A PROFILE OF THE SOUTH AFRICAN WOOL MARKET VALUE CHAIN

2012

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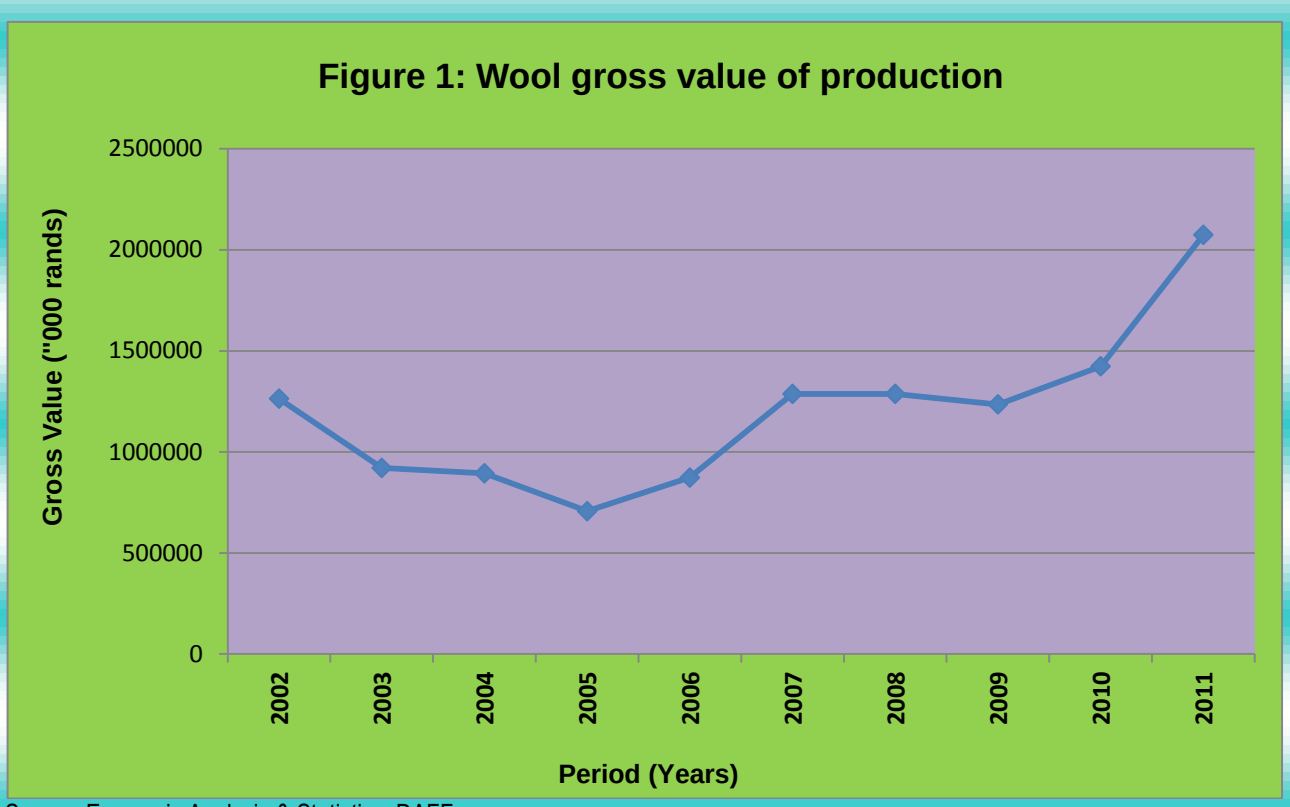
1. DESCRIPTION OF THE INDUSTRY

South Africa produces mainly apparel wool. The South African wool clip is predominantly a Merino clip but coarse and coloured types are also produced and marketed on a limited scale. Historically, wool produced in the neighbouring states of Namibia and Lesotho was considered part of South African production and has always been sold in South Africa. Wool is produced in most parts of South Africa under either extensive, semi extensive or intensive conditions. More than 50% of the clip is produced in two provinces, namely the Eastern Cape and the Free State provinces with Western Cape and Northern Cape provinces at 19% and 12% respectively during 2010 and 2011 period.

South African wool industry provides a high quality, environmentally-sound product which meets the needs of the textile industry. On-farm classing and clip preparation for greasy wool is of a high standard and is considered one of the many tangible assets of the industry. South African wool has, over the years, earned a reputation for uniformity, softness to the touch and other quality features. The gross value of production for wool is dependent on the quantity produced and prices received by producers. The trend in the gross value follows the pattern of prices, since the industry is characterized by volatile prices.



Source: Economic Analysis & Statistics, DAFF

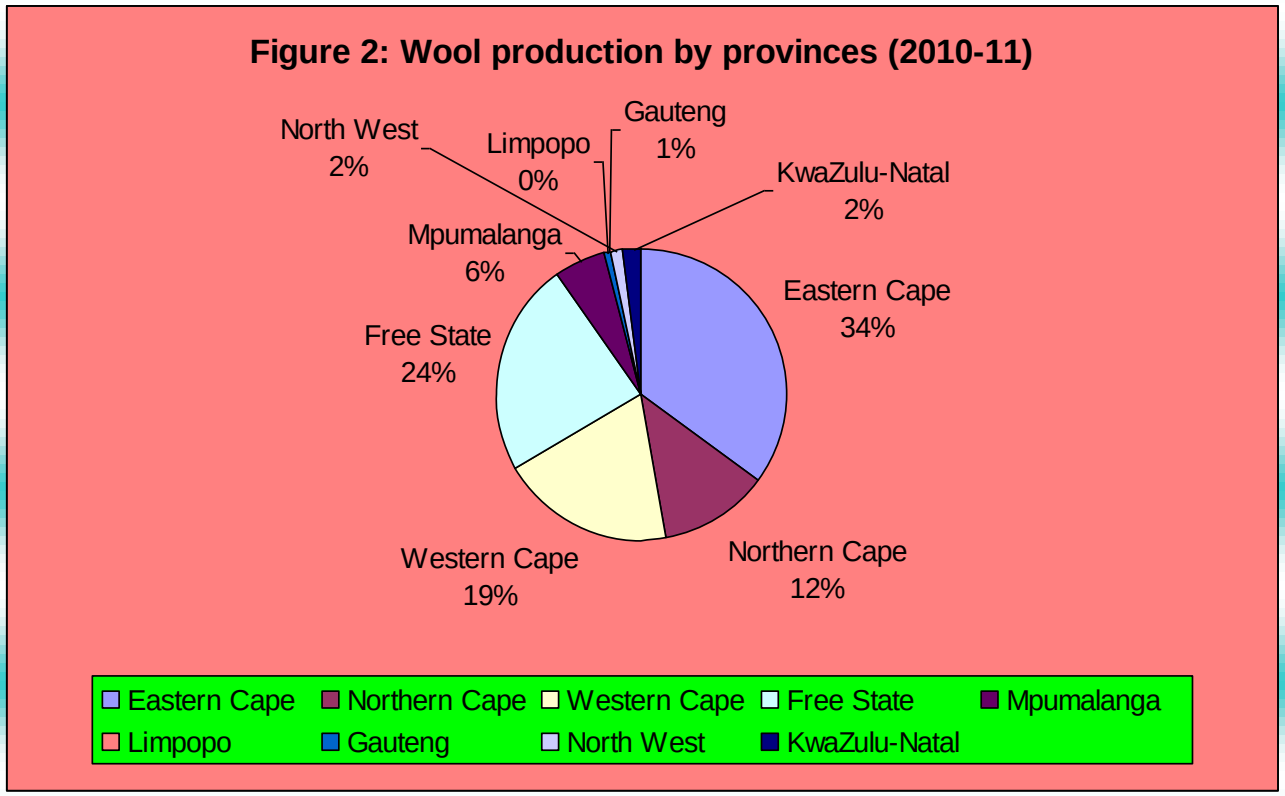
Figure 1 indicates gross value of wool production in South Africa between 2002 and 2011 marketing season. The figure further indicates that the gross value of wool production started to increase in 2002 and then decline between 2003 and 2005 to approximately R706 000. Between 2006 and 2007, gross value of wool production increased again to approximately R1.28 million. The figure also indicates that there was a slight decline in gross value of wool production in 2009 of about R1.23 million. In 2010, the figure further indicates that gross value of production slightly increased until a peak was attained in 2011 at a gross value of R2 million. There were fluctuations in gross value of wool production between 2003 and 2006 marketing season was due to fluctuations in the number of breeding stock available during that period.

The figure also indicates that there was a 45.7% increase in gross value of wool production in South Africa in 2011 compared to 2010.

1.1 PRODUCTION AREAS

Wool is produced throughout the country. The largest proportion of the South African wool clip is from harsh, low-rainfall areas (for example the Karoo) than in the higher rainfall areas of the coastal belt and the Highveld.

Figure 2: Wool production by provinces (2010-11)

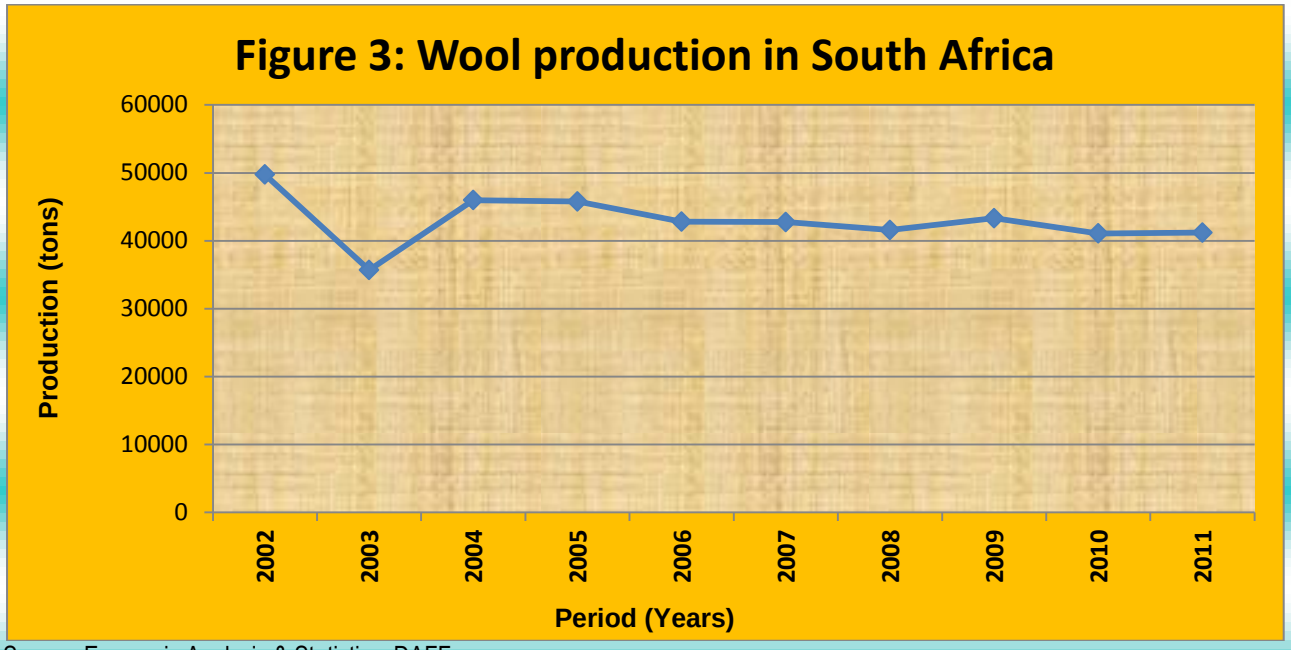


Source: Cape Wools

Figure 2 indicates that approximately 91% of the clip is produced in four provinces, namely the Eastern Cape, Western Cape, Free State and Northern Cape. Total production of wool in 2010/11 season was estimated at 40.7 million kg. Eastern Cape accounted for 34% of the clip followed by Free State with 24%, Western Cape with 19% and Northern Cape at 12%. Other producers are Mpumalanga with 6%, North West and KwaZulu-Natal with 2% respectively and Gauteng with 1%.

1.2 PRODUCTION TRENDS

The composition of wool sheep in South Africa is mainly Merino and Karakul. Around 74% of the total wool sheep is Merino sheep. The production season of wool is between August and June of the following year and each sheep is shorn twice during the production season.

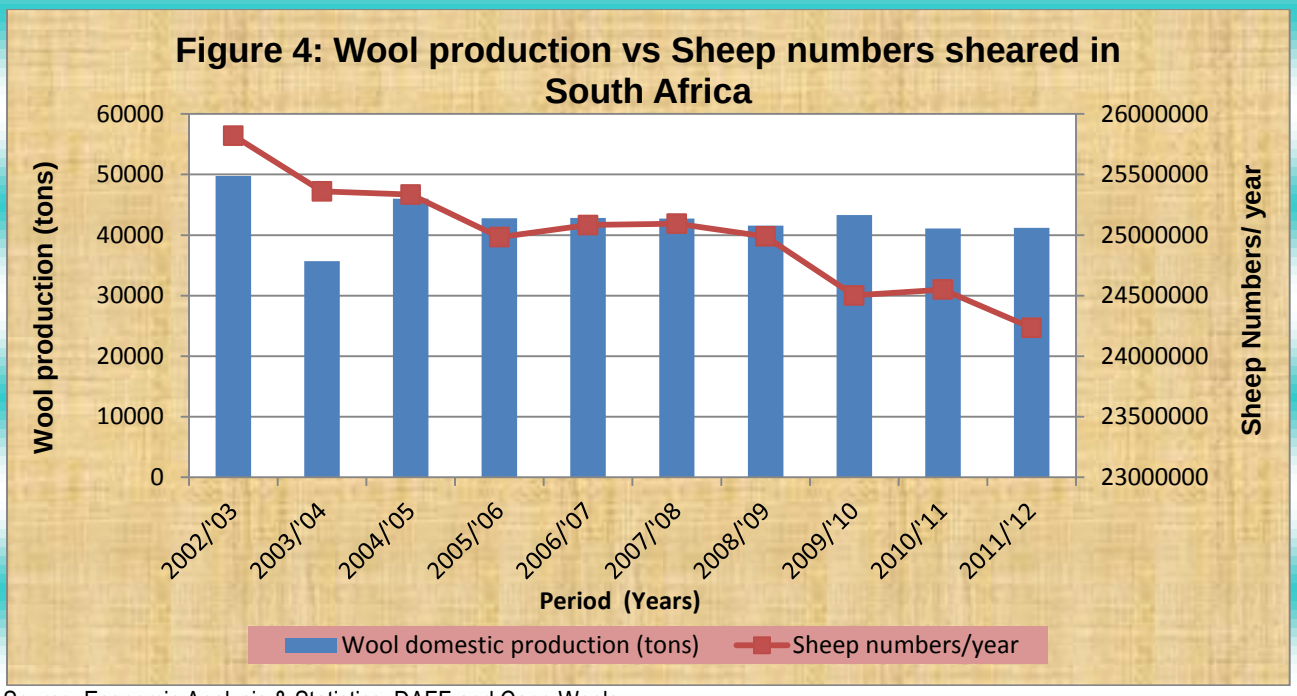


Source: Economic Analysis & Statistics, DAFF

Figure 3 depicts domestic production of wool in South Africa between 2002 and 2011. The graph further depicts that during the period under review, there were fewer fluctuations in terms of wool production in South Africa due to the fluctuations in the breeding stock within the country. The graph also depicts that wool production started to increase in 2002 and at the same time attained a peak at approximately 49 767 tons, while in 2003 wool production experienced the lowest levels of production at approximately 35 000 tons. Between 2005 and 2008, South Africa experienced a consistent decline in wool production until a slight increase was experienced in 2009 at approximately 43 000 tons. The figure also depicts that there was a 17.2% decline in wool production in South Africa in 2011 as compared to 2002.

1.3 LOCAL CONSUMPTION

The wool sent to processing is classified as Karakul, and Merino & Other. The wool returned from processing is classified as Scoured (karakul and Merino), Carbonizing, Top, Noil and Waste. Figure 4 illustrates the production and processing of wool in South Africa from 2002/03 to 2011/12.



Source: Economic Analysis & Statistics, DAFF and Cape Wools

Figure 4 shows wool production as against the number of sheep in South Africa between 2002/03 and 2011/12 marketing season. The graph further shows that during the period under review the number of sheep sheared experienced a continuous decline from 2003/04 until 2011/12 as compared to wool production. The graph also shows that in 2003/04, wool production was at the lowest at approximately 35 000 tons as compared to 25.3 of the sheep that were sheared during the same period, after which the industry experienced a relatively stable production of wool between 2004/05 and 2011/12 seasons. Between 2009/10 and 2011/12, the number of sheep sheared dropped dramatically but wool production still increased over the same period until the lowest level was attained in 2011/12 season at approximately 24.3 million sheep sheared.

The figure also shows that there was a 17.2% decline in wool production in South Africa in 2011/12 as compared to 2002/03. The figure further shows that there was a 6.1% decline in the number of sheep that were sheared in South Africa in 2011/12 as compared to 2002/03.

