



IWTO Newsletter



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IWTO Wool Forum - Xi'an

November 19-21, 2006

Review

“Wool: the way forward - Competition and Collaboration”



Terracotta Army, Xi'an

The IWTO Wool Forum Xi'an that has just ended was organised jointly with China Wool

Textile Association and Xi'an Polytechnic University and welcomed 100 international and 100 Chinese delegates during its three-day run. The event was held under the title “Wool: the way forward – Competition and Collaboration”.

The first day of the meeting, “China Day”, has raised discussions about the impact of the growing dominance of China in the global wool industry. Frank

Sieren, a well known Journalist and China expert has drafted a future scenario of the political and economic role of China.

Sieren: „China is setting world standards that even the leading industrial nations such as the U.S., Japan and Germany cannot ignore anymore“

“The faster the pace of globalisation, the clearer it becomes that China is unbeatable as a market of the future. It has the worldwide strongest combination of potential, stability, infrastructure, price levels and production capacity. There is no other big country which can match its stability. “

“(…) If China's ascent continues as it has, then for the first time in modern history the West will see itself competing with an “haute culture” equipped with the economic strength to be taken seriously worldwide.”

A panel discussion was followed after the speech of Mr. Sieren. All speeches of the IWTO Wool Forum can be ordered by the IWTO head office in Brussels.



Frank Sieren

In cooperation with:



Editorial



Dear Readers,

The IWTO Wool Forum has closed its doors in Xi'an, China. The Wool Forum was done in co-operation with our Chinese National Committee: CWTA, and the Xi'an Polytechnic University and was a good and promising promotion for the IWTO Congress 2008 in Beijing.

The Wool Forum in Xi'an was also writing history under a different aspect: the IWTO Board and Assembly decided to concentrate event wise in future on the annual IWTO Congress, and will therefore until further notice, not offer anymore a Wool Forum towards the end of each calendar year. This decision is a reflection of less funding for such events, a result of the shrinking wool industry which leads consequently to shrinking funding for its representing industry bodies.

The calendar year 2006 is coming to an end, for IWTO it was a unique year in its long history. IWTO has raised the awareness to the wool industry of the urgency of wool promotion, with the result of the first ever globally funded industry marketing project with contributions from 14 countries and several individual organisations. See the latest update about this project in this Newsletter. With the IWTO Congress in Cairo, the Country Summit in India and the Wool Forum in Xi'an, IWTO held three beneficial events for its members. Another edition of the World Wool Award was executed, Wool Show Cases (stands) at TexWorld (Paris) and Heimtextil (Frankfurt) exhibitions have been presented, 10 international elite students have made traineeships in the global wool industry organised by the IWTO International Student Exchange Programme.

A global Market Research « Future Consumption of Interior Textiles » was conducted for IWTO by GFK, a book with the contents of the study was produced. A Task Force Group was established for the Interior Textiles Sector.

New key members of our industry have recently joined IWTO, such as SAURER and CCMI.

IWTO was representing the wool industry at leading international forums, like IAF, FAO, etc.

IWTO is representing the wool industry at the steering meetings of the United Nations for the International Year of Natural Fibres 2009.

The IWTO Market Information has been published for the second time in its new format.

Since 2006 the Red Book of IWTO is again being handled in-house.

Research projects have been initiated by IWTO to bring additional benefit to the wool industry, for example the development of a DNA based test for wool, cashmere and other animal fibres. This test will be available starting early 2007.

There is much more to do in 2007, the process of huge changes and adaptations in the wool industry has still not finished.

Henrik Kuffner
 Director General – IWTO
 Brussels, December 2006

Message from the President

IWTO Wool Forum Xi'an - Presidential Address



President Michael Lempriere

Good morning and welcome to the IWTO Wool forum Xian 2006

A tale of two cities, two conferences and six months

May 2006 Cairo. 6000 years ago the epicentre of an amazing civilization which was to tragically disappear under the sands of the Sahara Desert. Its legacy was to reappear some 4500 years later. The Renaissance formed the foundation of a European Culture which over several centuries has become what we now know as Western Civilisation.

