

A PROFILE OF THE SOUTH AFRICAN WOOL MARKET VALUE CHAIN

2015



Directorate Marketing
Private Bag X 15
Arcadia
0007

Tel: 012 319 8455
Fax: 012 319 8131
E-mail: MogalaM@daff.gov.za
www.daff.gov.za



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

TABLE OF CONTENTS

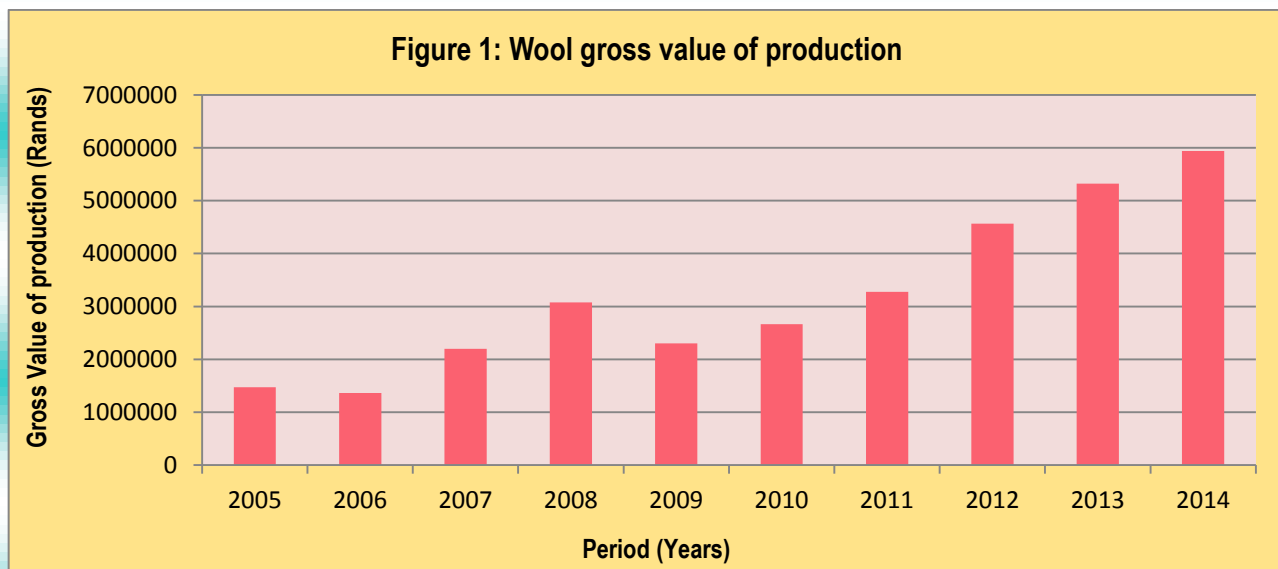
1. DESCRIPTION OF THE INDUSTRY	3
1.1 PRODUCTION AREAS	4
1.2 PRODUCTION TRENDS	4
1.3 LOCAL CONSUMPTION	5
2. MARKET STRUCTURE	6
2.1. DOMESTIC MARKET AND PRICES	6
3. EXPORT VOLUMES OF WOOL	8
4. SHARE ANALYSIS	20
5. IMPORT VOLUMES OF WOOL	21
6. VALUE CHAIN	26
7. EMPOWERMENT ISSUES AND TRANSFORMATION IN THE SECTOR	29
8. MARKET ACCESS	29
8.1 Export Tariffs	29
8.2 Import Tariffs	30
9. MARKET INTELLIGENCE	32
10. APPENDIX A: ORGANISATIONS IN THE WOOL INDUSTRY	42
11. ACKNOWLEDGEMENTS	44

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 commanded share of 34% and the Free State commanded share of 23% in wool production, followed by Western Cape and Northern Cape provinces with 20% and 13% respectively between 2013 and 2014.

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.

Figure 1 below indicates gross value of wool production (Merino, Karakul and other woolled sheep) in South Africa between 2005 and 2014 marketing season.