2. MARKET STRUCTURE

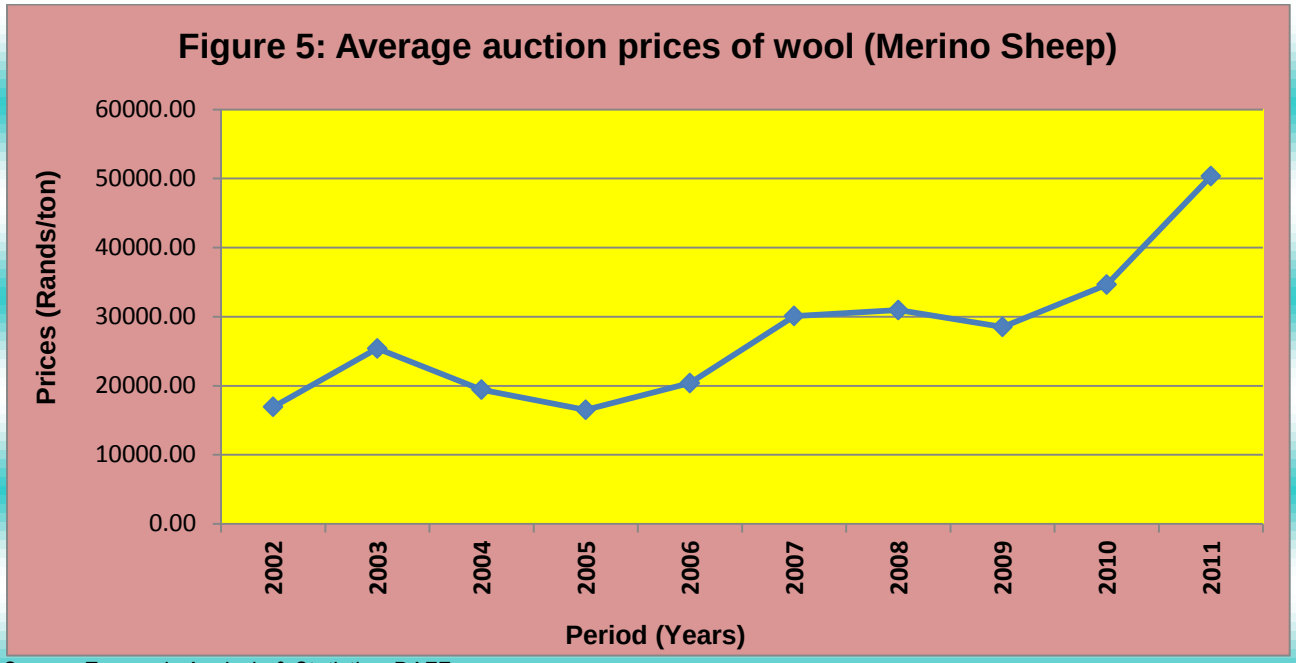
2.1. DOMESTIC MARKET AND PRICES

Wool is traded either through auctions or by private treaty, with the largest percentage of the national clip being sold through the auction system. Wool auctions, coordinated by the South African Wool Exchange, are centralized in Port Elizabeth and occur once a week during the wool-selling season, which runs from August of one year to June the next year. Even though centrally auctioned, wool producers can send their wool to one of three major ports closest to them, i.e. Port Elizabeth, Durban and Cape Town. Wool brokers facilitate sales of wool at the auction. The main wool brokers are Cape Mohair and Wool (CMW) and BKB Pty Ltd.

As an alternative to the wool auction system, wool producers can sell their wool directly to small wool buyers, who either organize smaller wool auctions or export wool directly. These smaller wool traders such as Van Lill Wool Buyers, Saunders and Lanata also sell wool on a separate organized auction, normally held on the same day and venue as the main auction organized by Cape Wools.

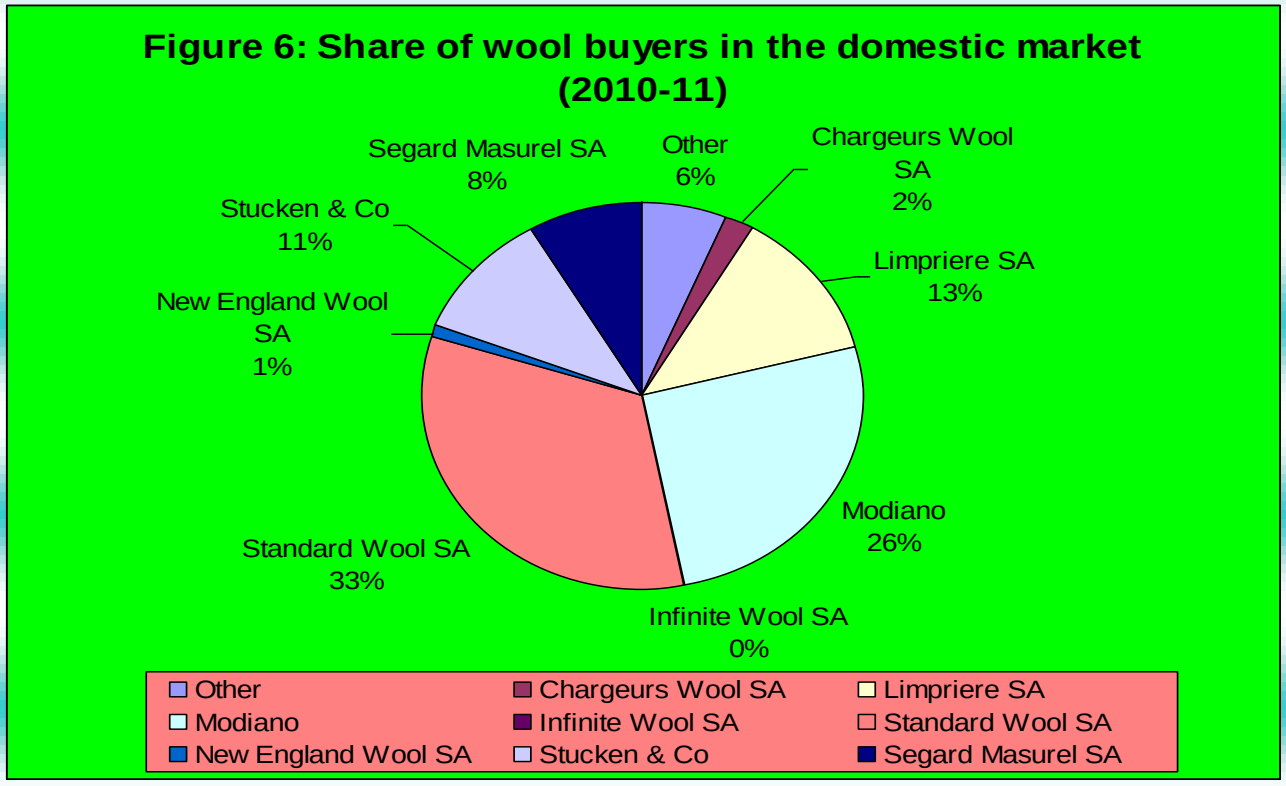
There are nine major wool buyers in South Africa, i.e.: G. Modiano, SA Wool Exporters, Stucken & Co., Segard Masurel SA, Chargeurs Wool SA, ADF and Fibres International. ADF and G Modiano specialize in the export of greasy wool, whereas the rest export greasy as well as semi-processed wool (Cape Wools SA).

Prices paid for wool is determined by free market demand and supply forces and are closely linked to the international price for apparel wool, which is determined by the Australian market. Cape wools (greasy or semi-processed) are shipped across the world, with the majority of clients based in Europe and in the Far East.



Source: Economic Analysis & Statistics, DAFF

Figure 5 depicts average auction prices of wool in South Africa between 2002 and 2011. The figure further depicts that in 2002, average auction prices of wool started to increase until 2003, where prices ranged between R16 944.45 and R25 388.35 per ton. The graph also depicts that from 2004 to 2005, there was a decline in average auction prices of wool of approximately R16 000 and R19 000 per ton. In 2006, average auction prices of wool started to increase until a slight decline was experienced in 2009 at about 28 000 per ton. In 2010, auction prices of wool saw an increase of approximately R34 000 per ton until a peak was attained in 2011 at approximately R50 350.92 per ton. The graph also indicates that there were greater fluctuations in terms of the average auction prices of wool during the period under examination. The increase in average auction prices of wool in South Africa in 2011 represents an upswing of 45.3% as compared to 2010.



Source: Cape Wools

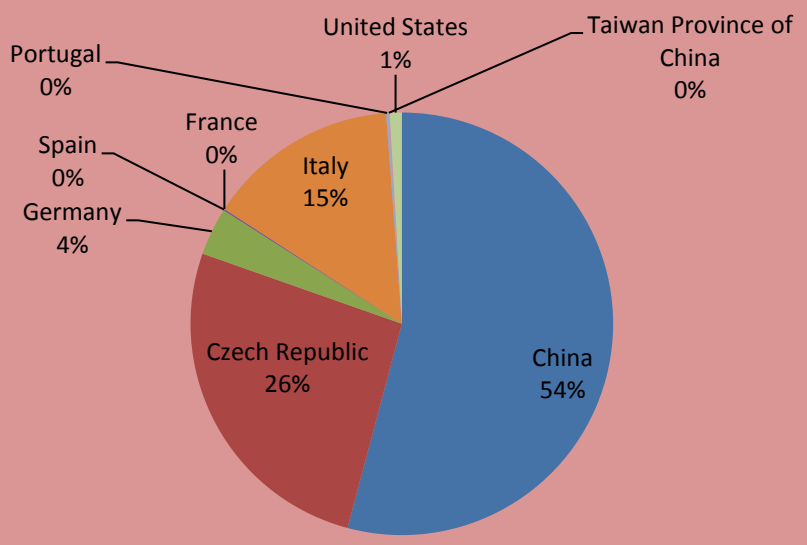
Figure 6 illustrates the share of wool buyers in the domestic market between 2010 and 2011 season. Local sales were dominated by Standard Wool SA at 33% of the purchases followed by Modiano at 26%, Lempriere SA at 13%, Stucken & Company at 11% and Segard Masurel SA at 8%. The pie chart also illustrates that the other wool buyers were sitting between 0% and 6% share during the period under review.

3. EXPORTS OF WOOL

The largest part of the South African wool clip is marketed overseas through members of the South African Wool and Mohair Buyers Association (SAWAMBA). Only registered members of SAWAMBA are allowed to bid at auctions held under the auspices of the South African Wool Exchange. Approximately 60-70% of South Africa's annual wool production is semi-processed in SA before exportation, while the balance is exported as greasy wool.

Wool plays an important economic role as an earner of foreign exchange for South Africa. As an export product, more than 90% of the total production is exported either as greasy wool or in semi-processed form as scoured and wool top. Figure 7 illustrates the main export destination of South African wool during the 2011 season. During 2011 period, South Africa exported approximately 42 075 tons of wool (not carded or combed) to different regions of the world.

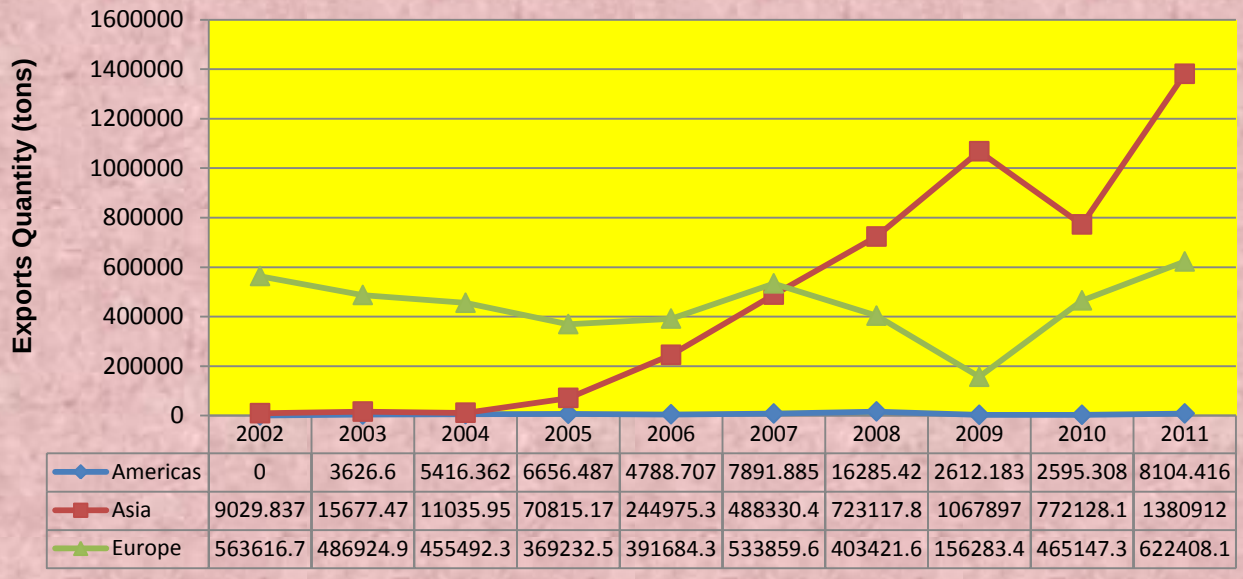
Figure 7: Exports destinations for South African wool (2011)



Source of data: Quantec Easydata

Figure 7 shows export destinations for South African wool during the 2011 period. The chart further shows that the biggest export market for South African wool was China accounting for 54% share, followed by Czech Republic at 26%, Italy at 15% and Germany at 4%. China and Czech Republic imports mainly grease wool while Italy imports wool tops. Germany, United States of America, Spain, France and Taiwan Province of China were the smallest markets for South African wool during the period under examination

Figure 8: Exports volumes of wool (not carded or combed) to various rgions



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Americas	0	3626.6	5416.362	6656.487	4788.707	7891.885	16285.42	2612.183	2595.308	8104.416
Asia	9029.837	15677.47	11035.95	70815.17	244975.3	488330.4	723117.8	1067897	772128.1	1380912
Europe	563616.7	486924.9	455492.3	369232.5	391684.3	533859.6	403421.6	156283.4	465147.3	622408.1

Source of data: Quantec Easydata

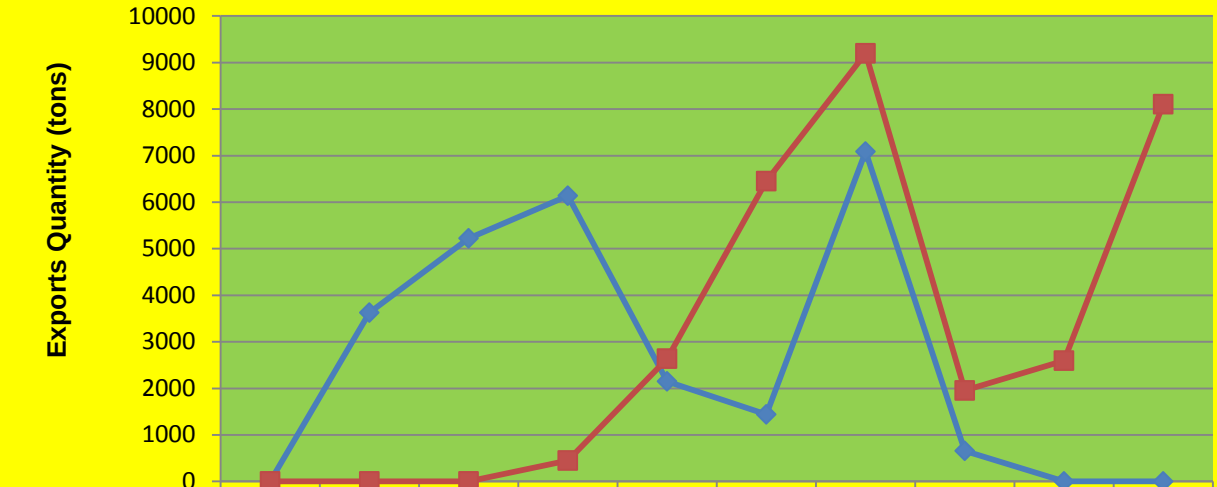
Figure 8 indicates exports volumes of wool (not carded or combed) from South Africa to various regions of the world between 2002 and 2011 period. The graph further indicates that between 2002 and 2006, Europe was the biggest export market for South Africa wool. The graph also indicates that between 2008 and 2010, Asia was the biggest export market for South Africa wool. The figure also indicates that wool exports from South Africa to Europe attained a peak in 2011 at an export volume of about 600 000 tons, while those wool exports to Asia attained a peak also in 2011 at an export volume of about 1.4 million tons. Between 2002 and 2010, South Africa exported very low levels of wool, not carded or combed to Asia and Europe.

The figure also indicates that there was a 56.9% increase in exports of wool from South Africa to Europe in 2011 as compared to 2010. There was also a 56.1% decline in exports of wool from South Africa to Asia in 2011 as compared to 2010.

Figure 9 below shows exports volumes of wool (not carded or combed) from South Africa to Americas between 2002 and 2011 period. The graph further shows that the biggest export market for South African wool was NAFTA, followed by South America. The figure also shows that exports of wool from South Africa to NAFTA started to increase in 2005 at about 449.48 tons, until a surge was experienced between 2006 and 2007. The figure further shows that exports of wool from South Africa to NAFTA attained a peak in 2008 and 2011 at approximately 9198.26 and 8104 tons respectively. The figure also shows that exports of wool from South Africa to South America started to increase in 2003, with a continuous increase in 2004 and 2005. Between 2006 and 2007, exports of wool from South Africa to South America saw a dramatic decline of about 1440.17 in 2007. The figure further shows that exports of wool from South Africa to South America attained a peak in 2005 and 2008 at approximately 1638.29 and 7087.15 tons respectively. The figure also shows that there were no exports of wool from South Africa to NAFTA between 2002 and 2004, there were no exports of wool from South Africa to NAFTA, while in 2002 and again between 2010 and 2011 there were no exports of wool from South Africa to South America.