November 2006 Xi'an. 6000 years ago also the cradle of an amazing civilization – a civilization however which never disappeared, and which, apart from some brief hesitation along the way (one of the most notable of which has occurred in our own lifetime) has continued to develop to the present day. The Chinese renaissance has been hailed as

a modern miracle, but it may more reasonably be seen as a totally predictable resurgence of a culture always destined for greatness.

We in the business of wool, who are not Chinese, have a great opportunity and the choice to work with and capitalize on our engagement with the dragon (cracking the China Code), or to stand aside. Either choice has its risks – on one hand the challenge of working with a formidable business partner - on the other the risk – the serious risk – becoming no longer relevant.

Today woolgrowers, with the exception of course of the Australian growers who are facing probably the most severe climatic challenge within living memory – are celebrating – wool prices after a long drought are heading for them in the right direction.

Wool traders and early stage processors are (depending on their book position) also happy because, for probably the first time since 2001 the recent months have provided positive trading possibilities. It has been “a long time between drinks.”

Downstream manufacturers are happy about the renewed demand for their products, but (rightly) they are nervous,

both as to their ability to profitably cover their new commitments, and also about how any new (higher) price levels may be received in the market place.

Indeed all of us are nervous, because we have seen this before – the price increases are too much and too fast, and dramatic price squeezes have nearly always been finally followed by tears.

2.

It could be said that we could see this coming. Five years of low prices normally bring out “bottom feeder” business, and five years of stable or declining low prices have bred complacency. It seems that there are little or no stocks in the pipeline. People have got used to working “hand to mouth” – there has been wool readily available and available at convenient prices.

This inevitably had to change.

Meanwhile a combination of poor growing conditions, but most particularly disillusionment with growing wool, (too hard, too expensive, too unreliable, too poor) and the possibilities to employ their “factory” (their land) in more profitable ways has seen increasing numbers of growers

Message from the President

moving out of wool production.

The market had only one way to go. The question has been “how far and how fast?”

And this time there is a new dimension in the cycle. There is a new interest in wool as a textile fibre. Incredibly wool is back in ordinary people’s conversation. Wool is back on retail shelves.

Wool is “cool.”

Why?

Some people have gone so far as to suggest that the Test Marketing Programme has been a strong factor. I would love to think that this might be so, that we could claim some credit in this way, but of course the TMP is quite tiny in its actual application (although its reach might be seen to go well beyond the limits of the participating stores) and this is only one small part of a broader story.

However I will, on behalf of IWTO - and particularly the vision and dedication of Juan Casanovas – not hesitate to take credit for, three years ago, bringing to the attention of the wool world and thence to a much wider audience, the dire position and the even worse outlook that faced wool at that time.

Remember “Demand starts in the shop not with the sheep.”

“Focus not just on your own position but look to the final customer.”

It is an absolute tragedy that J

D Casanovas – such an excellent and forward looking company with such a long and distinguished history should not be able to continue. It is however a wake up call for all of us. We shall miss Juan Casanovas at our meetings and shall be the poorer for losing his wise counsel.

3.

The Kurt Salmon report reminded us that wool had not been properly marketed for years, women had been seduced by alternative fibres, and a new generation of young consumers neither knew nor cared about wool.

Hobart 2005, and the challenge was laid down to the industry to give wool marketing a new chance. The fight to raise the funds and, as a result the wonderful response from so many of our members from many countries and different industry sectors.

A renewed enthusiasm in our trade that something might really be done, helped inspire increasing numbers of growers around the world to demand action on wool marketing.

Australian Wool Innovation, an organization required by its statutes to confine its activities to R&D and to keep out of marketing, little by little started to alter course, so that now over half of its budget is dedicated to demand building.

Yes, we have made a difference, and this recent price

rise is only partly supply driven (in fact until now supplies have been normal – the tightening is yet to come). This time in the demand/supply balance both elements, demand and supply are at work.