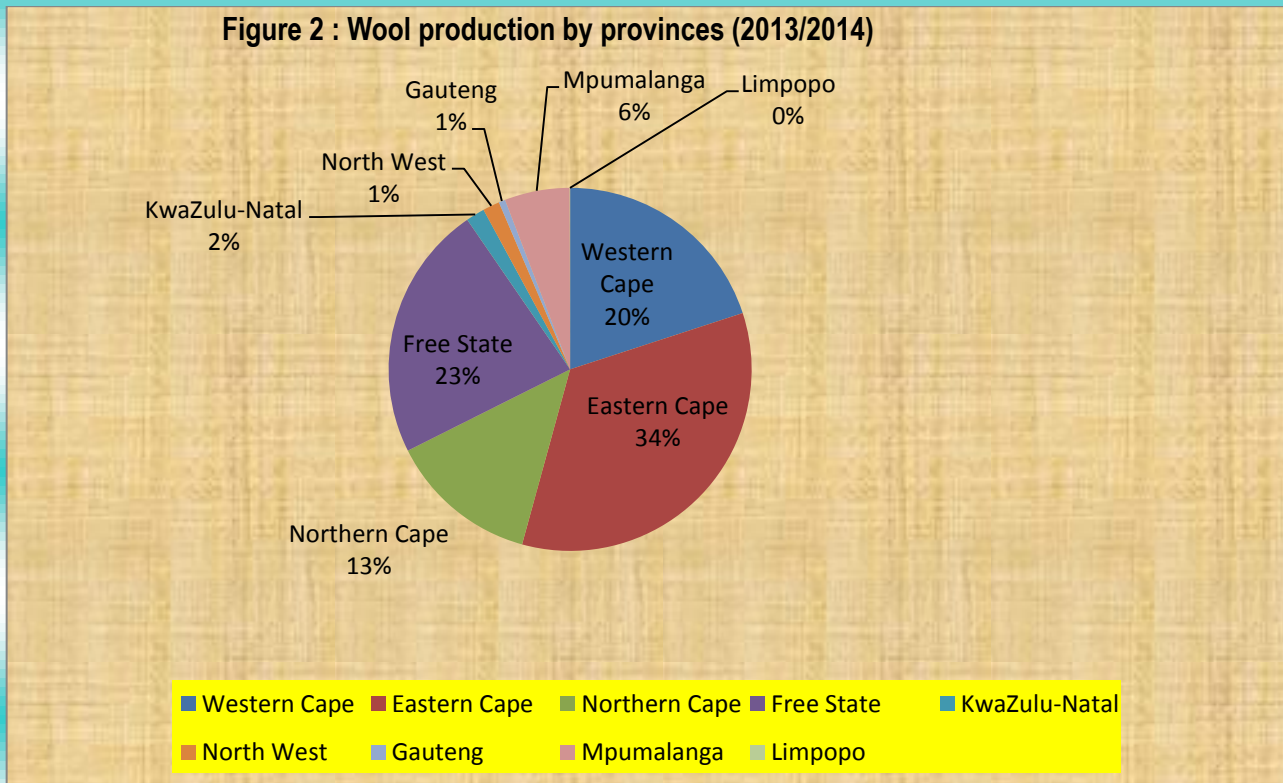


Source: Economic Analysis & Statistics, DAFF & Cape Wools

The figure further indicates that the gross value of wool production started to increase in 2005 with a gross value of production of approximately R1.5 million. The figure also indicates a continuous increase in the wool gross value of production from 2007 to 2008 of R2.2 million and R3.1 million. The figure further indicates that the wool gross value of production experienced a decline in 2009 to approximately R2.3 million. Generally, the gross value of wool production in South Africa was from a high base during the second half of the ten year period (2010 and 2014) at a peak of about R5.9 million during 2014. From 2007 onwards, the gross value of wool production slightly increased again to levels of approximately R951 668. The figure also indicates that there was a slight decline in gross value of wool production in 2009 of about R931 278. In 2011, the figure further indicates that gross value of wool production increased consistently until a peak was attained in 2014 at a gross value of RR5.9 million. The figure also indicates that there was a 13.5% increase in gross value of wool production in South Africa in 2014 as compared to 2013 marketing season.