There was a 212.27% increase in exports of wool from South Africa to NAFTA in 2011 as compared to 2010, while there was a 100% decline in exports of wool from South Africa to South America in 2011 as compared to 2009.

Figure 9: Exports volumes of wool (not carded or combed) to Americas

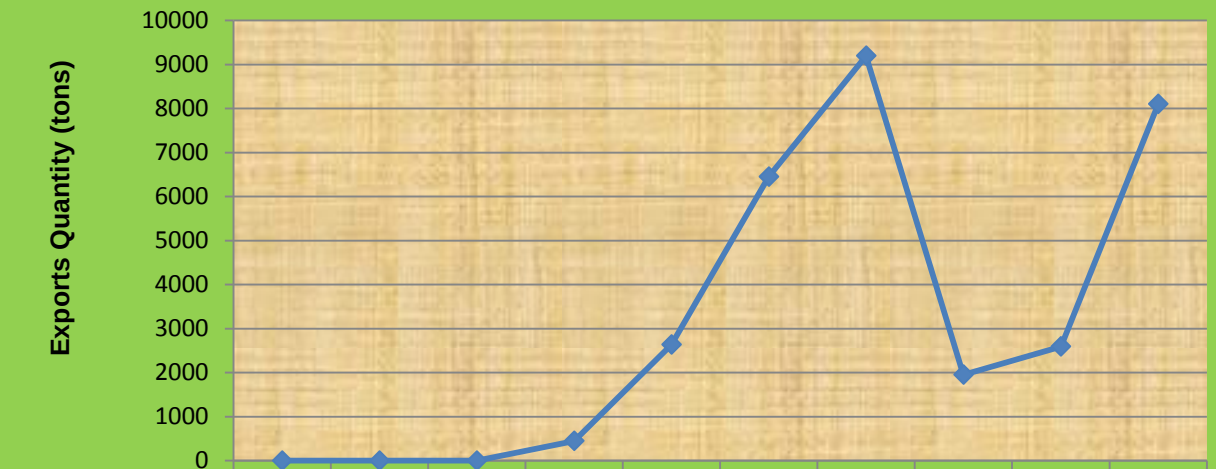


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
South America	0	3626.6	5223.706	6138.286	2150.414	1440.167	7087.154	657.567	0	0
NAFTA	0	0	0	449.477	2638.293	6451.718	9198.263	1954.616	2595.308	8104.416

Period (Years)

Source of data: Quantec Easydata

Figure 10: Exports volumes of wool (not carded or combed) to NAFTA



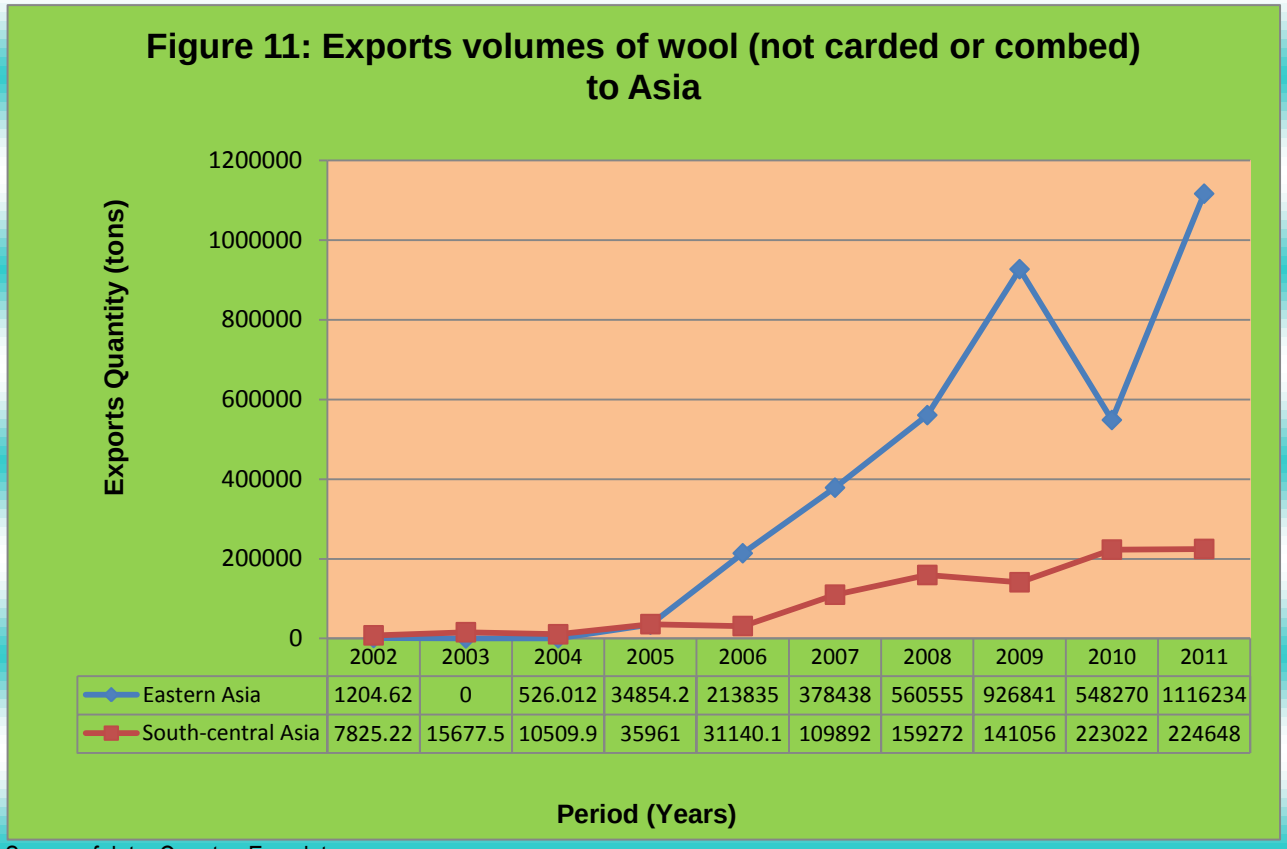
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
United States	0	0	0	449.477	2638.29	6451.72	9198.26	1954.62	2595.31	8104.42

Period (Years)

Source of data: Quantec Easydata

Figure 10 indicates exports volumes of wool (not carded or combed) from South Africa to NAFTA between 2002 and 2011 period. Over the past decade, the graph further indicates that the biggest export market for South African wool in NAFTA was United States. The figure also indicates that exports of wool from South Africa to United States started to increase in 2005 with a surge between 2006 and 2007 at approximately 6451 tons in 2007. The figure further indicates that exports of wool from South Africa to United States attained a peak in 2008 AND 2011 at approximately 9198.30 and 8104.40 tons respectively. The figure also indicates

that there were no exports of wool from South Africa to United States between 2002 and 2004 of the period under examination. The figure also indicates that between 2009 and 2010, there was a decline in exports of wool from South Africa to United States by 370.70% and 71.8% respectively as compared to 2008. The figure also indicates that there was a 212.29% decline in exports of wool from South Africa to United States in 2011 as compared to 2010.

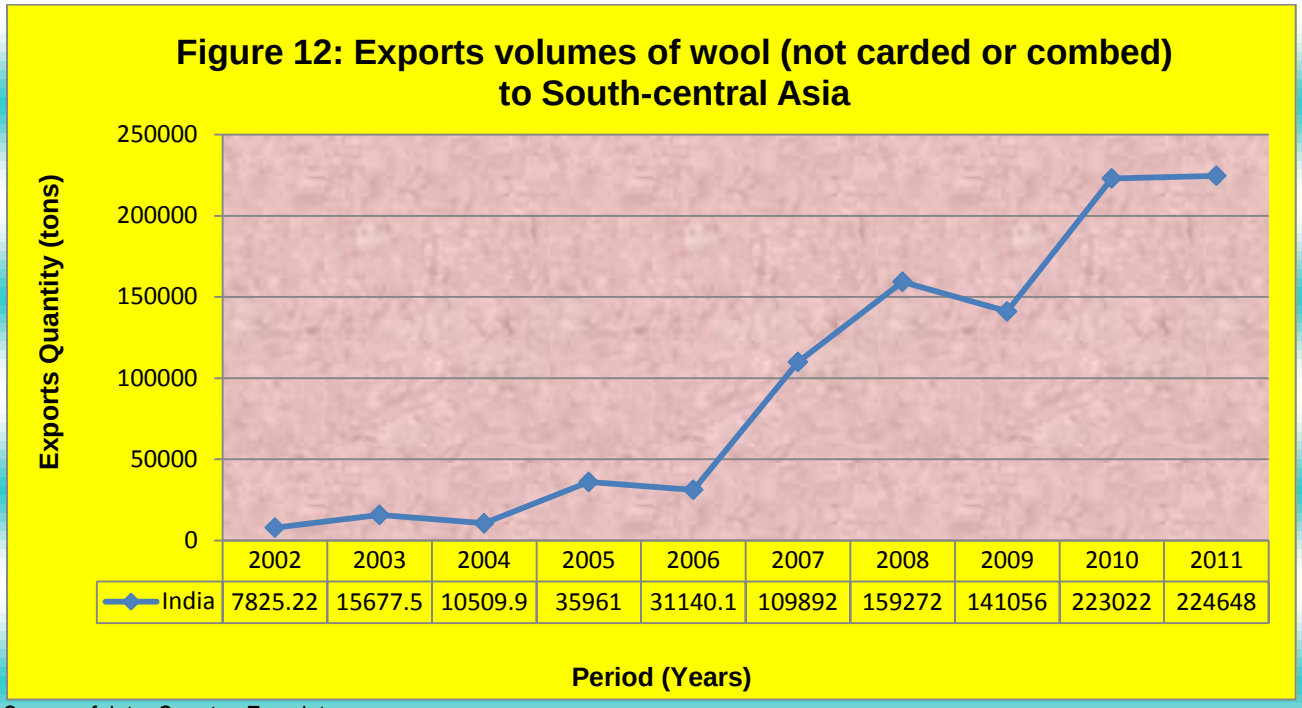


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Eastern Asia	1204.62	0	526.012	34854.2	213835	378438	560555	926841	548270	1116234
South-central Asia	7825.22	15677.5	10509.9	35961	31140.1	109892	159272	141056	223022	224648

Source of data: Quantec Easydata

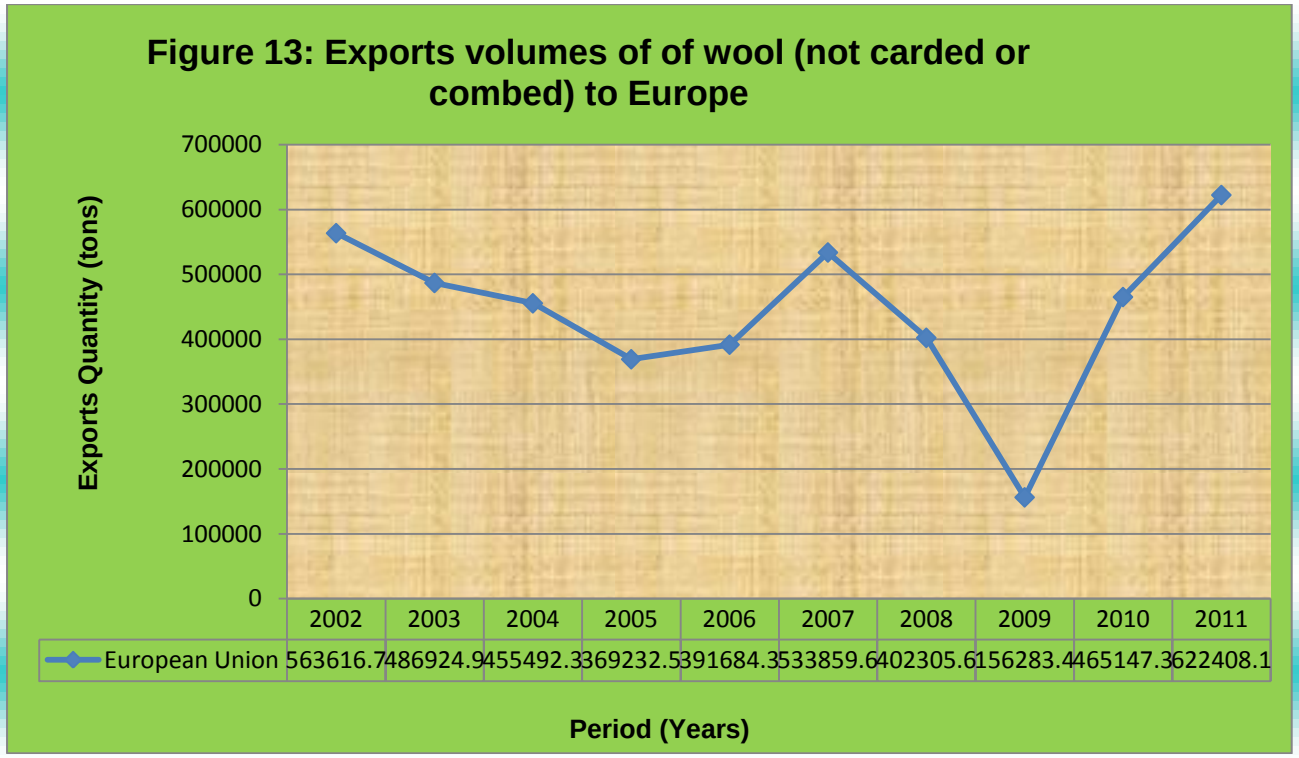
Figure 11 depicts exports volumes of wool (not carded or combed) from South Africa to Asia between 2002 and 2011 period. The figure further depicts that the biggest export market for South African wool during the period under review was Eastern Asia followed by South-central Asia. The figure also depicts that exports of wool from South Africa to Eastern Asia started to increase in 2005 at about 34 854 tons during the period under scrutiny. The figure further depicts that exports of wool from South Africa to Eastern Asia saw a surge until a peak was attained in 2009 and 2011 at approximately 92 000 and 111 000 tons respectively. The figure also depicts that exports of wool from South Africa to South-central Asia started to increase in 2002, with a slight increase in 2003 and a decline in 2004 at approximately 10 509 tons. In 2005, exports of wool from South Africa to South-central Asia slightly increased until a decline was experienced in 2006 of about 31 140 tons. The figure further depicts that between 2007 and 2008, exports of wool from South Africa to South-central Asia saw an increase of about 159 000 tons in 2008, until another decline was experienced in 2009 at about 141 000 tons. The figure also depicts that exports of wool from South Africa to Eastern Asia attained a peak in 2010 and 2011 at approximately 223 000 and 224 000 tons respectively. The figure also depicts that 2003, there were no wool exports from South Africa to South-eastern Asia.

The figure also depicts that there was 103.60% increase in exports of wool from South Africa to Eastern Asia in 2010 as compared to 2010, while there was a 0.73% increase in exports of wool from South Africa to South-central Asia in 2011 as compared to 2010.



Source of data: Quantec Easydata

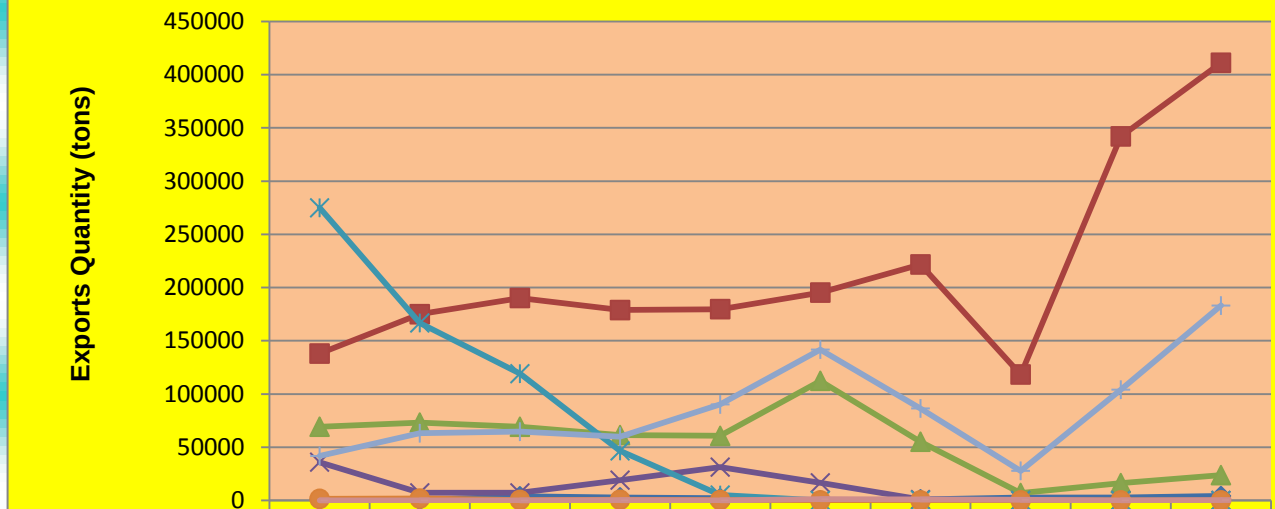
Figure 12 indicates exports volumes of wool (not carded or combed) from South Africa to South-Central Asia between 2002 and 2011 period. The graph further indicates that the biggest export market for South African wool in South-central Asia was India. The figure also indicates that in 2002, exports of wool from South Africa to India started to increase, with a further increase in 2003 of about 15 677 tons. In 2004, exports of wool from South Africa to India saw a decline of about 10 509 tons until an increase was experienced again in 2005. The graph further indicates there was a consistent increase in exports of wool from South Africa to India between 2007 and 2008 at quantities of approximately 109 000 and 159 000 tons respectively. Exports of wool from South Africa to India attained a peak in 2010 and 2011 at export volumes of approximately 223 000 and 224 000 tons. The figure also indicates that there was a 0.73% increase in exports of wool from South Africa to India in 2011 as compared to 2010.