Wool is coming back, but the real challenge is ahead - to maintain the momentum and to ensure that once it has reached its proper place on the higher ground it is able to hold it. In fact the battle is just beginning. We cannot afford to relax.

If raw material prices continue to strengthen (which seems likely) and the prospect of higher costs flowing through to retail prices in the new year materialises, it is absolutely critical that the image and the value proposition of wool is maximized, so that consumers will be prepared to accept to pay a little more for a special product.

The next stage, having wooed the consumer back in to wool is to keep her there. The most damaging, indeed fatal thing that can happen is that she or he is disappointed with the purchase – that the product does not fulfil the promise, that the article is not “fit for purpose.”

A universal system of quality assurance for wool products – whatever they may be - is now essential. Not a brand, but a system that is enforceable (on pain of losing the licence to use it), that promises that the article is of ap-

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appropriate quality, and will do the job for which it is offered.

Remember wool must command the higher ground – there is no place for “cheap and nasty” in our customer demographic.

4.

The industry already has a tool which it can use to this end which is admirably “fit for purpose”. It is called the Woolmark. It has been criticized in the past for confusing customers, as trying to be all things to all men. This must change. It can, and must be reborn in many different ways – ways which clearly define the status of the garment or article.

There have been suggestions that a combined AWI and AWS might even walk away from the Woolmark in favour of a new promotional image with an Australian emphasis. We will be hearing more about this today and tomorrow.

This will finally be their choice. It is their money (or rather the money of the Australian woolgrower.)

However product promotion is one thing. Quality assurance is another. They are to a degree interdependent and are both critically important marketing tools.

IWTO has stated its case from the outset. A global marketing strategy, defined and supported by all producing countries and the broader wool family, offers the strongest chance for success for our fibre and the people who

work in it. Wool is basically produced in the Southern Hemisphere, but it is overwhelmingly processed, financed, designed, manufactured and, most importantly, consumed in the Northern Hemisphere.

However, whatever the outcome, the global wool industry stands ready to cooperate with the growers, wherever they may be, to ensure that wool’s image as a true quality fibre is protected. This is absolutely critical if wool is to have a positive future.

Meanwhile, the Test Marketing Project has already demonstrated that the industry can work extremely well together and also to work with retailers in order to increase sales. It is too early yet to claim success for the project, although at this stage the signs are promising. Brenda McGahan will be giving you an update in this Forum which will be available for all members, world wide.

The progress of our Interiors Task Force, assembled following the GFK report, will be revealed in the Interiors Forum. There is plenty yet to do in this hugely potential market for our fibre.

In our other committees there will be a lot to hear, a lot to discuss, and a lot to resolve.

This is a very interesting, even exciting time for our industry and for IWTO. There will be changes ahead, and IWTO must and will work to be increasingly more relevant to the industry. We absolutely

have to provide value for our members if we are to have a place.

5.

We cannot stand still, and the momentum for change and performance which started some four years ago must be maintained. To this end I am announcing that this will be the last winter conference (or Wool Forum as it has come to be known). Member’s time is ever more scarce and precious, and we feel that they are best served by concentrating our efforts, our talents and the focus of attention on one comprehensive and valuable Annual Conference, to be held each year in May or early June.

On the other hand we plan, each November to hold a Round Table of industry leaders, supported by guest contributors who we believe can make a real contribution. Together we will work to define and enunciate an ongoing global strategy for success for our industry.

Let us remember this last Wool Forum at Xian, held in this magnificent and historic city, as indeed an important and pivotal meeting for IWTO, and I hope and trust that when we meet again in Edinburgh in May next year that we truly have a lot to celebrate.



Michael Lempriere
IWTO President

News from the Associate Members

New IWTO Associate Members

Superfine Wool Council of the Cashmere & Camel Hair Manufacturers Institute



With the CCMI - Cashmere & Camel Hair Manufacturers Institute, based in Boston, Massachusetts (USA), IWTO welcomes another prominent associate member in its organisation.

