



Australian
MERINO
Exports Pty Ltd®

25 November 2020

Australian Merino Exports Pty Ltd (AME) is aware of statements being issued by the China Wool Industry Association (CWIA), China Wool Textile Association (CWTA) and Nanjing Wool Market (NJW) labelling Australian Merino Exports, “dishonest” and suggesting various measures be implemented to damage Australian Merino Exports’ business and commercial interests.

The statements have been made on the basis of one allegation made by one customer of Australian Merino Exports, namely Redsun Wool. The relationship between Australian Merino Exports and Redsun Wool dates back over 10 years and is not purely one of supplier and customer. Until recently, the owner of Redsun Wool also owned a share (via an off shore shell entity) in Australian Merino Exports.

It is Australian Merino Exports’ position that the steps being taken by Redsun Wool (apparently supported by CWIA, CWTA and NJW) are in direct retaliation to Australian Merino Exports rejecting Redsun Wool’s attempts earlier in the year to force Australian Merino Exports to enter into a new trading relationship that was against the commercial interests of Australian Merino Exports. To be clear, it is Australian Merino Exports’ position that at all times it has traded with Redsun Wool and all customers in accordance with ‘Green Book’ terms and conditions and was prepared to continue to do so with Redsun Wool. All transactions between Redsun Wool and Australian Merino Exports are in writing and transparent, including price.

Earlier this year, Redsun Wool sought to have Australian Merino Exports enter terms that were against the interests of Australian Merino Exports and inconsistent with the Green Book. Australian Merino Exports was entitled to and did reject that proposal. Australian Merino Exports understands Redsun Wool attempted this with a number of suppliers, driven by new executive management within Redsun Wool. The position reached an impasse and Australian Merino Exports decided to end the relationship with Redsun Wool and its owner.

The statements are false, defamatory and reckless. Neither CWIA, CWTA nor NJW have provided any documentary evidence to support the conclusion that Australian Merino Exports is dishonest. CWIA, CWTA and NJW are not Courts or Arbitrators. The suggestion that Australian Merino Exports has failed to cooperate with industry organizations is patently false. Australian Merino Exports has provided detailed correspondence to Wool Industries Australia and the Joint Working Group on Wool Between China and Australia directly addressing the Redsun Wool allegations and making it clear that it was prepared to

deal with Redsun Wool in the appropriate forums. Australian Merino Exports position has been acknowledged by the WIA.

The Green Book provides all participants with a set of rules that provides comfort when trading. A fundamental part is parties putting contracts in writing. The foundation of the Redsun Wool allegation is that there was some vague, unwritten, agreement that somehow existed, even though there were written agreements plainly in place. The written agreements were relied upon for the issuing of letters of credit by Redsun Wool. Australian Merino Exports has complied with the Green Book and at no time has Redsun Wool or anyone else made a specific allegation of how Australian Merino Exports is said to have breached any Green Book term. Australian Merino Exports is entitled to be treated in accordance with the Green Book. All participants should be concerned with how NJW, CWTA and CWIA have handled this situation.

Australian Merino Exports has always and will always respect our contractual obligations and remain committed to working closely with our supply chain partners to supply the highest quality wool products. Our high quality reliable deliveries have never been disputed.

Australian Merino Exports highly values the relationships with our processing supply chain customers and brand partners and as such are happy to discuss any concerns.

End.