



“Why are Trade Policy and Market Access issues important to AWI?”

Bob Quirk

Program Manager – Trade Development

Key Factors for AWI

- Trade barriers add unnecessary costs to the global wool textile pipeline which are ultimately reflected in prices paid for your wool
- Only Governments can remove trade barriers through formal trade negotiations.
- Must regularly update our knowledge of key processing and consumer markets.

Australian Wool Exports 2002/2003

Aus \$3.3 billion



China	39%
Italy	16%
Korea	7%
Taiwan	5%
India	5%
Total	72%

The Global Wool Textile Pipeline

- This is a complex international sequence of activities and processes in which wool passes through from the sheep's back to becoming a product on a retailer's shelf

Trade Barriers

- Australian tops to Italy – 2% import tariff
- Italian yarn to China – 11% import tariff
- Chinese finished garment to USA – 14%+ import tariff

- **At each stage a higher tariff is being applied to a higher valued product**

Wool Import Tariffs

	Australia	USA	Japan	EU	China
Greasy wool	free	free	free	free	1%
Wool top	free	3.4% +4.3c/kg*	free	2%	3%
Worsted yarn	5%	6.3%	3.1%	3.8%	11%
Worsted fabric	15%	26.1%	6.4%	8.5%	20%
Men's suits	25%	17.8% + 4.3c/kg	10.6%	12.2%	23.1%

* 4.3 c/kg = A special duty

A Success Story

- In March 2003 the Indian Government reduced its import tariffs on greasy and scoured wool from 15 to 5%. This represents a cost saving of \$18 million per annum based on exports for 2002/03

Working with Government and Industry

- Only Governments can make changes in trade policy through formal negotiations at the multilateral (World Trade Organisation), regional or bilateral level
- AWI has taken the lead role in consulting with other industry stakeholders on trade related issues to derive maximum benefit for woolgrowers and for industry

WTO Doha Round of Negotiations

- The WTO multilateral process is the only forum in which Australia can press to have tariffs on tops, yarn, fabric and finished products (known as industrial tariffs) reduced or removed. This is particularly important in circumstances where we are effectively an interested third party

Free Trade Agreements

- Regional and bilateral Free Trade Agreements already account for 50% of global trade in goods and services

China

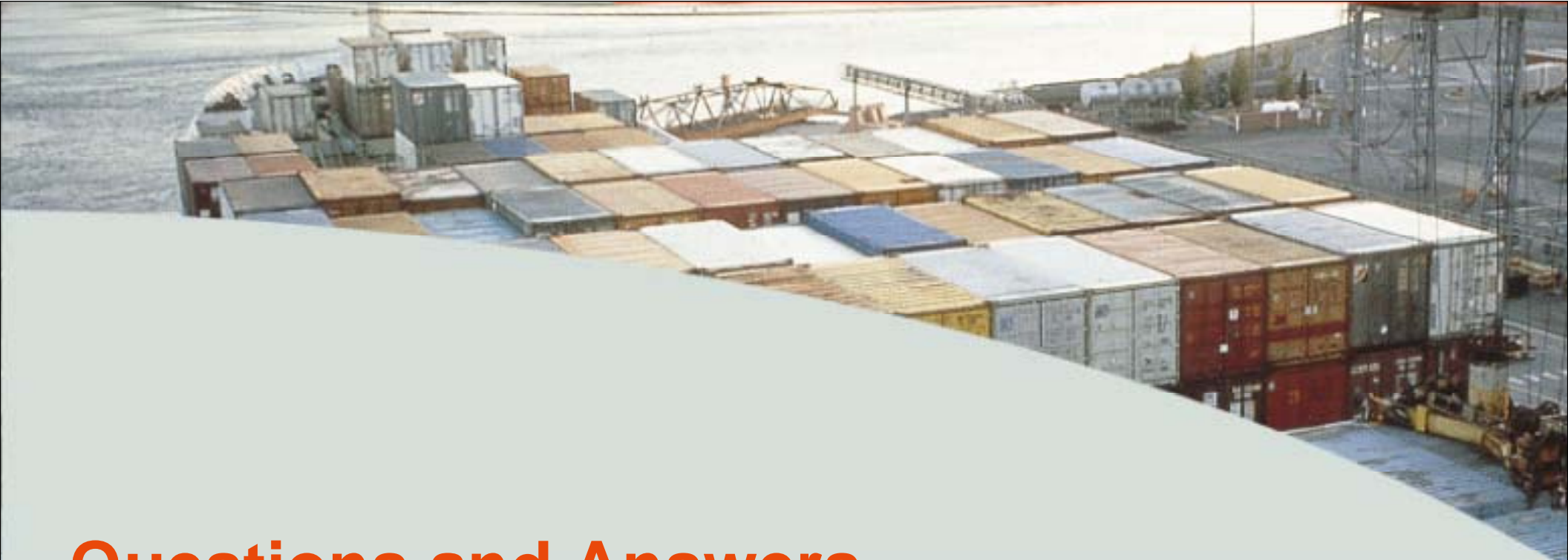
- Takes 40% of our annual wool exports. Worth \$1.3 billion in 2002/03
- Largest consumer market for wool products
- Major exporter of finished wool textile products to other consumer markets
- Further potential for growth, especially in China's domestic market

Keeping In Touch With Key Processing and Consumer Markets

- Four studies completed by consultants in 2002/03 covering Japan, India and two for Russia/CIS
- Further work planned for 2003/04 including China, Korea and Europe

Future Directions

- Continue our efforts to reduce and remove global trade barriers
- Further strengthen our working relationships with Government and industry on trade related issues
- Expand and update our understanding of key processing and consumer markets



Questions and Answers