The Cashmere & Camel Hair Manufacturers Institute was established in 1984 to promote the use of genuine cashmere and camel hair products and to protect the interests of manufacturers, retailers and consumers of these products. The Cashmere & Camel Hair

Manufacturers Institute (CCMI) is an international trade association representing the interests of producers and manufacturers of camel hair and cashmere fibre, yarn, fabric and garments throughout the world. Formed in 1984 as the Cashmere & Camel Hair Manufacturers Institute of America, the Institute changed its name in 1990 to better reflect the international character of its membership and activities. Today, the Institute is the leading authority on domestic and international issues concerning these luxury fibres and advises on labelling, international standards, supply and market trends.

CCMI Objective: to maintain the integrity of cashmere and camel hair products through education, information and industry cooperation.

The CCMI is hosting the 'Superfine Wool Council', a group of wool weavers which has the aim to supervise and police the use of the IWTO standards of the Super S scheme.

Contact details:

6 Beacon Street, Suite 1125
Boston MA 02108-3812
Telephone: 617-542-7481
Fax: 617-542-2199
Email: info@cashmere.org
<http://www.cashmere.org>
President: Karl Spilhaus

The Falkland Islands Wool Company Limited



Starting from 1. January 2007 the Falkland Islands Wool Company Limited, a well-reputed company active in the wool sector of the Falkland

Islands, will be a new Associate Member within IWTO.

Contact details:

The Falkland Islands Wool Company Limited
Shackleton House
West Hillside
Stanley
Falkland Islands
FIQQ 1ZZ

Telephone : + 500 22297
Mobile : + 500 52297

Managing Director:
David Lambert

Email address:
dlambert@blueyonder.co.uk

Website:
www.wool.fk

Baur Vliesstoffe

Another Associate Member joining IWTO starting from 1. January 2007 is the Baur Vliesstoffe GmbH. Baur Vliesstoffe GmbH is a leading German company in

Baur Vliesstoffe GmbH

the area of Technical Textiles. It produces non-woven wool products for insulation, cleaning, filtration and stabilisation for consumer and industrial products.

Contact details:

Jacob Emendoerfer Nachf.
Baur Vliesstoffe GmbH
Schulfeldstraße 4

D-91550 Dinkelsbühl-Sinbronn

Tel +49 (0)9851/3041
Fax +49 (0)9851/7875

Managing Director:
Friedrich Baur

Email address:
info@baur-vliesstoffe.de

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Project News

International Student Exchange Programme

The second edition of the International Student Exchange Programme (ISEP), which is almost completed, generated much excitement and enthusiasm from the participants. A very positive feedback regarding the programme, which is sponsored by AWI, has been expressed by the students who have nearly all finished their traineeships.



Amit Jadhav

Amit Jadhav (India) did his traineeship at the company offering a placement for our students already for the second time, **Ningbo Youngor Worsted Spinning Weaving and Dyeing Company Ltd** (China) and he reported: "Here I got the opportunity to bridge the gap between theoretical and practical knowledge regarding wool textiles. Also my confidence is increased regarding wool textiles. And I will not hesitate to choose my career in the wool pipeline industry."



Alexandra d'Archangelo

For **Alexandra d'Archangelo** (Canada) "the traineeship at Texworld was a perfect opportunity

to give an insight into the world of textile fairs as well as the presence of international wool exhibitors at this worldwide fabrics rendez-vous". She had a chance to look at the business at **Messe Frankfurt** (France).



Graduation ceremony of Laurent Verbrugge with IWTO representative awarding ISEP scholarship

Laurent Verbrugge who did his traineeship at **The Suedwolle GmbH & Co. KG** (China) concluded: "The people of Suedwolle showed me how special and interesting the wool fibre is. I hope this is only the start of a great career in the wool industry."

According to **Peter Cain** (Australia), who was the trainee at **Zegna Baruffa Lane Borgosesia** (Italy), "the placement will be of immense value to my future professional career. There has been an enormous development in my understanding of the skills and aptitude needed to be successful in the wool processing industry."