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.



Source: Economic Analysis & Statistics, DAFF & Cape Wools

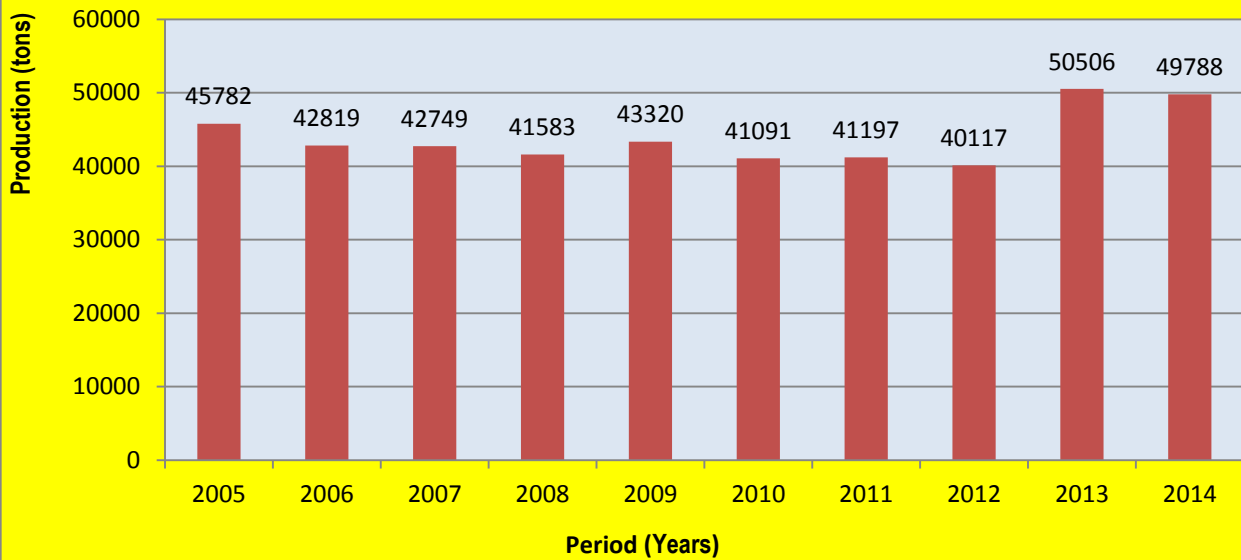
Figure 2 above indicates that approximately 90% of the clip is produced in four provinces, namely the Eastern Cape, Western Cape, Free State and Northern Cape. Total production of wool in 2013/14 season was estimated at 42.7 million kg. Eastern Cape accounted for 34% of the clip followed by Free State with 23%, Western Cape with 20% and Northern Cape at 13%. Other producers are Mpumalanga with 6%, North West at 1% 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 in South Africa. The production season of wool is between August and June of the following year and each sheep is shorn twice during the production season.

Figure 3 below depicts domestic production of wool in South Africa between 2005 and 2014.

