

World Markets for Wool

FORECASTS TO 2000

Wool: a market set for recovery

Wool has been keeping populations warm for thousands of years. However, its value goes far beyond that of protecting people from the environment.

Wool accounts for only 5% of the world fibre market. But its importance in value terms is far greater. Today wool is perceived as a quality fibre commanding premium prices. For textile producers, garment makers and retailers, wool provides the opportunity of achieving higher added value.

Wool also continues to be in demand among consumers. It is associated with quality, durability and luxury. As a natural fibre, it benefits from the growing awareness of environmental issues and a desire for “healthy living” and “naturalness”.

Is recovery imminent?

Wool hit hard times in the late 1980s and early 1990s with the collapse of the Soviet Union and the near-disappearance from the market of China. Stocks soared, prices plummeted, and market confidence throughout the fibre-textile-apparel pipeline was destroyed.

Today supply and demand are in better balance and confidence in the market will grow. But major uncertainties remain. Australia has abolished its price support, leaving wool supply and prices increasingly determined by market forces.

How will China affect the market?

China is now the world's biggest wool consumer. Its textile and apparel industry is looking for ways of moving upmarket. But its buying patterns continue to be volatile. Will Chinese buying and growth patterns stabilise?

And what about Eastern Europe?

Before its collapse, the former Soviet Union was the world's third biggest wool consumer. However, demand has halved during the 1990s. Will consumption recover in the region before the year 2000?



And what will happen to prices?

Boom to bust, and back to boom again, has been a major problem for wool growers, textile processors, clothing makers and retailers. Can supply and demand be better regulated? What is the most likely scenario in 2000? Will wool prices go up or down?

World Markets for Wool: Forecasts to 2000

addresses these and other issues.

- The report examines recent economic and political developments in the world economy and predicts how these are likely to impact upon the **global wool economy**.
- The report assesses **wool's competitiveness** compared with man-made fibre substitutes.
- The report looks at the growing use of **quick response** by manufacturers and retailers, and assesses the likely impact of this strategy on wool's markets.
- The report contains authoritative forecasts for **wool production** in all the major wool producing countries and regions, including Argentina, Australia, Brazil, Chile, China, the CIS, India, New Zealand, Pakistan, Peru, South Africa, Turkey, the UK and Uruguay.
- Authoritative forecasts are also provided for **wool consumption** in Africa, Canada, China, the CIS, Eastern Europe and former Yugoslavia, Hong Kong, India, Indonesia, Iran, Iraq, Japan, Latin America, Malaysia, Mexico, Pakistan, the Philippines, South Korea, Taiwan, Thailand, the USA and Western Europe.



World Markets for Wool: Forecasts to 2000 will provide you with:

- **forecasts of wool prices** to the end of the decade;
- detailed **forecasts of production**, by region and country, to the year 2000;
- detailed **forecasts of demand**, by region and country, to the year 2000;
- data on trends in **consumer purchases** of carpets and apparel in Western Europe, Japan and the USA.

THE REPORT IS DIVIDED INTO 20 CHAPTERS:

- **Chapter 1** provides an **executive summary**.
- **Chapter 2** highlights the **key trends in the development of the world wool economy** over the last 35 years, charting the rise in wool production and consumption and movements in prices. It examines the importance of promotional organisations in the face of competition from man-made fibre producers, and the influence of policies in three major wool-producing countries - Australia, New Zealand and South Africa. It also traces developments in world demand, notably fluctuations in supply and prices. In addition, it examines developments in the world's leading wool textile industries and traces the growing world role of Asian countries - notably China.
- **Chapter 3** examines the **factors which affect wool production**, including sheep numbers, production costs and returns relative to cereal crops and cattle, and the impact of weather, disease, pests and yields. It looks at different wool classifications, and identifies the different types of wool grown in various parts of the world. Also, it tracks the advances in yields which are enabling more and better quality wools to be grown in different regions.
- **Chapter 4** looks at the **factors affecting wool demand**, notably income growth, population growth and inter-fibre competition. Consumer preferences, the report notes, can be a greater influence on wool's competitiveness than price.
- **Chapter 5** examines the **wool trading environment**, tracking the declining role played by the former Soviet Union and the spectacular rise of China. Just five countries satisfy 85% of the

world's demand for wool. Chapter 5 also assesses the **impact on wool markets of the end of the Multi-Fibre Arrangement (MFA)**. MFA quotas have restricted exports of textiles and clothing from developing countries for more than 20 years. Under the 1994 GATT agreement, quotas will be removed altogether by 2005.

● **Chapter 6** analyses **the EIU's economic and political forecasts to 2000 and assesses how these will impact on the world wool economy**. Major influences will be the phasing out of the Multi-Fibre Arrangement, described in Chapter 5, the agricultural and trade policies of China and Australia, and the implementation of the North American Free Trade Agreement (NAFTA) by Canada, Mexico and the USA.

● **Chapters 7-14** assess **the historical, current and future wool supply situation in each of the major producing countries**. Each chapter comments on the factors affecting future prospects - such as political decisions made in China. Forecasts are provided of the probable evolution of production, stocks and consumption by country and by region to the year 2000.

● **Chapters 15-19** examine **wool-fibre offtake in the principal consuming countries or groups of nations**. Forecasts for consumption to 2000 are presented in each case.

● **Chapter 20** assesses the **prospects for worldwide supply and demand under three scenarios**, each based on different assumptions about future world events. Forecasts are presented, for each scenario, of average **wool prices to the year 2000**, and the most probable scenario is identified.

THE AUTHORS

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of **World Markets for Cotton: Forecasts to 2000**, Special Report No 2640, published July 1995. In addition, he is a coproducer of two Textiles Intelligence Special Reports prepared by CIRFS: **World Markets for Spun Yarns: Forecasts to 2000**, Special Report No 2637, published May 1994; and **World Markets for Textured Yarns: Forecasts to 2000**, Special Report No 2639, published May 1995.

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