Source of data: Quantec Easydata

Figure 13 shows export volumes of wool (not carded or combed) from South Africa to Europe between 2002 and 2011. The figure further shows that over the past decade, the biggest export market for South African wool in Europe was European Union. The graph also shows that exports of wool from South Africa to the European Union started to increase in 2002 and during the same period attained a peak at an export volume of approximately 563 616 tons. The figure further shows that between 2003 and 2005, there was a consistent decline in exports of wool from South Africa to European Union at approximately 369 232 tons in 2005. In 2006, there was a slight increase in exports of wool from South Africa to the European Union of about 391 684 tons, until a second peak was attained in 2007 at approximately 533 860. Between 2008 and 2009, there was a sharp decline in exports of wool from South Africa to the European Union to lower levels of approximately 156 283 tons. The graph also shows that in 2010, there was a sharp increase and surge in wool exports from South Africa to the European Union of approximately 465 147 tons until a third peak was attained in 2011 at about 622 408 tons. The graph further shows that in 2011, there was a 33.8% increase in exports of wool from South Africa to the European Union as compared to 2010.

Figure 14; Exports volumes of wool (not carded or combed) to European Union



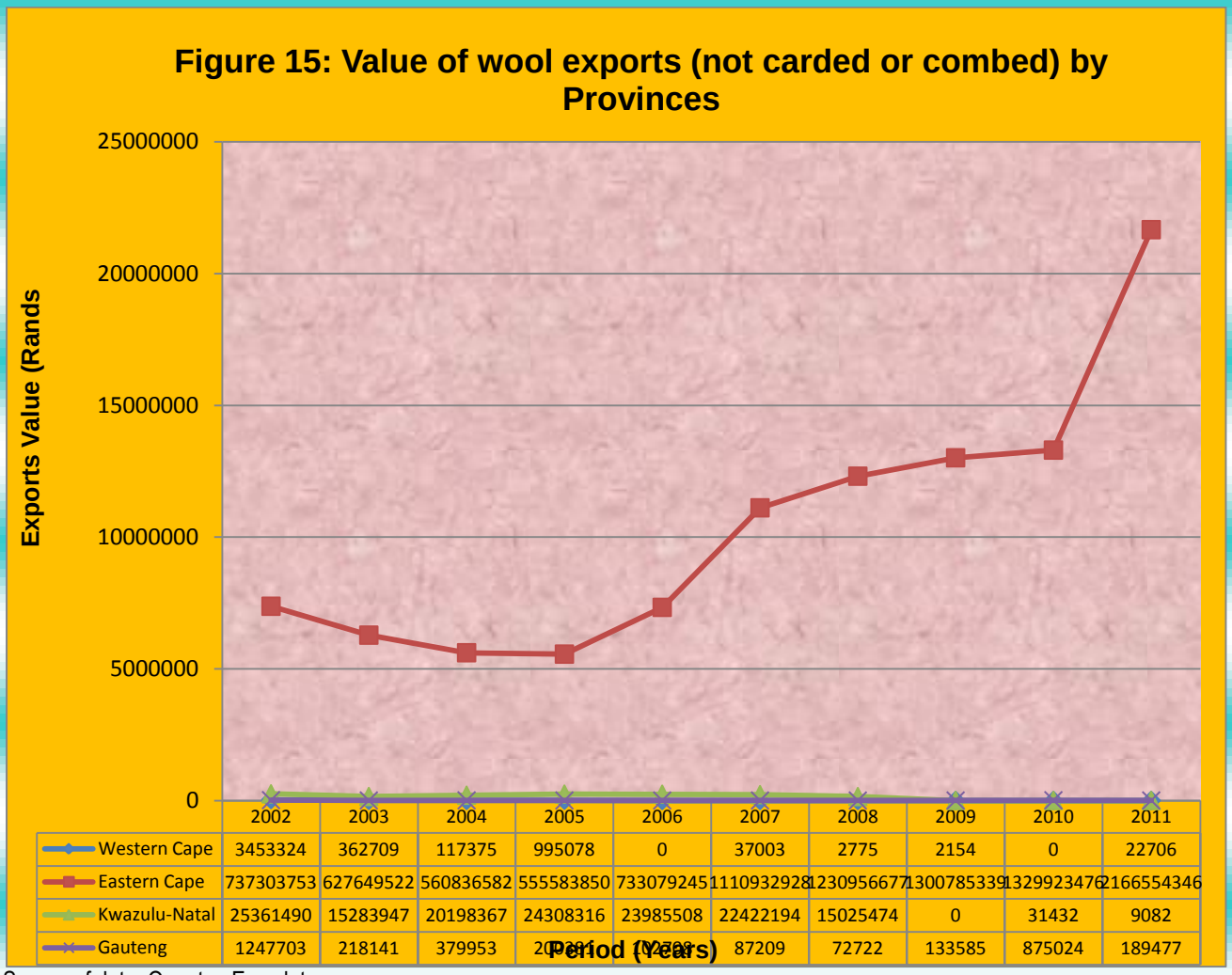
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Belgium	862.271	245.621	3842.101	2847.027	1990.955	0	1055.357	2586.039	2782.804	4084.479
Czech Republic	137961.2	174941.33	190171.43	178824.46	179708.07	195249.61	221678.76	118327.56	341988.31	411169.64
Germany	69229.91	73128.541	69217.692	61394.291	60673.059	112340.3	55134.03	6989.57	16256.249	23757.255
Spain	35932.961	7101.017	7088.822	19048.037	31274.32	16532.355	849.637	0	0	0
France	274878.89	166704.36	119065.01	46504.556	5038.405	0	316.258	0	0	0
United Kingdom	1479.786	1698.76	444.919	628.047	340.724	0	0	0	0	0
Italy	41711.404	63105.24	64579.765	59815.578	90176.331	141697.51	86402.017	27794.232	104030.15	183046.37
Portugal	0	0	0	170.467	88.225	1100.436	910.985	585.999	89.828	350.326

Period (Years)

Source of data: Quantec Easydata

Figure 14 illustrates exports volumes of wool (not carded or combed) from South Africa to the European Union between 2002 and 2011 period. The figure further illustrates that the biggest export markets for South African wool during the period under review was Czech Republic followed by France, Italy and Germany. The figure also illustrates that exports of wool from South Africa to the Czech Republic attained a peak in 2011 at approximately 411 169 tons, while exports of wool from South Africa to the France attained a peak in 2002 at approximately 274 878 tons. The figure further illustrates that exports of wool from South Africa to Italy attained a peak in 2011 at approximately 183 046 tons. The figure also illustrates that between 2009 and 2011 of the period under review, there were no exports of wool from South Africa to Spain, France and United

Kingdom. The figure also illustrates that there was a 20.2% increase in exports of wool from South Africa to Czech Republic in 2011 as compared to 2010.



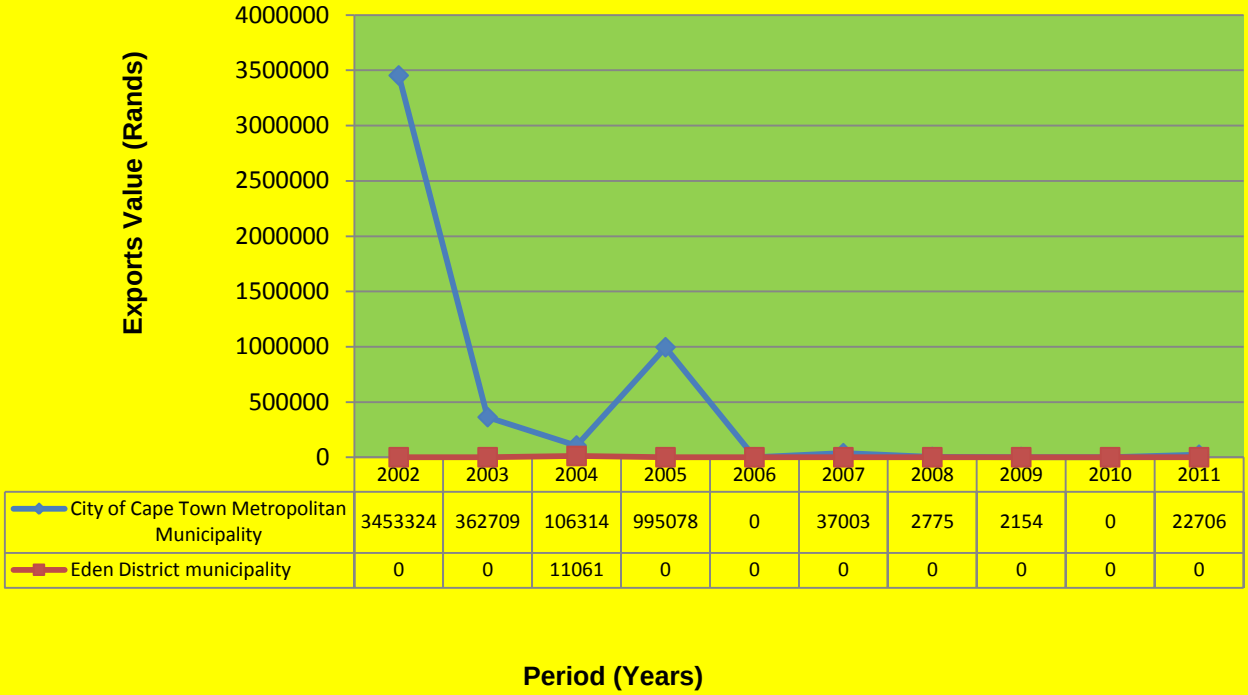
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Western Cape	3453324	362709	117375	995078	0	37003	2775	2154	0	22706
Eastern Cape	737303753	627649522	560836582	555583850	733079245	1110932928	1230956677	1300785339	1329923476	2166554346
Kwazulu-Natal	25361490	15283947	20198367	24308316	23985508	22422194	15025474	0	31432	9082
Gauteng	1247703	218141	379953	[illegible]	[illegible]	87209	72722	133585	875024	189477

Source of data: Quantec Easydata

Figure 15 depicts exports values of wool (not carded or combed) by provinces of South Africa to the world between 2002 and 2011 period. During the period under scrutiny, the figure further depicts that the biggest supplier of wool from South Africa to the world was Eastern Cape Province with no competition from the other eight provinces. The graph also depicts that exports of wool from the Eastern Cape Province started to increase in 2002, and then a decline occurred between 2003 to 2005. Between 2006 and 2010, there was a consistent increase in exports of wool from the Eastern Cape Province to the world until a surge and a peak was attained in 2011 at an export value of R2.2 billion. The graph also depicts that over the past ten years, KwaZulu-Natal, Gauteng and Western Cape provinces were not major producers and exporters of wool from South Africa to the world.

The figure also depicts that there was a 62.9% increase in exports value of wool from Eastern Cape to the world in 2011 as compared to 2010.

Figure 16: Value of wool exports (not carded or combed) by Western Cape Province



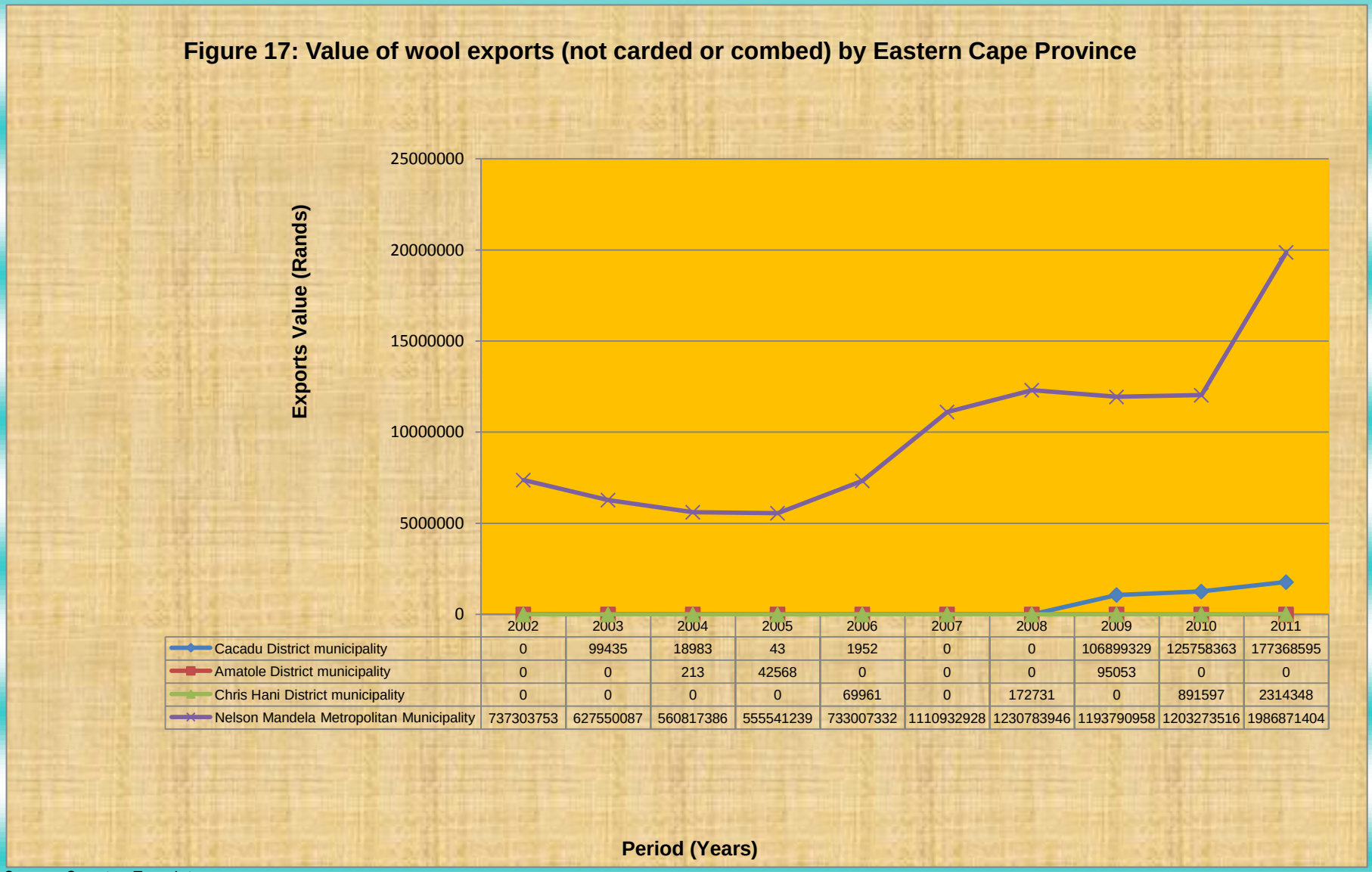
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Cape Town Metropolitan Municipality	3453324	362709	106314	995078	0	37003	2775	2154	0	22706
Eden District municipality	0	0	11061	0	0	0	0	0	0	0

Source of data: Quantec Easydata

Figure 16 illustrates exports values of wool (not carded or combed) by the Western Cape Province between 2002 and 2011 period. The graph further illustrates that over the past decade, exports of wool from Western Cape Province to the world were mainly from the City of Cape Town Metro, followed by very low exports values from Eden District. The graph also illustrates that exports of wool from the City of Cape Town Metro started to increase in 2002 and during the same period attained a peak at approximately R3.4 million. Wool exports from Eden District attained a peak in 2004 at an export value of approximately R11 061. The figure also illustrates that in 2006 and again in 2010, there were no exports of wool from Eden District of the Western Cape Province to the world. Between 2003 and 2011 of the period under scrutiny, exports values of wool from the City of Cape Town Metro to the world were not more than R1 million.

There was a 100% decline in exports value of wool from the City of Cape Town Metro to the world in 2011 as compared to 2010.

Figure 17: Value of wool exports (not carded or combed) by Eastern Cape Province



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cacadu District municipality	0	99435	18983	43	1952	0	0	106899329	125758363	177368595
Amatole District municipality	0	0	213	42568	0	0	0	95053	0	0
Chris Hani District municipality	0	0	0	0	69961	0	172731	0	891597	2314348
Nelson Mandela Metropolitan Municipality	737303753	627550087	560817386	555541239	733007332	1110932928	1230783946	1193790958	1203273516	1986871404

Source: Quantec Easydata

Figure 17 shows exports values of wool (not carded or combed) by the Eastern Cape Province to the world between 2002 and 2011 period. The graph further shows that Nelson Mandela Metro was the biggest exporter of wool from the Eastern Cape Province to the world during the period under review. Cacadu, Amathole and Chris Hani Districts experienced very low export values of wool during the period under review. The figure also shows that exports of wool from Nelson Mandela Metro started to increase in 2002, and then a decline occurred between 2003 and 2005 to lower levels of below R5.5 million. From 2006 to 2008, there was a consistent increase in exports values of wool from the Nelson Mandela Metro to the world, until a slight decline occurred in 2009 at approximately R11.9 million. In 2010, exports values of wool from the Nelson Mandela Metro to the world experienced a slight increase of about R 12 million, until a peak was attained in 2011 at approximately R19.8 million. The graph also depicts that over the past decade, Nelson Mandela Metro was the major exporter and nearest exit point of wool (not carded or combed) from South Africa to the world.