Figure 3: Wool Production in South Africa



Source: Economic Analysis & Statistics, DAFF

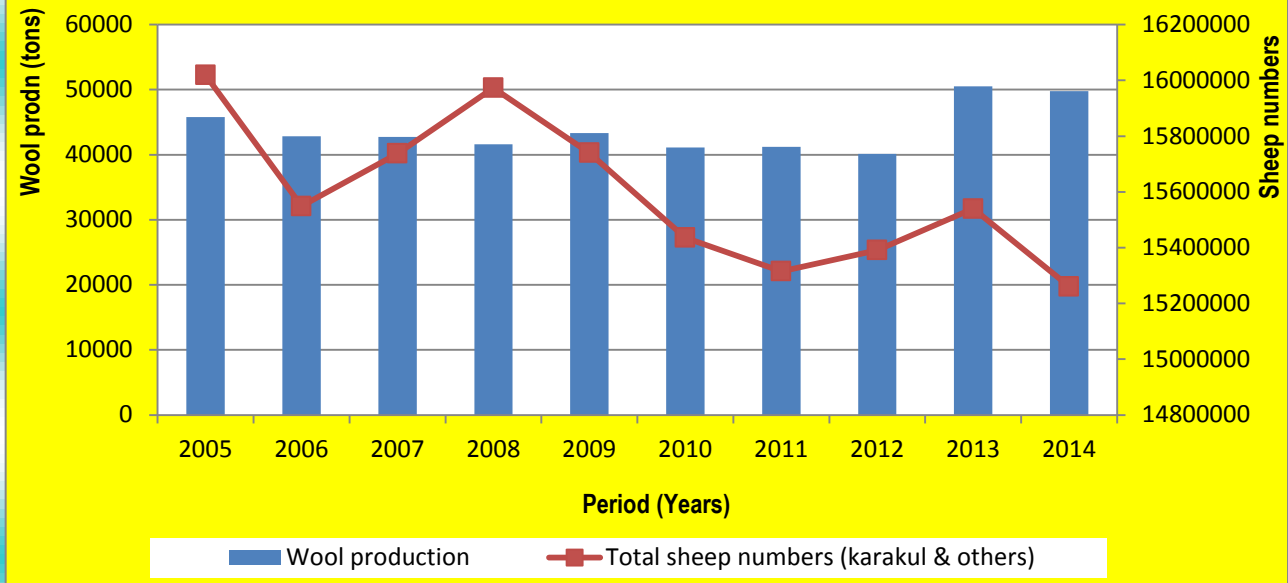
The figure further depicts that wool production in South Africa started to increase in 2005 at 45 782 tons and from 2006 to 2012, a consistent decline occurred to lower levels of about 40 117 tons. Between 2010 and 2012, wool production in South Africa experienced a consistent decline to levels of approximately 40 117 tons during 2012. The figure generally depicts that wool production was from a high base during throughout the ten year period (2005-2014) under review. Wool production in South Africa attained a peak in 2013 at approximately 50506 and 49788 tons respectively. The figure further depicts that there was a 1.42% decline in wool production in South Africa in 2014 as compared to 2013 marketing season.

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 below shows wool production and total sheep numbers (karakul and others) in South Africa from 2005 to 2014 marketing seasons.

Figure 4: Wool production vs total sheep numbers (karakul & others) in South Africa



Source: Economic Analysis & Statistics, DAFF and Cape Wools

The figure shows wool production against total sheep numbers (karakul and others) in South Africa between 2005 and 2014 marketing season. The figure also shows that during the period under review the total number of sheep in South Africa was volatile between 15.2 and 16 million per annum, while wool production on average was stable between 40000 and 50000 tons over the ten year period under examination. The figure further shows that wool production attained a peak in 2013 and 2014 at approximately 50000 and 49788 tons respectively. The figure also shows that the wool industry experienced a relatively stable production between 2005 and 2014 production seasons due to the interaction between government and private sector stakeholders to improve wool production particularly by smallholder farmers. The figure further shows that there was a 1.4% decline in wool production in South Africa in 2014 as compared to 2013. The figure further shows that there was a 1.8% decline in the total number of sheep in South Africa during 2014 as compared to 2013 wool production season.