Peter Cain

IWTO would like to take this opportunity to express our gratitude to all host companies for

their engagement and contribution to the ISEP by offering placements to our students and participating in this way in the process of educating young professionals and also to AWI for having made the International Student Exchange Programme possible.

Our special thanks go to all the following host institutions/ companies:

- AKSU Company** (Turkey)
- CSIRO** (Australia)
- Deakin University** (Australia)
- Fibratex S.A.** (Uruguay) / **ALADI** (Uruguay)
- Jaixng Hexing Garment Co. Ltd** (China)
- Messe Frankfurt** (France)
- Ningbo Youngor Woollen Dyeing & Finishing Co. Ltd** (China)
- The Suedwolle GmbH & Co. KG** (China)
- Xinlong Holding (Group) Co. Ltd** (China)
- Zegna Baruffa Lane Borgosesia** (Italy)

As Peter Cain concluded: "ISEP is a wonderful opportunity to be able to use the support and contacts of IWTO to gain first hand experiences and develop your understanding and skills within the wool industry." Without these institutions/ companies ISEP programme could not have been executed in such a successful way.

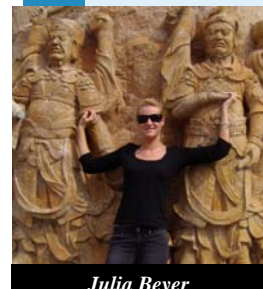


Renata Jagiello

Any potential host companies, which would like to offer a placement in the ISEP edition 2007, to be launched next year are kindly requested to contact IWTO Head Office.



Min Dang



Julia Beyer



Adriana Estrada Ochoa



Terhi Kuusisto



Jun Jin

Projects News

Test Marketing Programme

During the Wool Forum held in Xi'an the representatives of the wool industry could see the first results of the Test Marketing Campaign, a common project created by joint forces of Australian Wool Innovation (AWI), International Wool Textile Organisation (IWTO) and Australian Wool Services (The Woolmark Company) and aimed at the increase in the need for wool apparel by strong prod-

uct marketing and powerful consumer promotion.

Through a major Marketing Campaign towards wool conducted in two leading American retail department stores, Saks Fifth Avenue and Dillard's, the degree to which consumer marketing can have a measurable, positive impact on wool volumes is being tested. The two main instruments of this Integrated Marketing Campaign are:

- Target the end consumer to create the demand for wool

- "Influencing the influencers" – ensuring apparel products are available for retail sale and purchases are stimulated at store level.

The most important outcome so far presented at the Wool Forum in Xi'an is:

What have we learned so far.....

- Early on Results
- Quality Wool- *sidestepped it for now but it is still an industry issue!*
- Fine Wool : Fine Wine –Consumer Perception
- Association Strategy
- Retailers as Gatekeepers- Chequebook and Consumers
- Get the best out of old and new
- Staff Training
- Tool Kit
- Relationship Strategy
- 4 Cornerstones- Inventory, Innovation, Marketing Vehicles, Staff Training,

innovation



IWTO Xian Presentation, November 2006

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The Project Overview Movie can be downloaded from

www.channelzedit.com.8000
or www.channelzedit.com

username: extra
password: fine

The CD containing the movie can be also obtained from IWTO Head Office in Brussels.