The figure also shows that there was a 65.1% increase in exports value of wool (not carded or combed) from Nelson Mandela Metro to the world in 2011 as compared to 2010.

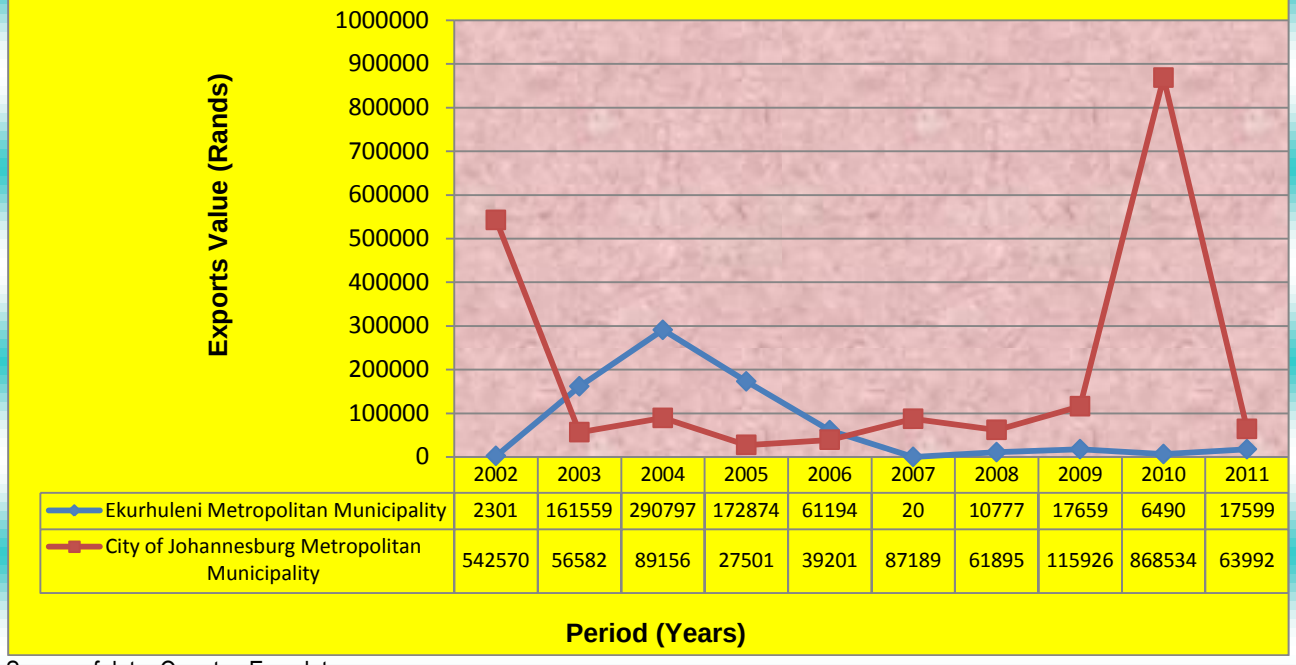
Figure 18: value of wool exports (not carded or combed) by KwaZulu-Natal Province

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Uthukela District municipality	0	0	0	22641	0	0	0	0	13072	0
eThekwini Metropolitan Municipality	25361490	15283947	20198367	24285675	23985508	22422194	15025474	0	18360	9082

Source of data: Quantec Easydata

Figure 18 depicts exports values of wool (not carded or combed) from South Africa by the KwaZulu-Natal Province between 2002 and 2011 period. The graph further depicts that exports of wool from KwaZulu-Natal Province to the world were mainly from eThekwini Metro during the period under review. Exports of wool from eThekwini Metro started to increase in 2002, and during the same period attained a peak at approximately R25.3 million. In 2003, exports of wool declined dramatically and then a sharp increase was experienced in 2004, until a second peak was attained in 2005 at approximately R24.3 million. The figure also depicts that between 2006 and 2010, there was a consistent decline in exports of wool from eThekwini Metro to the world. Between 2002 and 2004 and again between 2006 and 2009, there were no exports of wool from Uthukela district of KwaZulu-Natal Province to the world. There was a 50.5% decrease in exports value of wool from eThekwini Metro to the world in 2011 as compared to 2010.

Figure 19: Value of wool exports (not carded or combed) by Gauteng Province



Source of data: Quantec Easydata

Figure 19 indicates exports values of wool (not carded or combed) from South Africa by Gauteng Province between 2002 and 2011 period. The graph further indicates that the City of Johannesburg Metro played a major role in the export of wool in Gauteng during the period under review, followed by Ekurhuleni Metro. The graph also indicates that exports of wool from the City of Johannesburg started to increase in 2002, and then saw a dramatic decline between 2003 and 2009 to lower levels of about R27 500 in 2005. In the 2010, exports of wool from the City of Johannesburg Metro to the world attained a peak at an export value of approximately R868 534, while Ekurhuleni Metro attained its peak in 2004 at an export value of approximately R290 797. In 2011, there was 92.6% decrease in exports value of wool from the City of Johannesburg Metro to the world as compared to 2010.

4. SHARE ANALYSIS

From table 1 it can be inferred that Eastern Cape Province commanded the greatest share of South African wool exports. This is due to the fact that Eastern Cape Province is the main wool producing area and the nearest exit point is in Port Elizabeth.

Table 1: Share analysis of provincial wool exports to the total RSA wool exports (%)

Years Provinces	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Western Cape	0.45	0.06	0.02	0.17	0.00	0.00	0.00	0.00	0.00	0.00
Eastern Cape	96.1	97.5	96.4	95.6	96.8	98.0	98.8	99.99	99.93	99.99
KwaZulu-Natal	3.30	2.38	3.47	4.18	3.17	1.98	1.21	0.00	0.00	0.00
Gauteng	0.16	0.03	0.07	0.03	0.01	0.01	0.01	0.01	0.07	0.01
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source of data: Quantec Easydata

From table 2 it can be inferred that City of Cape Town Metro commanded the greatest share of Western Cape wool exports.

Table 2: Share analysis of district wool exports to the total Western Cape provincial wool exports (%)

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Cape Town	100	100	90.6	100	0.00	100	100	100	0.00	100
Eden District	0.00	0.00	9.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**100**	**100**	**100**	**100**	**0.00**	**100**	**100**	**100**	**0.00**	**100**

Source of data: Quantec Easydata

From table 3, Nelson Mandela Metro commanded the greatest share of Eastern Cape wool exports over the past ten years.

Table 3: Share analysis of district wool exports to the total Eastern Cape provincial wool exports (%)

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cacadu District	0.00	0.02	0.00	7.74	0.00	0.00	0.00	8.22	9.46	8.19
Amathole District	0.00	0.00	3.80	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Chris Hani	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.01	0.11
Nelson Mandela Metro	100	99.98	99.99	99.99	99.99	100	99.99	91.77	90.48	91.7
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source of data: Quantec Easydata

From table 4, eThekwini Metro commanded the greatest share of KwaZulu–Natal wool exports during the period under scrutiny.

Table 4: Share analysis of district wool exports to the total KwaZulu-Natal provincial wool exports (%)

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Uthukela District	0.00	0.00	0.00	0.09	0.00	0.00	0.00	0.00	41.59	0.00
eThekwini Metro	100	100	100	99.91	100	100	100	0.00	58.41	100
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**0.00**	**100**	**100**

Source of data: Quantec Easydata

From table 5, City of Johannesburg Metro commanded the greatest share of Gauteng wool exports over the past decade.

Table 5: Share analysis of district wool exports to the total Gauteng provincial wool exports (%)

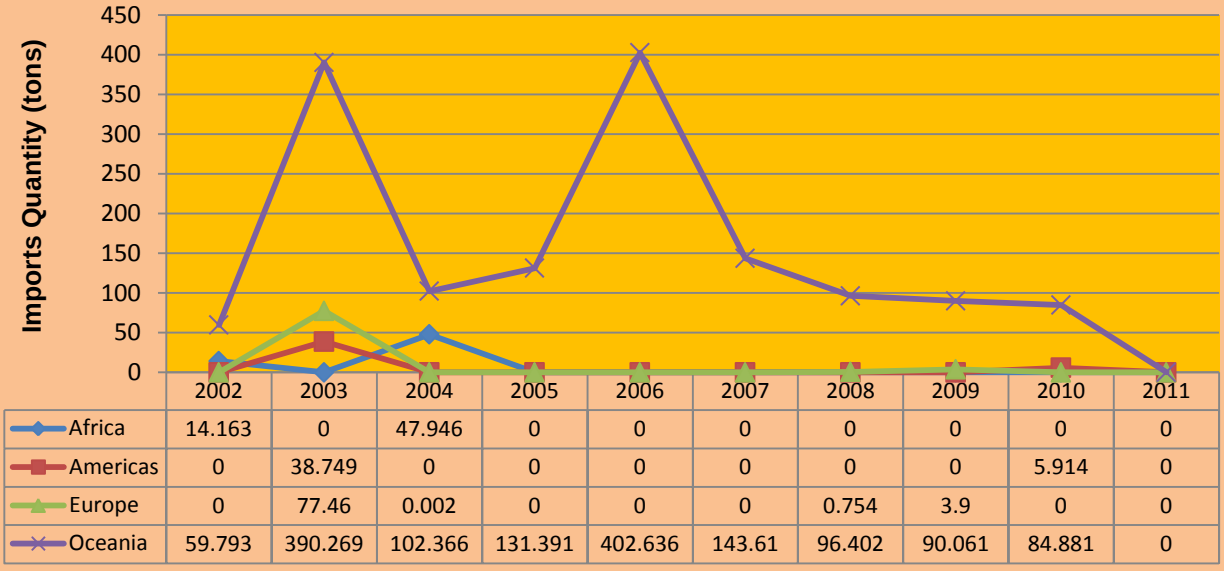
Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Ekurhuleni Metro	0.42	74.1	76.5	86.3	59.6	0.02	14.8	13.2	0.74	21.57
City of Johannesburg	99.58	25.9	23.5	13.7	38.2	99.98	85.1	86.8	99.3	78.43
Total	100	100	100	100	100	100	100	100	100	100

Source of data: Quantec Easydata

5. IMPORTS OF WOOL

South Africa imported on average 751 tons of wool during 2011 period. The majority of the imports are processed and exported with South African wool.

Figure 21: Imports volumes of wool (not carded or combed) from various regions

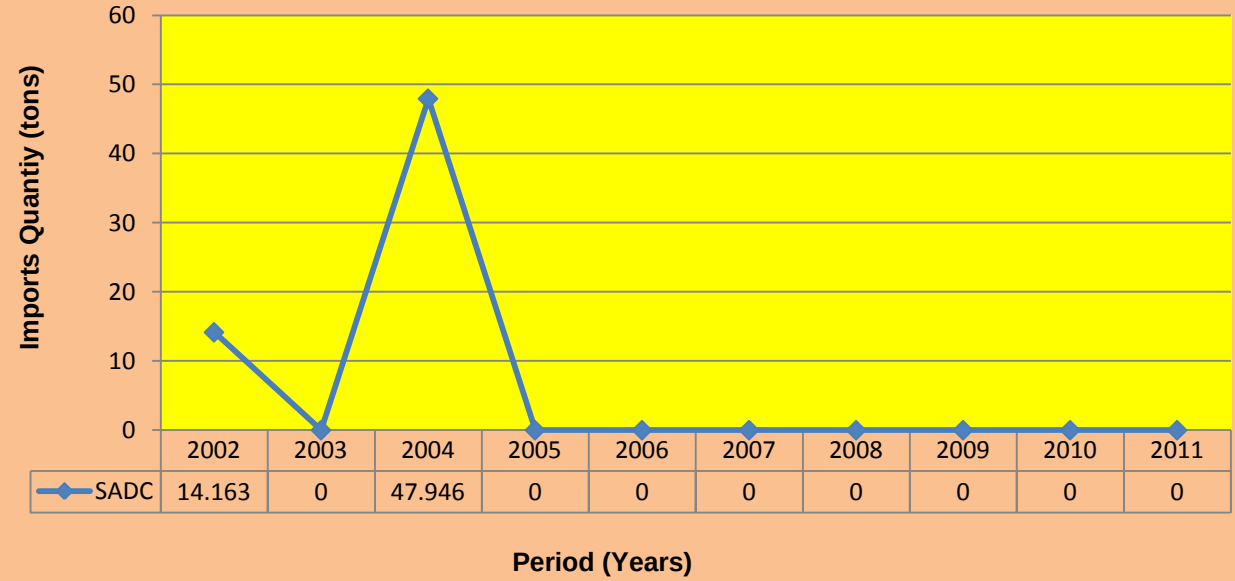


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Africa	14.163	0	47.946	0	0	0	0	0	0	0
Americas	0	38.749	0	0	0	0	0	0	5.914	0
Europe	0	77.46	0.002	0	0	0	0.754	3.9	0	0
Oceania	59.793	390.269	102.366	131.391	402.636	143.61	96.402	90.061	84.881	0

Source of data: Quantec Easydata

Figure 22 illustrates the main import sources of wool (not carded or combed) in volume terms from various regions into South Africa between 2002 and 2011 period. The graph further illustrates that Oceania was the biggest supplying market for imported wool into South Africa, followed by very minimal imports from Europe, Africa and Americas. The graph also illustrates that imports of wool from Oceania started to increase in 2002 until a peak was attained in 2003 and 2006 at import volumes of about 390.27 and 402.64 tons respectively. The graph also illustrates that between 2004 and 2005, imports of wool from Oceania declined dramatically to lower levels of approximately 102.37 tons. The graph further illustrates that between 2007 and 2011, imports of wool (not carded or combed) from Oceania declined consistently to lower levels of approximately 84.9 tons in 2010 with no imports of wool from Oceania into South Africa during 2011. The figure also illustrates that there was a 100% decline in imports of wool (not carded or combed) from Oceania into South Africa in 2011 as compared to 2010.

Figure 22: Imports volumes of wool (not carded or combed) from Africa

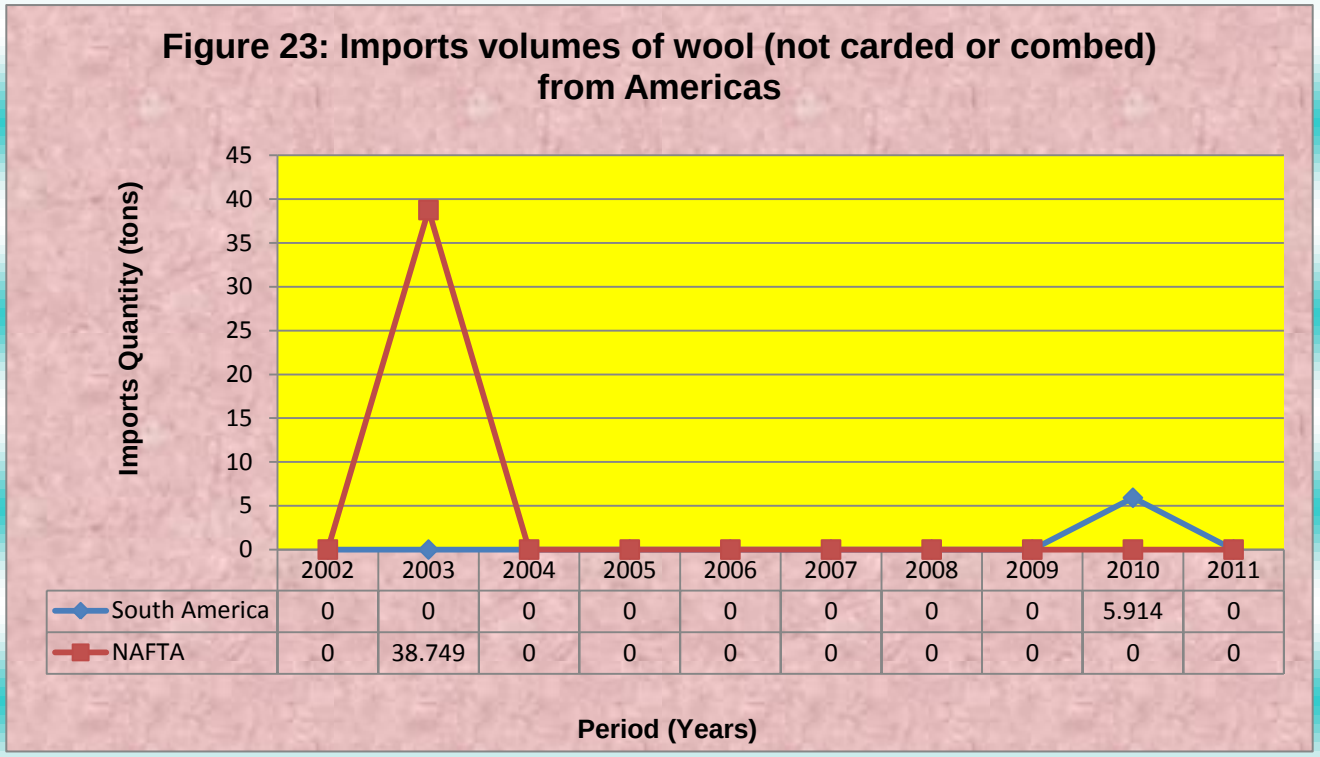


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SADC	14.163	0	47.946	0	0	0	0	0	0	0

Source of data: Quantec Easydata

Figure 22 shows the main import sources of wool (not carded or combed) in volume terms from Africa into South Africa between 2002 and 2011 period. The graph further shows that over the past decade, SADC region was the biggest and the only supplying market of imported wool into South Africa. The figure also shows that imports of wool from SADC region started to increase in 2002 at approximately 14 tons until a peak was attained in 2004 at an import volume of about 47.9 tons. The figure further shows that there were no imports of wool from the SADC region into South Africa in 2003 and again between 2005 and 2011. The graph also shows that there was a 100% decline in imports of wool from Africa into South Africa in 2011 as compared to 2004.