2. MARKET STRUCTURE

2.1. DOMESTIC MARKET AND PRICES

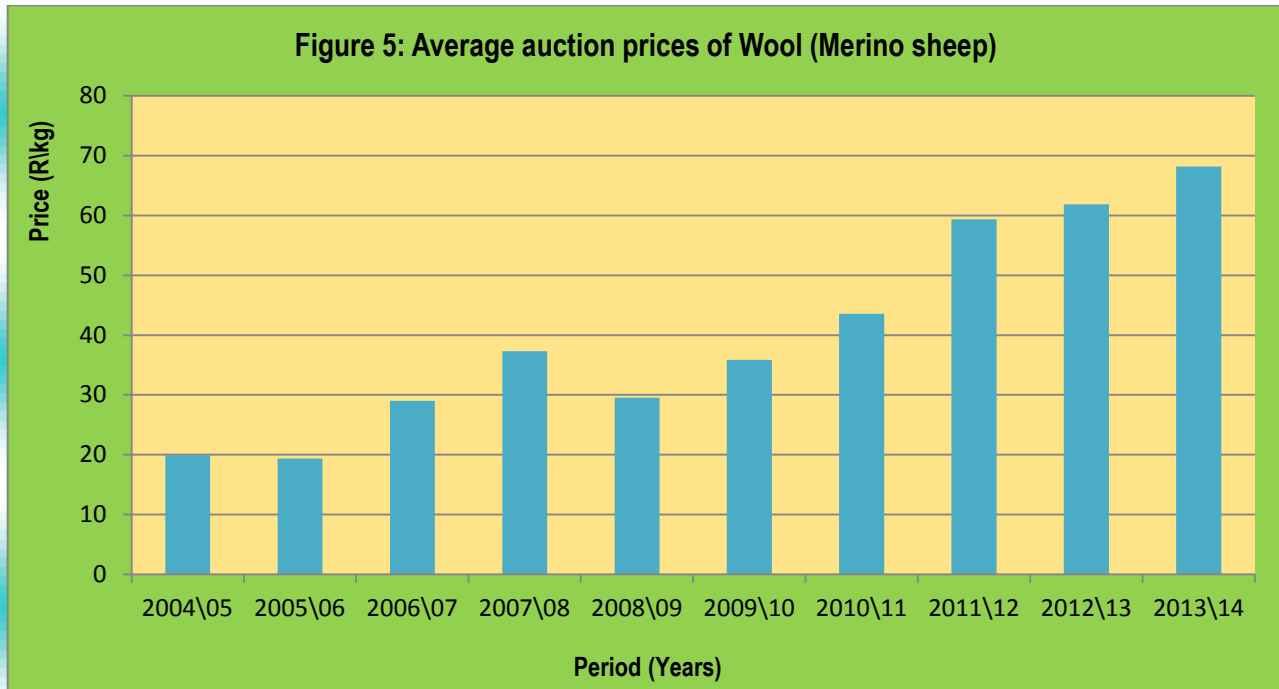
Wool is traded either through auctions or by private treaty, with the largest percentage of the national clip being sold through the auction system. Wool auctions, coordinated by the South African Wool Exchange, are centralized in Port Elizabeth and occur once a week during the wool-selling season, which 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 are 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. The major destination of wool from Cape wools with the majority of clients based in Europe and in the Far East.

Figure 5 below depicts average auction prices of wool in South Africa between 2004/05 and 2013/14 marketing season.

