

# Media Statement

Monday August 19, 2019

## AWI confident in resilience of wool industry

Following last week's 9.7 per cent fall in the Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) Australian Wool Innovation (AWI) remains confident in the resilience of the wool industry and its ability to manage through price cycles and periods of market volatility.

AWI CEO Stuart McCullough said while the fall in price last week was dramatic, suggestions that AWI would advocate for any notion of market intervention was pre-emptive and not the role of the not-for-profit research, development and marketing company.

"Aggressive market intervention is not something AWI advocates for, however what we do advocate for is the consideration of a constructive industry discussion around market risk mitigation. This is a worthwhile conversation for the industry to engage in," Mr McCullough said.

"The industry has seen record prices in recent months and coming off these price heights make any reduction in the EMI appear dramatic. Woolgrowers have demonstrated great resilience in better and in worse times and it's important we remain confident during this period of market fluctuation. I am certain this cycle will again highlight woolgrower's and the industry's resilience.

"In 2014 AWI undertook the Wool Selling System Review, headed by Graeme Samuel, with submissions identifying the speed which wool is sold at market as a key risk and an issue for our industry. The outcome of this review was the development of a digital platform, which will have the capability to allow for the continuity of wool trading.

"It's important to acknowledge there are significant macro-economic factors, beyond the control of the industry, that have influenced the recent downward trend in the EMI - this price volatility is part of the market's cycle. What is also important during this period is to ensure due care is taken, to make certain woolgrowers are properly informed of factors influencing price and the price risk when selling and we hope this is being exercised with vigour.

"AWI's role is to work for our shareholders and levy payers, the woolgrowers of Australia, to increase demand and their long-term profitability and we will continue to focus on delivering results."

### About AWI

AWI is a not-for-profit company that invests in research and development (R&D), and marketing to increase the long-term profitability of Australian woolgrowers.

AWI is funded primarily through a wool levy paid by woolgrowers and a matching contribution from the Federal Government for eligible R&D activities that are capped at 0.5% of the value of gross national value of wool production.

### Ends

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