Figure 23: Imports volumes of wool (not carded or combed) from Americas



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
South America	0	0	0	0	0	0	0	0	5.914	0
NAFTA	0	38.749	0	0	0	0	0	0	0	0

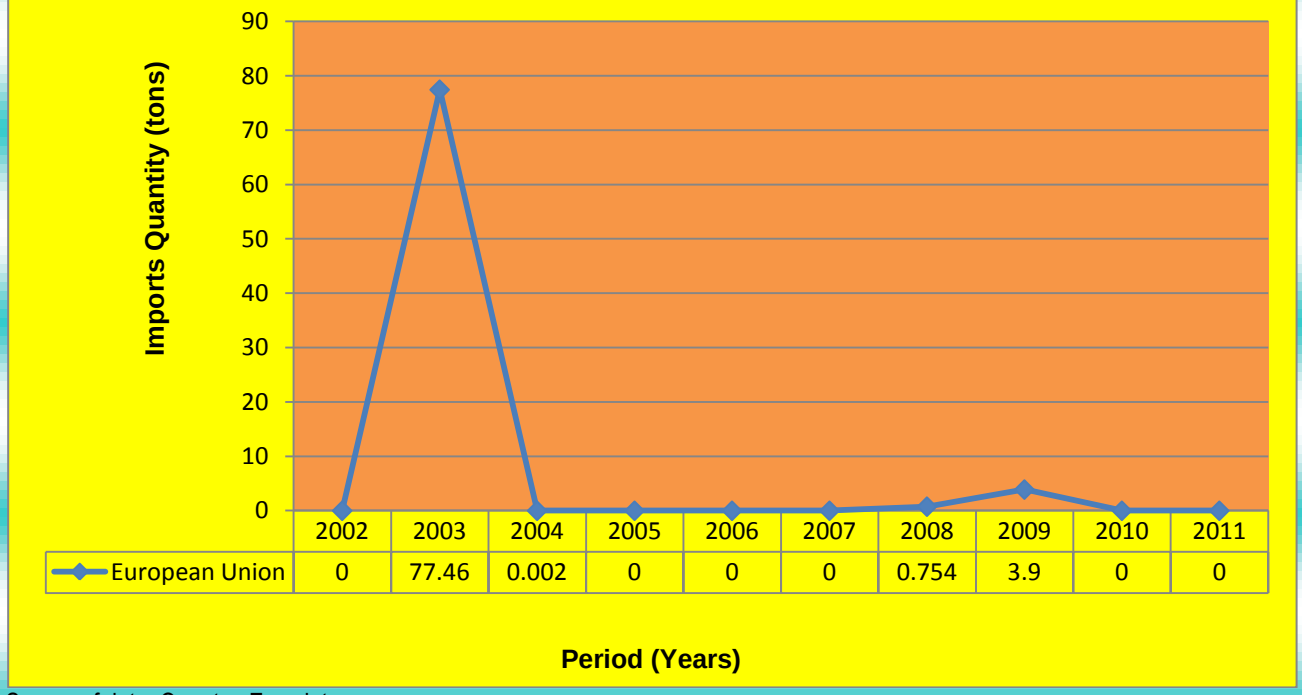
Source of data: Quantec Easydata

Figure 23 depicts the main import sources of wool (not carded or combed) in volume terms from Americas into South Africa between 2002 and 2011 period. The graph further depicts that NAFTA was the biggest supplying market for imported wool from Americas into South Africa over the past ten years. The graph also depicts that imports of wool from NAFTA started to increase in 2003 and at the same time attained a peak at an import volume of about 38.7 tons. The figure further depicts that there were no imports of wool from NAFTA into South Africa in 2002 and again between 2004 and 2011. The graph also depicts that between 2002 and 2009, and again in 2011, there were also no imports of wool from South America into South Africa. The graph further depicts that in 2011, there was a 100% decline in imports of wool from NAFTA into South Africa as compared to 2003.

Figure 24 below illustrates the main import sources of wool (not carded or combed) in volume terms from Europe into South Africa between 2002 and 2011 period. The graph further illustrates that European Union was the biggest and only supplying market for imported wool from Europe into South Africa during the period under scrutiny. The figure also illustrates that imports of wool from European Union into South Africa started to increase in 2003 and at the same time attained a peak at approximately 77.5 tons. The decline in imports of wool from European Union into South Africa occurred in 2004, with slight increase in 2008 and 2009 of about 0.75 and 3.9 tons respectively. The graph also illustrates that in 2002 and again between 2005 and 2007, 2010 and 2011, there were no imports of wool from the European Union into South Africa.

The figure also illustrates that there was a 100% decline in imports of wool from European Union into South Africa in 2011 as compared to 2009.

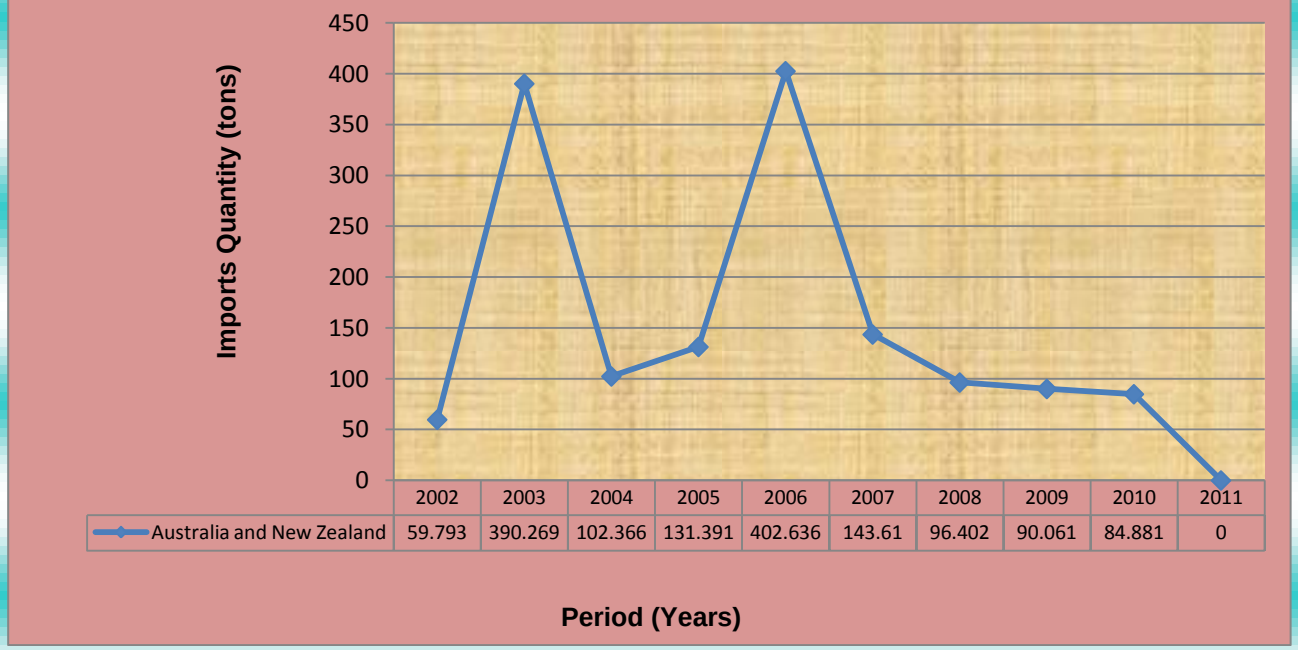
Figure 24: Imports volumes of wool (not carded or combed) from Europe



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union	0	77.46	0.002	0	0	0	0.754	3.9	0	0

Source of data: Quantec Easydata

Figure 25: Imports volumes of wool (not carded or combed) from Oceania



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia and New Zealand	59.793	390.269	102.366	131.391	402.636	143.61	96.402	90.061	84.881	0

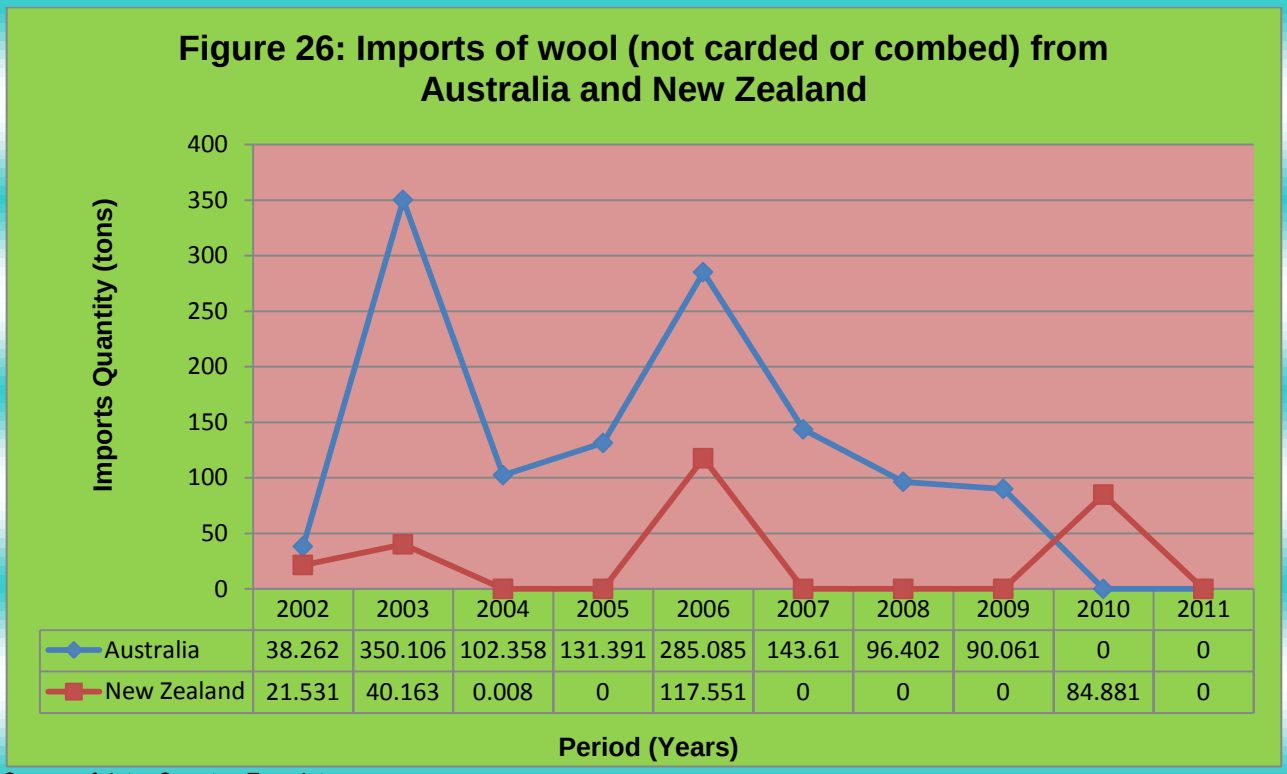
Source of data: Quantec Easydata

Figure 25 shows the main import sources of wool (not carded or combed) in volume terms from Oceania into South Africa between 2002 and 2011 period. The graph further shows that during the period under review, Australia and New Zealand were the biggest and only supplying market for imported wool from Oceania into South Africa. The graph also shows that imports of wool from Australia and New Zealand started to increase in 2002 until a peak was attained in 2003 and 2006 at import volumes of about 390.27 and 402.64 tons

respectively. Between 2004 and 2005, imports of wool from Australia and New Zealand declined dramatically to approximately 102.37 tons. Between 2007 and 2011, imports of wool from Australia and New Zealand declined consistently to lower levels of approximately 84.9 tons in 2010 with no wool imports from Australia and New Zealand into South Africa in 2011.

The figure also shows that there was 100% decline in imports of wool from Australia and New Zealand into South Africa in 2011 as compared to 2010.

Figure 26: Imports of wool (not carded or combed) from Australia and New Zealand



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	38.262	350.106	102.358	131.391	285.085	143.61	96.402	90.061	0	0
New Zealand	21.531	40.163	0.008	0	117.551	0	0	0	84.881	0

Source of data: Quantec Easydata

Figure 26 indicates the main import sources of wool (not carded or combed) in volume terms from Australia and New Zealand into South Africa between 2002 and 2011 period. The graph further indicates that during the period under review Australia was the biggest supplying market for imported wool from Australia and New Zealand into South Africa, followed by low wool import volumes from New Zealand. The graph also indicates that imports of wool from Australia started to increase in 2002 until a peak was attained in 2003 and 2006 at import volumes of about 350.11 and 285.09 tons respectively. Between 2004 and 2005, imports of wool from Australia into South Africa declined dramatically to lower levels of approximately 102.36 tons. Between 2007 and 2011, imports of wool from Australia declined consistently to lower levels of approximately 90.06 tons in 2009 with no wool imports from Australia into South Africa between 2010 and 2011.

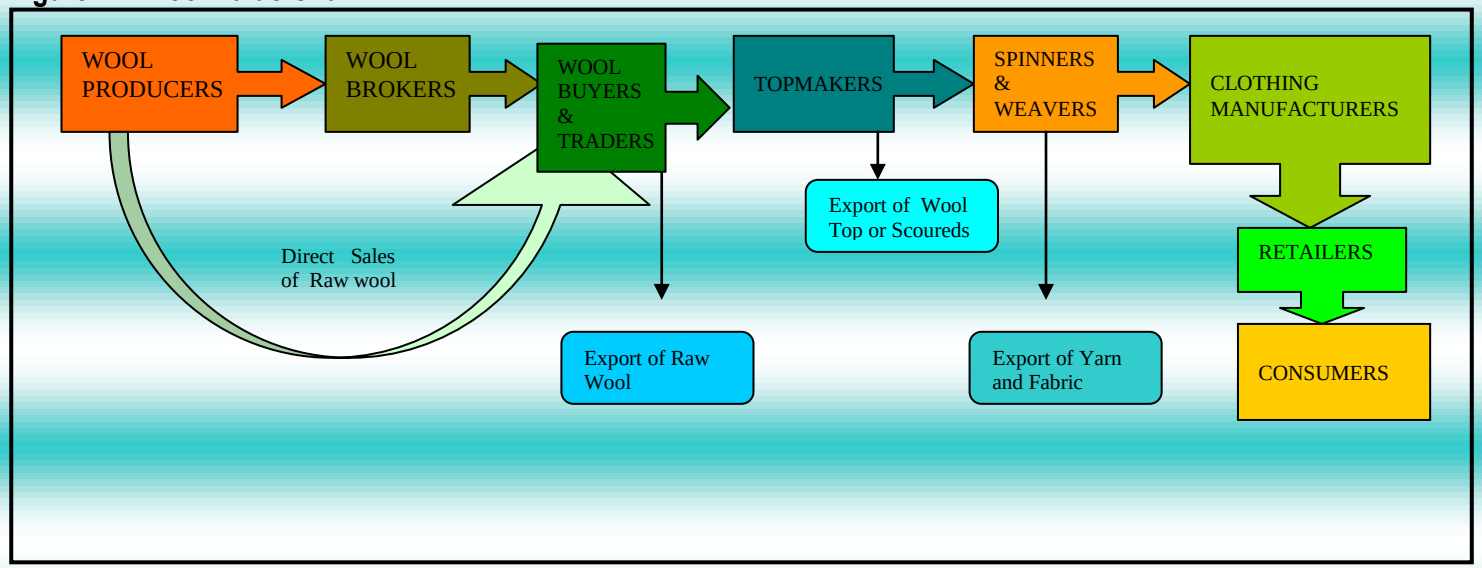
The graph also indicates that imports of wool from New Zealand started to increase in 2002, with a slight increase in 2003.Between 2004 and 2005, imports of wool from New Zealand into South Africa declined dramatically to lower levels of approximately 0.01 tons. The graph further indicates that imports of wool from New Zealand into South Africa attained a peak in 2006 and 2010 at imports volumes of about 117.55 and 84.9 tons respectively. In 2005 and again between 2007 and 2009 and 2011, there were no wool imports from New Zealand into South Africa.

The figure also indicates that there was 100% decline in imports of wool from Australia into South Africa in 2010 and 2011 as compared to 2009, while there was also 100% decline in imports of wool from New Zealand into South Africa in 2011 as compared to 2010

6. VALUE CHAIN

The value chain of wool is presented in figure 27.

Figure 27: Wool Value Chain



Source: Cape Wools

Wool is the fiber derived from the specialized skin cells, called follicles, of animals in the *Caprinae* family, principally sheep. Wool has several qualities that distinguish it from hair or fur: it is crimped; it has a different texture or handle; it is elastic; and it grows in staples (clusters).

