



AWGA Media Release 28.4.14

**AWGA says NO to AWI wool market interference
Fine wool marketing needs major improvement**

Comments by the Australian Wool Innovation Chairman Wal Merriman recently flagged that research was needed to scope a return to wool market interference and a reserve mechanism to limit supply of fine wool, owing to volatility of fine wool prices.

AWGA will not support this proposal for several reasons:

1. There is no market failure of Australia's wool marketing system, including the auction system, therefore no scope exists for research as defined in AWI's constitution.
2. A return to any wool market interference would damage relationships within existing wool market structures and lower confidence in wool.
3. AWGA contends that problems with low wool prices are a result of low demand, not wool supply, which unfortunately is dropping once again.

AWGA Chairman Robert McBride says AWI needs to concentrate on effective demand creation programs on behalf of growers.

"Rather than be sidetracked by proposals to limit supply, AWGA believes that AWI's current marketing strategy for fine wool has been a failure, and needs urgent review, owing to continuing poor demand and poor farm gate prices."

"The AWI No Finer Feeling campaign must be abandoned in favour of fresh thinking."

"A new marketing team is needed, who are capable of taking back markets in the USA, Europe, and lucrative parts of Asia, introducing fine wool into new and emerging textile sectors at retail levels such as sportswear and outdoors."

"Placing all our eggs in the China basket is not wise at the expense of the abandonment of lucrative markets such as the USA."

Robert McBride
Chairman AWGA

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