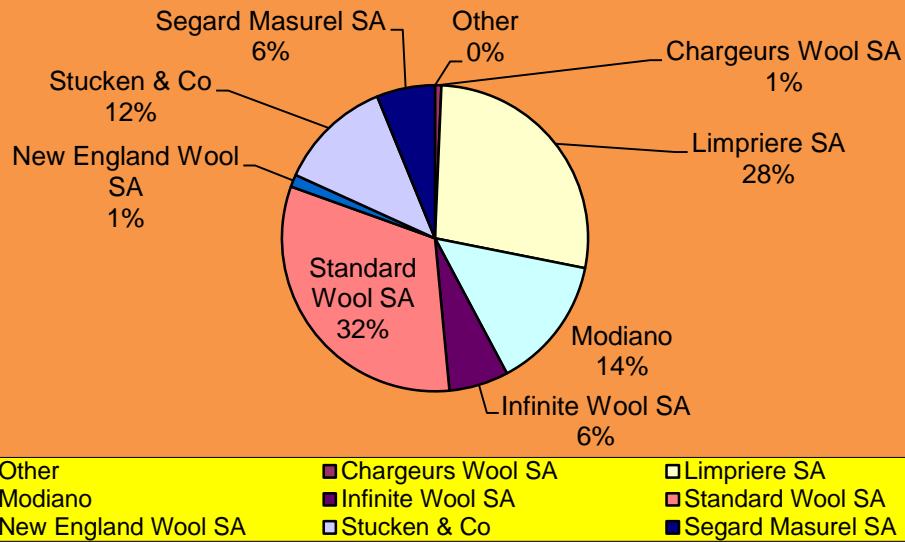


Source: Economic Analysis & Statistics, DAFF

The figure depicts the average auction prices of wool (in particular, Merino sheep) between 2004/05 and 2013/14. The graph further depicts that during period 2004/05 of the ten year period, the average auction price of wool was R19.92 per kilogram. The graph also depicts that the average auction prices of wool (Merino sheep) increased to R37.31 per kilo in 2007/08. However during 2008/09 the average auction price of Merino wool declined from 37.31 per kilo to R29.56 per kilo. The decline may be caused by extreme drought conditions that occurred in 2008/09 season. From 2009/10 to 2013/14 the average prices of wool (Merino sheep) substantially increased from R 