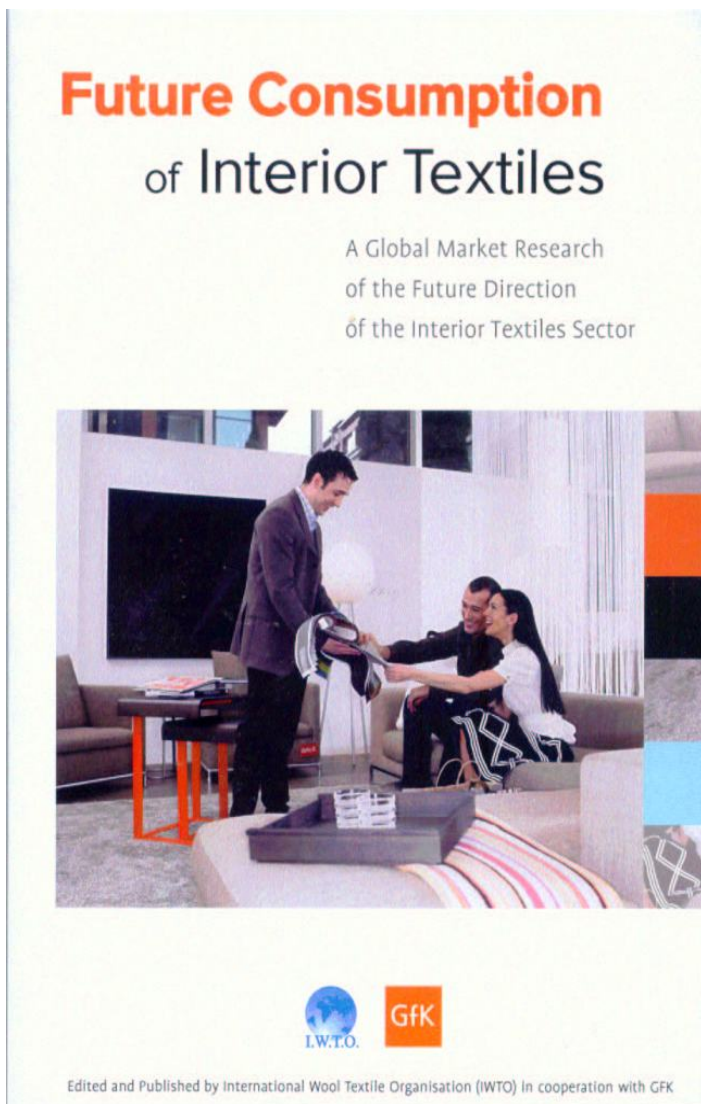


Publications

IWTO releases book

«Future Consumption of Interior Textiles»

Read the outcome of the Global market Research about the Future Direction of the Interior Textile Sector, executed by GfK Germany



The International Wool Textile Organisation provides you with this impressive and important market and consumer study conducted in the Interior Textiles sector within the textile and fashion industry. It has been executed by **GfK-Nuremberg**, the world's leading Research Company.

With expert opinions as well as consumer reactions from

around the world, the book is a reliable source for the future scenario of the entire Interior Textiles sector. Including research from the leading consumer countries (Australia, Belgium, China, France, Germany, India, Japan, the Netherlands, New Zealand, Russia, Turkey, UK and USA) as well as consumer reactions from the globally leading metropolitan areas (Berlin, Lon-

don, New York, Moscow, Paris, Shanghai and Tokyo), the study offers a widespread and detailed future scenario reflecting different cultures, habits and behaviours.

The study gives answers to the following questions:

What are the end consumers' current and future needs and wants with regard to interior textiles including the following sectors:

- Carpets
- Bedding
- Upholstery
- Hand knitting

What are the regional specifications/differences concerning end consumers' current and future needs and wants for interior textiles.

The study is covering the following topics:

Current situation/ development of the interior textiles sector

Purchase behaviour

- General description of the sector
- The purchase process

Product requirements

Status of fibre materials

- Wool
- Other fibres

Future prospects and recommendations

The book is now available directly from IWTO Head Office at the price of €98,--.

Events

IWTO 76th Annual Congress – Edinburgh, UK May 13-16, 2007



We would like to inform you that the online registration for the 76th IWTO Annual Congress will be open mid January 2007.

A Promotion DVD is available from IWTO Headoffice:
info@iwto.org



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IWTO is the international body representing the interests of the world's wool-textile trade and industry.

IWTO membership covers woolgrowers, traders, primary processors, spinners, weavers, garment makers and retailers of wool and allied fibres in its member-countries, as well as all kind of organizations related to wool products and the wool business in general.

IWTO offers you a perfect network & world wide platform for business contacts in the following sectors:

Apparel

Technical Textiles

Interior Textiles

WOOL
LIVE IT. LOVE IT!