



29 August 2006

## Australian Wool Poll Crucial for Survival of Wool Industry

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Having supported the Test Marketing Project of AWI, Woolmark and IWTO both financially and by promoting the project the German Wool Federation strongly believes that the Australian wool growers should be fully aware of what is at stake.

Wool is an excellent product, but it is not selling well. It is a timeless but actually forgotten super fi-bre. Its characteristics have to be communicated all over the world to buyers of consumer products containing quality wool. Only demand from the end consumer for wool by making him and her aware of the inherent advantages of wool will increase demand for wool and eventually its price.

Nowadays consumers must be attracted by direct promotional efforts to buy products containing quality wool.

As you are well aware from the recent past, generic promotion of wool does not help any more. What is needed is a joint effort to promote specific wool products attractive to the end consumer.

The wool levy is being spent mainly on research and development but not on marketing of consumer products containing quality wool. Without doing so, demand for your product will not be sustained and prices will not increase on a long term basis. It goes without saying that on farm research is essential, but at the moment the allocation between research and marketing is disproportionate and not achieving the desired result. .

When you discuss the future levy and its distribution it is essential to consider the importance of marketing efforts directed towards final consumer products containing quality wool. If this share is not increased in the near future the wool industry will disappear because all other fibres have for many years successfully competed in attracting the interest of the end consumer by promoting consumer products on the shelf. It is therefore essential that your vote in November makes it perfectly clear to those responsible that you approve the idea of marketing efforts for quality wool products the end consumer can buy.

The Test Marketing Project and the way it has been co-funded (totalling more than 6.6 million USD) is a success. However, the experience has shown that key countries refused to participate in financing the Test Marketing Project. We have put up a considerable amount of money on a voluntary basis to support the project, however it will be difficult to sustain it long term in this manner. Therefore it is also essential that in the future a buyers' levy is considered to make sure that the funding of the promotion for specific products to be sold to the end consumer containing quality wool is spread in a controllable and fair manner.

The argument that such a levy discussed previously is another tax on the growers is wrong. Otherwise the recent example of doing so since January 2006 should have led to a specific fall in wool income. It is well known that this is not the case. In the end, such a levy must be raised in all grower countries to a level which guarantees sufficient funds worldwide.



# AWGA - News Update

Australia has to take the lead being the largest wool producing nation on earth and a wonderful one at that. Protect your heritage in doing the right thing. Vote for the promotion of quality wool to the end consumer and chose the only correct way.

We welcome very much the concept of a merger between AWI and Woolmark and we believe that the funds available in the future for R & D and Marketing should be split evenly, i.e. both activities should receive 50% of the funds each.

We are convinced that the future of the wool industry will be better and that others will follow once you take the lead. As long as you are the leader you can decide which consumer products containing quality wool shall be promoted and where. Thus taking the lead is an advantage.

The future of the world's wool industry is in your hands in November.  
German Wool Federation  
The Board

Günther Beier  
President  
Harald Menkens  
Vice President

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