35.84 to R68.16 per kilogram due to the decline in production of wool between 2010 and 2012 from 41091 tons to 40117 tons.

Figure 6 below illustrates the share of wool buyers (local wool sales) in the domestic market between 2013 and 2014 marketing season.

Figure 6: Share of wool buyers in the domestic market (2013-14)



Source: Cape Wools

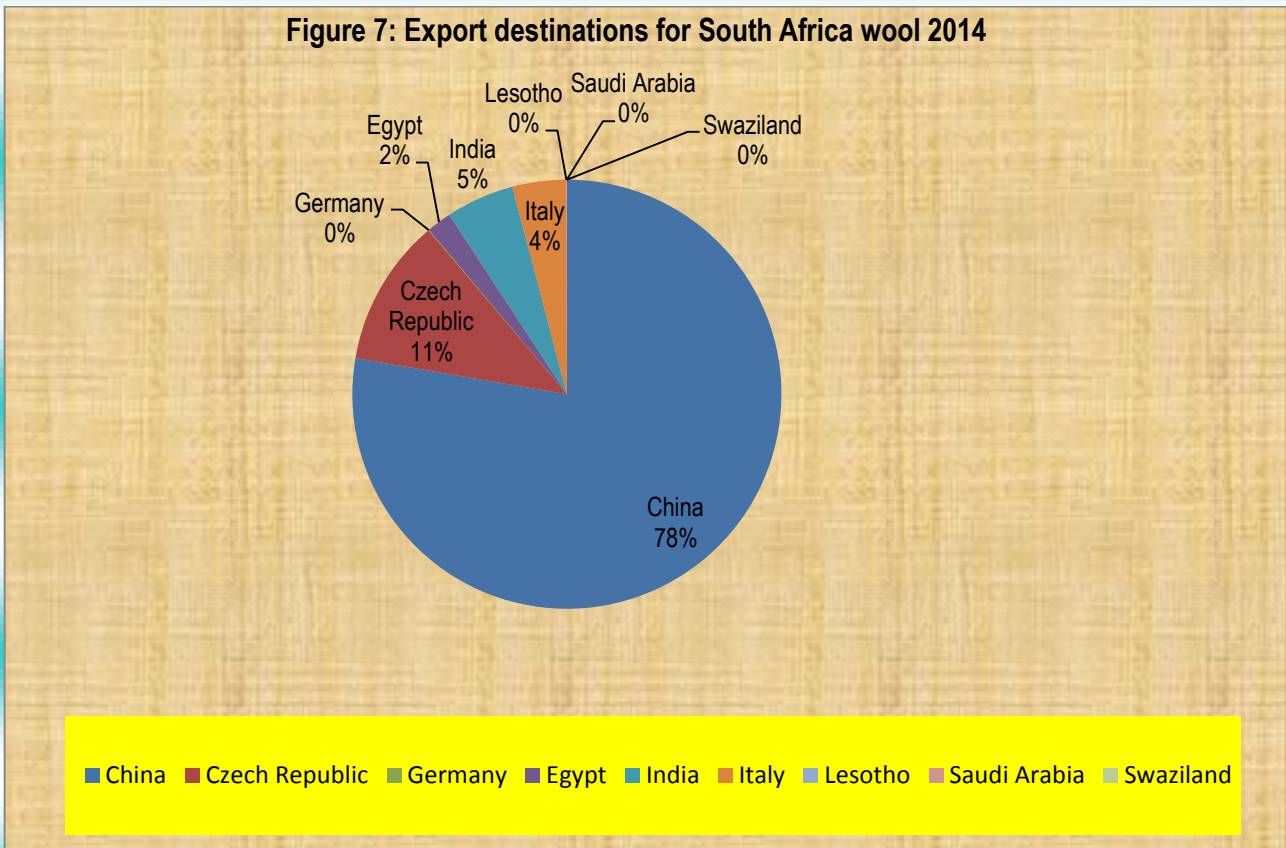
The figure illustrates that local sales were dominated by Standard Wool SA at 32% of the purchases, followed by Limpriere SA at 28%, Modiano at 14%, Stucken & Company at 12% and Segard Masurel SA and Infinite wool SA at 6% respectively. The pie chart also illustrates that the other wool buyers were sitting between 0% and 1% share each during the period under review.