Wool straight off a sheep, known as "grease wool" or "wool in the grease", contains a high level of valuable lanolin, as well as dirt, dead skin, sweat residue, and vegetable matter. Before the wool can be used for commercial purposes, it must be scoured, or cleaned. Scouring may be as simple as a bath in warm water, or as complicated as an industrial process using detergent and alkali, and specialized equipment. In commercial wool, vegetable matter is often removed by chemical carbonization. In less processed wools, vegetable matter may be removed by hand, and some of the lanolin left intact through use of gentler detergents. This semi-grease wool can be worked into yarn and knitted into particularly water-resistant mittens or sweaters, such as those of the Aran Island fishermen. Lanolin removed from wool is widely used in cosmetics products such as hand creams.

After shearing, the wool is separated into five main categories: fleece (which makes up the vast bulk), broken, pieces, bellies, and locks. The latter four are pressed into wool packs and sold separately. The quality of fleeces is determined by a technique known as wool classing, whereby a qualified wool classer groups wools of similar grading together to maximise the return for the farmer or sheep owner. Prior to Australian auctions, all Merino fleece wool is objectively measured for micron, yield (including the amount of vegetable matter), staple length, staple strength, and sometimes color and comfort factor.

The South African scouring and combing industry is capable of processing a significant proportion of the annual greasy wool production. The bulk of the clip is exported in either greasy or semi-processed form. The early stage processing capacity is situated in Port Elizabeth and in Durban. All the local mills are associated with a major local trading house or a topmaker, but in addition also offer scouring, carbonizing and combing services on a commission basis to any client trading in raw wool on the local market (Cape Wool).

Producers, breed societies, shearing contractors, farm laborers, wool brokers, traders and primary processors are registered with the Wool Industry Forum of South Africa. The main purpose of the Forum is to provide a platform for the debate on industry threats and opportunities, and any issues of common collective interest for the industry as a whole.

The quality of wool is determined by the following factors, fibre diameter, crimp, yield, colour, and staple strength. Fibre diameter is the single most important wool characteristic determining quality and price.

Merino wool is typically 3-5 inches in length and is very fine (between 12-24 microns). The finest and most valuable wool comes from Merino hoggets. Wool taken from sheep produced for meat is typically more coarse and has fibres that are 1.5 to 6 inches in length. Damage or breaks in the wool can occur if the sheep is stressed while it is growing its fleece, resulting in a thin spot where the fleece is likely to break.

Wool is also separated into grades based on the measurement of the wool's diameter in microns. These grades may vary depending on the breed or purpose of the wool. For example:

- < 17.5 - Ultrafine Merino
- 17.6-18.5 - Superfine Merino
- < 19.5 - Fine Merino
- 19.6-20.5 - Fine medium Merino
- 20.6-22.5 - Medium Merino
- 22.6 < - Strong Merino[8]

or

- < 24.5 - Fine
- 24.5–31.4 - Medium
- 31.5-35.4 - Fine cross bred

- 35.5 < - coarse cross bred[10]

In general, any grade finer than 25 microns can be used for garments while coarser grades are used for outerwear or rugs. The finer the wool, the softer it will be, while coarser grades are more durable and less prone to pilling. http://en.wikipedia.org/wiki/Wool.

Superwash wool (or washable wool) technology first appeared in the early 1970s to produce wool that has been specially treated so that it is machine washable and may be tumble-dried. This wool is produced using an acid bath that removes the "scales" from the fiber, or by coating the fiber with a polymer that prevents the scales from attaching to each other and causing shrinkage. This process results in a fiber that holds longevity and durability over synthetic materials, while retaining its shape.

In addition to clothing, wool has been used for blankets, horse rugs, saddle cloths, carpeting, felt, wool insulation and upholstery. Wool felt covers piano hammers, and it is used to absorb odors and noise in heavy machinery and stereo speakers.

South African wool is largely an export commodity, in both processed and semi-processed form. South African ports are situated conveniently on one of the major shipping lanes between East and West. High-density presses (dumps) are used at all three ports of discharge. These dumps allow for compressing bales into a third of their original size, making it possible to pack 96 bales into a 6m container. The average bale mass is 150 kg and dumping is carried out on a pre-sale basis.

The main competitors of wool are cotton and manmade fibres such as polyester, nylon and acrylic, but it has special characteristics. Wool's scaling and crimp make it easier to spin the fleece by helping the individual fibers attach to each other, so that they stay together. Because of the crimp, wool fabrics have a greater bulk than other textiles, and retain air, which causes the product to retain heat. The amount of crimp corresponds to the thickness of the wool fibers. A fine wool like Merino may have up to a hundred crimps per inch, while the coarser wools like karakul may have as few as one to two crimps per inch. Hair, by contrast, has little if any scale and no crimp, and little ability to bind into yarn. On sheep, the hair part of the fleece is called kemp. The relative amounts of kemp to wool vary from breed to breed, and make some fleeces more desirable for spinning, felting, or carding into batts for quilts or other insulating products. Wool fibers are hygroscopic, meaning they readily absorb and give off moisture. Wool can absorb moisture almost one-third of its own weight. Wool absorbs sound like many other fabrics. Wool is generally a creamy white color, although some breeds of sheep produce natural colors such as black, brown, silver, and random mixes.

Wool ignites at a higher temperature than cotton fibers and some synthetics. It has lower rate of flame spread, low heat release, low heat of combustion, and doesn't melt or drip; it forms a char which is insulating and self-extinguishing, and contributes less to toxic gases and smoke than other flooring products, when used in carpets. Wool carpets are specified for high safety environments, such as trains and aircraft. Wool is usually specified for garments for fire-fighters, soldiers, and others in occupations where they are exposed to the likelihood of fire.

Wool is static electricity resistant, as the retention of moisture within the fabric prevents a build up of static. Wool garments are much less likely to spark or cling to the body. The use of wool car seat covers or carpets reduces the risk of a shock when a person touches a grounded object. Wool is considered by the medical profession to be hypoallergenic.

7. EMPOWERMENT ISSUES AND TRANSFORMATION IN THE SECTOR

Wool Forum and Wool Trust have established a collaboration to develop small scale wool production in the Eastern Cape.

The Presidential Project Task Team has also funded the upgrading of sheds and sheep dipping facilities and the construction of 29 new sheds, to encourage producers to use these sheds as centres from where they can market their wool.

Thaba Nchu Wool Project: The National Wool Growers Association (NWGA) and the Department of Agriculture in the Free State has formed a partnership that will boost the development of emerging wool sheep farmers in Thaba Nchu. The project involves the building of five new shearing sheds to communities of Klipfonten, Kommissiedrift, Yorksford, Morakgo and Middeldeel that have been struggling to shear their sheep for many years. This development project also includes renovation of existing dipping tanks, upgrading of water supply to the sheep, shearing shed equipment, erection of handling facilities for sheep, the supply of quality rams to improve the genetic quality of the sheep and training in basic skills and knowledge of wool sheep farming, shearing and marketing of wool.

8. MARKET ACCESS

8.1 Export Tariffs

Tariffs that different importing countries applied to wool originating from South Africa in 2011 are shown in table 11.

Table 11: Export tariffs of wool

Country	Product Description	Trade Regime Description	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
India	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	5.00%	5.00%
Belgium	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
Czech Republic	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
Germany	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
Spain	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
France	Wool, not carded or combed: greasy, including fleece-washed wool: shorn wool	MFN duties (Applied)	0.00%	0.00%
United Kingdom	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
Portugal	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
USA	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
Argentina	Greasy wool, incl. fleece-washed	MFN duties	8.00%	8.00%

Country	Product Description	Trade Regime Description	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
	wool, neither carded nor combed (excl. shorn wool)	(Applied)		
Uruguay	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	0.00%	0.00%
China	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	38.00%	38.00%
Korea Republic	Greasy wool, incl. fleece-washed wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	38.00%	38.00%

Source: ITC (Mac Map)

Table 11 confirms that South Africa as an exporter of wool can export to many countries especially European Union duty free during the 2011 period. However countries such as China, Korea Republic, Argentina and India apply high tariffs ranging from 5.00% to 38.00% to wool exports originating from South Africa.

8.2 Import Tariffs

Tariffs that South Africa applied to imports of wool originating from all possible countries in 2011 are shown in table 12.

Table 12: Import tariffs of wool

Country	Product Description	Trade Regime Description.	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
Australia	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
New Zealand	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Italy	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Netherlands	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Germany	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Switzerland	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Spain	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
France	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Brazil	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Argentina	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Uruguay	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%

Country	Product Description	Trade Regime Description.	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
United States of America	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Canada	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Malawi	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Zimbabwe	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%
Zambia	Greasy wool, incl. fleece-washed wool, neither carded nor combed	MFN duties (Applied)	0.00%	0.00%

Source: ITC (Mac Map)

Table 12 shows that South Africa did not apply any tariff to world countries exporting greasy wool into South Africa during the 2011 period.

9. MARKET INTELLIGENCE

Table 13: List of importing markets for wool, not carded or combed exported by South Africa in 2011

Importers	Trade Indicators							Tariff (estimated) faced by South Africa (%)
	Exported value 2011 (USD thousand)	Share in South Africa's exports (%)	Exported quantity 2011 (tons)	Unit value (USD/unit)	Exported growth in value between 2007-2011 (%, p.a.)	Exported growth in quantity between 2007-2011 (%, p.a.)	Exported growth in value between 2010-2011 (%, p.a.)	
World	297921	100	42075	7081	15	4	65	
China	116881	39.2	17736	6590	15	6	78	38
Czech Republic	56634	19.0	7306	7752	22	8	21	0
Hong Kong, China	38763	13.0	5623	6894			319	0
India	33907	11.4	4696	7220	21	9	5	5
Italy	31697	10.6	3974	7976	10	-1	80	0
Germany	7860	2.6	922	8525	-25	-33	60	0
Singapore	5643	1.9	996	5666			4525	0
Egypt	2121	0.7	235	9026				0
United States of America	1993	0.7	216	9227	-1	-11	122	2.7
Belgium	563	0.2	138	4080	52	70	48	0
United Kingdom	466	0.2	47	9915	0	-14	81	0
Portugal	413	0.1	54	7648	-41	-46	3342	0

Source: ITC

Table 13 confirms the list of importing markets for wool, not carded or combed exported by South Africa in 2011. The table further confirms that during the period under review, South Africa exported a total 42075 tons of wool. China and Czech Republic were the leading importers of wool, not carded or combed, accounting for 39.2% and 19% share in South Africa's wool exports during the same period under examination. China and Czech Republic's imports worldwide experienced a growth in value respectively by 15% and 22% p.a. over the period from 2007 to 2011, and the growth of the world market over the same period was 15% p.a.

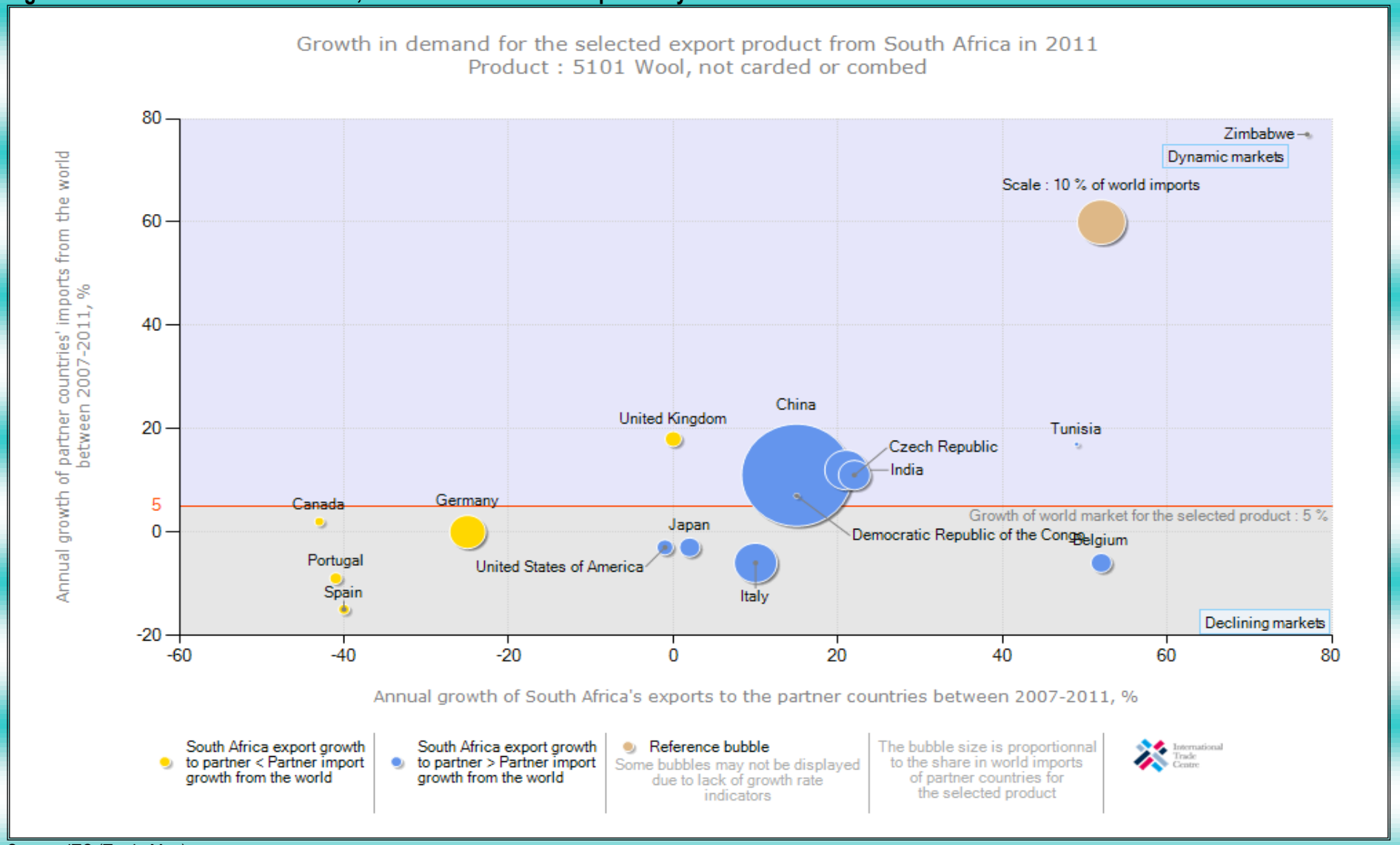
On the same breadth, China's and Czech Republic's imports from South Africa experienced a growth in quantity of 6% and 8% p.a. respectively over the period from 2007 to 2011, and the growth of the South African wool exports over the same period was 4% p.a.

The table also confirms that South Africa's exported growth in value and quantity to China between 2007 and 2011 was more than the exported growth in value and quantity to the world during the same period.

Czech Republic was the second biggest import market for wool exported by South Africa in 2011. The table also confims that Czech Republic has 19% share in South Africa's exports, the exported growth in value was 22% and 8% exported growth in quantity between 2007 and 2011 period.

South Africa's exported growth in value to China between 2010 and 2011, increased up to 78% p.a, while South Africa's exported growth in value to Czech Republic between 2010 and 2011 increased but at a lower rate than that of the world (65%).

Figure 28: Growth in demand for wool, not carded or combed exported by SA in 2011



Source: ITC (Trade Map)

Figure 28 of the bubble graph indicates growth in demand for wool, not carded or combed exported by South Africa in 2011. The bubble graph further indicates that, South Africa's wool exports to Tunisia were growing at a rate that is greater (50%) than their imports from the rest of the world (20%) between 2007 and 2011.

