future for wool.

Yours sincerely

Wal Merriman

AWI Chairman