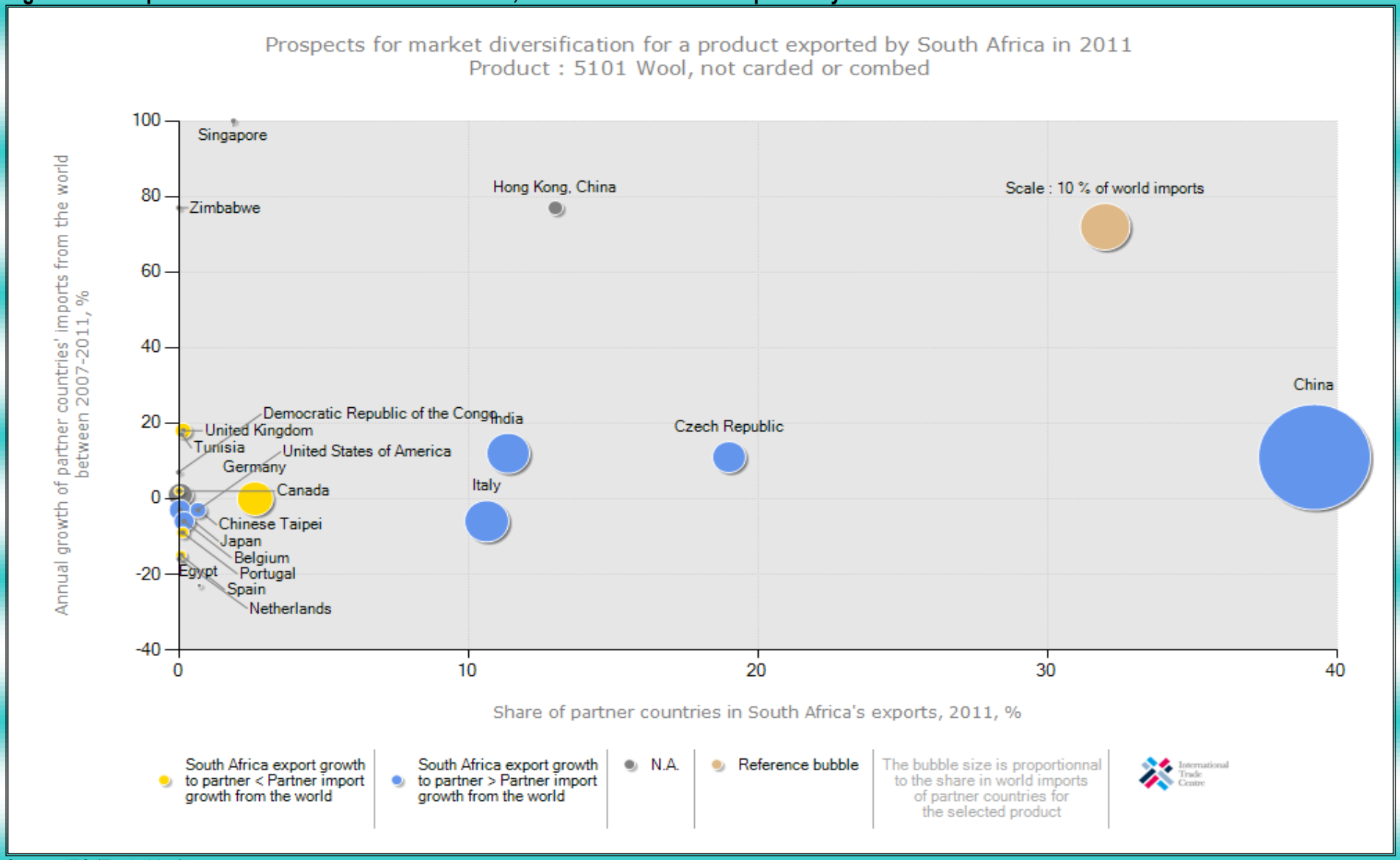
By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's export for this product, the following conclusions can be made:

- South Africa's exports for wool to China, Czech Republic and India were growing faster than world's exports at approximately between 18% and 20% between 2007 and 2011.

- South Africa's exports of wool to Italy and Belgium were growing at 10% and 55%, while world's exports were declining at approximately 10% respectively between 2007 and 2011.

- South Africa's exports for wool to Germany, United States of America and Japan were declining, while world's exports were also declining at approximately between 1% and 20% between 2007 and 2011.

Figure 29: Prospects for market diversification for wool, not carded or combed exported by SA in 2011



Source: ITC (Trade Map)

Figure 29 of the chart depicts prospects for market diversification for wool, not carded or combed exported by South Africa in 2011. The bubble graph further depicts that if South Africa has to diversify its markets of wool, the small and attractive markets exist in Singapore, Zimbabwe and Hong Kong, China. Other small and attractive markets but to the world were Tunisia, United Kingdom and Democratic Republic of Congo.

China remains a traditional market for South Africa's wool in 2011, because the size of the bubble indicates that it is the main world importer with over 17736 tons of wool imports (39.2% market share) and its market was growing by 6% and 15% p.a. in value and quantity over the period 2007–2011.

In addition, the chart also depicts that countries like India and Czech Republic have experienced a positive and higher annual growth rate between 2007–2011 of 12% and 18% respectively. It is important to note that growth by these countries have been off a low base. These countries represent possible market for South Africa's wool during the 2011 marketing season.

Table 14: List of supplying markets for wool carded or combed imported by South Africa in 2011

Exporters	Trade Indicators							Tariff (estimated) applied by South Africa (%)
	Imported value 2011 (USD thousand)	Share in South Africa's imports (%)	Imported quantity 2011 (tons)	Unit value (USD/unit)	Imported growth in value between 2007-2011 (%, p.a.)	Imported growth in quantity between 2007-2011 (%, p.a.)	Imported growth in value between 2010-2011 (%, p.a.)	
World	2429	100	751	3234	-22	-24	-21	
United Kingdom	1297	53.4	447	2902	-24	-23	-15	0
New Zealand	806	33.2	234	3444	-12	-17	-45	0
Uruguay	228	9.4	45	5067	-20	21		0
Argentina	80	3.3	24	3333		-15	233	0
India	10	0.4	1	10000			233	0

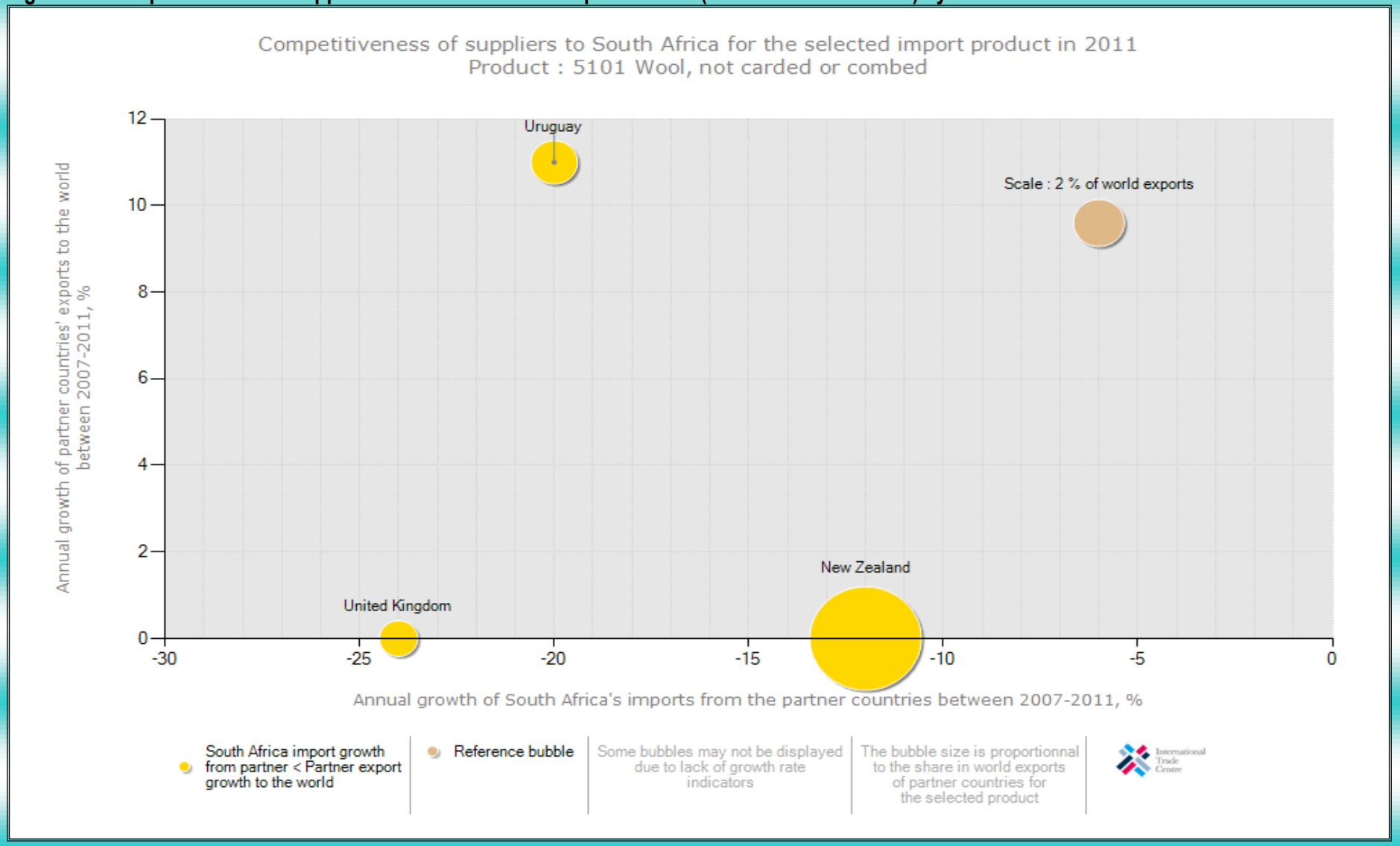
Source: ITC (Trade Map)

Table 14 illustrates list of supplying markets for wool, carded or combed imported by South Africa in 2011. The bubble graph further illustrates that United Kingdom and New Zealand were the leading suppliers of wool, with United Kingdom accounting for a share of 53.4% and New Zealand accounting for 33.2% of South Africa's import market. Their exports worldwide experienced a decline in both value respectively of 24% and 12% p.a. over the period between 2007 and 2011, and wool imports from the world market over the same period also declined by 22% p.a.

United Kingdom and New Zealand's exports growth in quantity to South Africa have declined by 23% and 17% respectively over the period 2007 and 2011, and the world's imported growth in quantity also declined during the same period by 24% p.a.

However the table also illustrates that South African import market declined in 2011 as compared to 2010 with a negative growth rate of 21%. At the same time United Kingdom exports of wool to South Africa experienced a negative growth rate of 15% in value; New Zealand also experienced a negative growth rate of 45% in value between 2010 and 2011.

Figure 30: Competitiveness of suppliers to South Africa for imported wool (not carded or combed) by SA in 2011



Source: ITC (Trade Map)

Figure 30 demonstrates competitiveness of suppliers to South Africa for imported wool, not carded or combed in 2011. The bubble graph further demonstrates that Uruguay was the most competitive supplier of wool, not carded or combed to South Africa during the 2011. The bubble graph further demonstrates that between 2007 and 2011, South Africa's wool imported from New Zealand and United Kingdom were growing at the same rate compared to their export growth to the rest of the world.

During the same period under review, South Africa's wool imports from Uruguay were declining at a rate that is greater than their exports to the rest of the world.

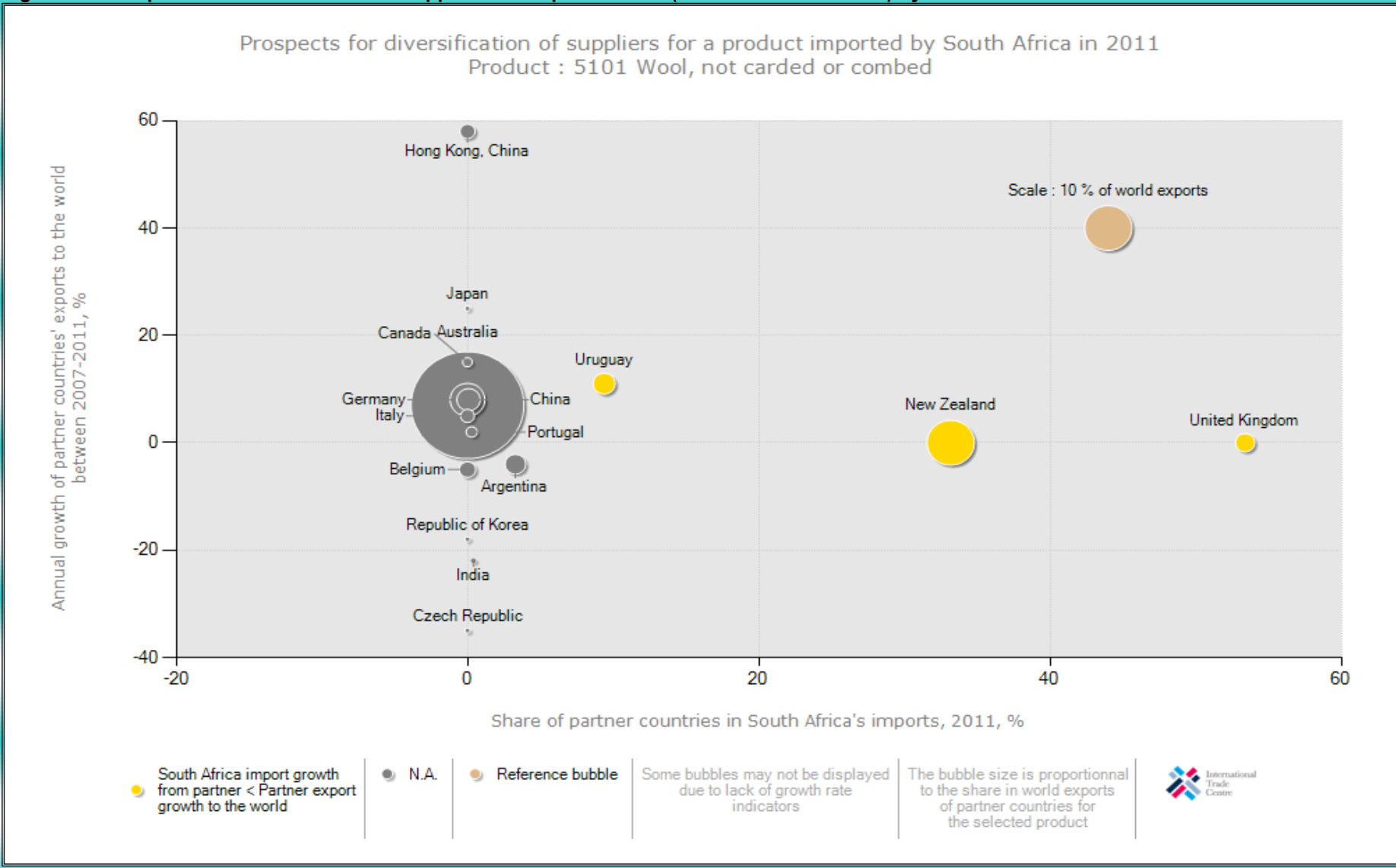
By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's import of this product, the following conclusions can be made:

- South Africa's imports for wool from United Kingdom were declining at the same rate as of the world's exports between 2007 and 2011.

- South Africa's imports for wool from New Zealand were declining at the same rate as of the world's exports between 2007 and 2011.

- South Africa's imports for wool from Uruguay were declining, while exports from Uruguay to the world were growing faster between 2007 and 2011.

Figure 31: Prospects for diversification of suppliers for imported wool (not carded or combed) by SA in 2011



Source: ITC (Trade Map)

Figure 31 illustrates prospects for diversification of suppliers for imported wool, not carded or combed by South Africa in 2011. The graph further illustrates that if South Africa has to diversify its markets of imported wool, small and attractive markets exist in Hong Kong, Japan, Canada and Australia.

However the chart also illustrates that New Zealand and United Kingdom were the biggest suppliers of South Africa's market for wool during the period under review. The chart also illustrates that between 2007 and 2011, New Zealand and United Kingdom markets to South Africa were growing faster than that of the world.

New Zealand and United Kingdom experienced a greater share in South Africa's imports of wool at approximately 35% and 55% respectively in 2011.

Hong Kong and Uruguay are the potential markets that can be explored by South Africa should they wish to diversify its markets of imported wool during the same period under scrutiny.

10. APPENDIX A: ORGANISATIONS IN THE WOOL INDUSTRY

10.1 Wool Buyers

a. SA Wool Exporters (Pty) Ltd
Tel +27-(0)-41-3654620
Fax +27-(0)-41-3654628
Email: trading@standardwool.co.za

b. Cape of Good Hope Wool Combers
Tel: +27-(0)41-9923412
Fax: +27-(0)41-9921519
E-mail: rudolfo.arocena@cghwc.co.za

c. Gubb & Inggs Ltd
Tel: +27-(0)41-9947500
Fax: 041-9922162

d. A Dewavrin Freres (Pty) Ltd
Tel: +27-(0)-41-4844443
Fax: +27-(0)41-4843038
E-mail: jyoung@dewavrin.com

e.Chargeurs Wools (SA) (Pty) Ltd
Tel: +27-(0)41-5810081
Fax: +27-(0)41-5810212
E-mail: dgadzios@chargeurs-wool.com

f. Fibres International (Pty) Ltd
Tel: +27-(0)41-5033431
Fax: +27-(0)41-5033118
E-mail: david.shingles@bkb.co.za

g. Modiano SA (Pty) Ltd
Tel: +27-(0)41-4846545/6
Fax: +27-(0)41-4841143
Email: modsa@modiano.co.za

h. New England Wool (SA)
Tel: +27-(0)41-3606788
Fax: +27-(0)41-5854827
E-mail: ken@newenglandwoolsa.co.za

i. Segard Masurel (Pty) Ltd
Tel: +27-(0)41-3634844
Fax: +27-(0)41-3634855
E-mail: wool@segardmasurel.co.za

j. Stucken & Co (Pty) Ltd
Tel. 041-397 4700
Fax. 041- 397 4735
Email: stucken@stucken.co.za
www. stucken.co.za

10.2 Wool Processors

a. BKB Ltd
Tel: +27-(0)41-5033111
Fax: +27-(0)41-5033112
E-mail: bkb@bkb.co.za
www.bkb.co.za

b. Cape Mohair and Wool (CMW)
Tel: +27-(0)41-4861143
Fax: +27-(0)41-4861325
E-mail: info@cmw.co.za
www.cmw.co.za

c. Van Lill Woolbuyers Trust (CC)
Tel: +27-(0)41-4861237
Email: Geraldine@stcken.co.za
www.stucken.co.za

10.3 Wool growers Organization

National Woolgrowers Association of SA (NWGA)
Tel: +27-(0)41-3655030
Fax: +27-(0)41-3655035
E-mail: nwga@nwga.co.za
www.nwga.co.za

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a. Directorate: Statistics and Economic Analysis
www.daff.gov.za.

b. ITC (Trademap & Macmap)
www.trademap.org.

c. Quantec Easydata
www.easydata.co.za.

d. Cape Wools.
www.capewool.co.za

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