3. EXPORT VOLUMES 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 below depicts the main export destinations of South African wool during the 2014 season.

Figure 7: Export destinations for South Africa wool 2014

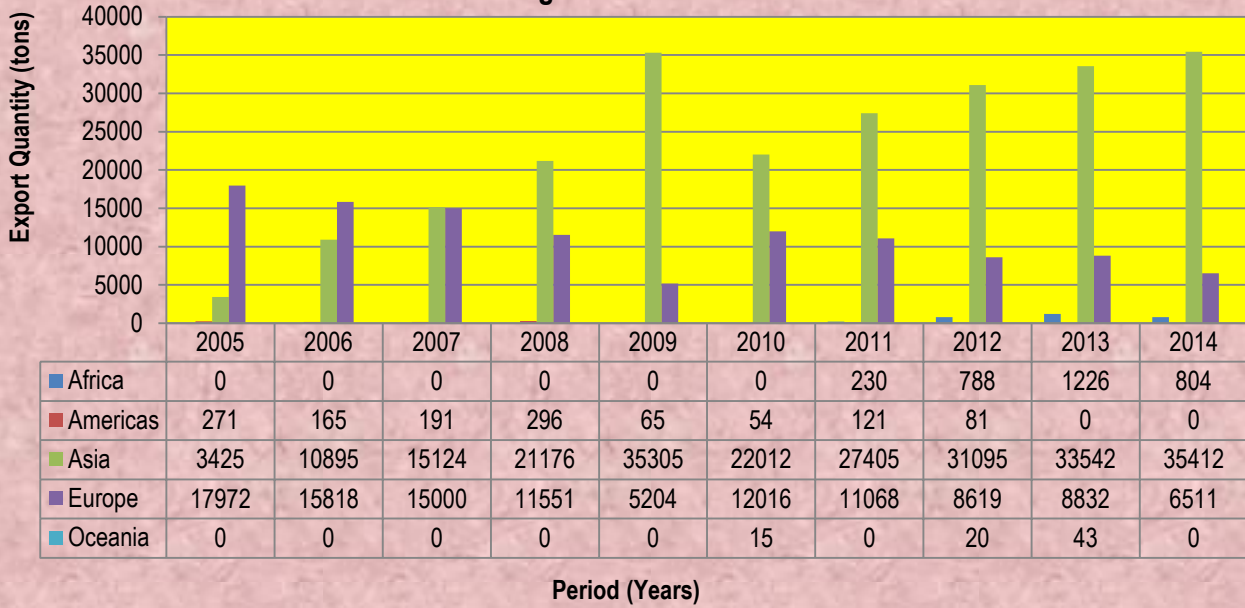


Source of data: Quantec EasyData

During 2014 export season, South Africa exported approximately 42 726.5 tons of wool (not carded or combed) to different regions of the world compared to 43 643.35 tons in 2013. The chart further depicts that the biggest export market for South African wool was China accounting for 78% share, followed by Czech Republic at 11%, India at 4% and Italy at 3%. China and Czech Republic imports mainly grease wool while Italy imports wool tops. Germany, Lesotho, Egypt, Swaziland and Saudi were the smallest markets for South African wool during the period under examination

Figure 8 below indicates export volumes of shorn wool (not carded or combed) from South Africa to various regions of the world between 2005 and 2014.

Figure 8: Export volumes of shorn wool (not carded or combed) to various regions of the world

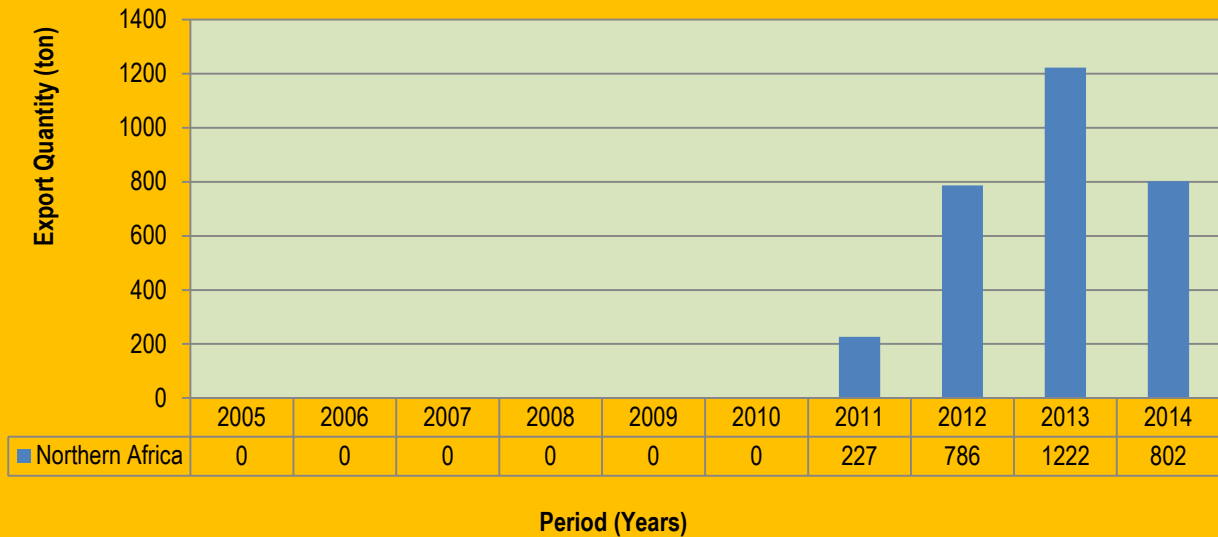


Source: Quantec EasyData

During the period under review, Asia was the biggest export market for South African wool followed by Europe and minimal exports to Africa, Americas and Oceania. The figure also indicates that wool exports from South Africa to Asia started to increase in 2005 at an export volume of about 3 425 tons. The graph further indicates that there was a consistent increase of wool exports from South Africa to Asia from 2006 until a peak was attained in 2009 at export volume of about 35 305 tons. Wool export volumes from South Africa to Europe attained a peak in 2005 at an export volume of about 17 972 tons. Between 2006 and 2013, South Africa exported very low levels of wool, not carded or combed to Europe. Although there was a slight decline in 2010, exports of wool from South Africa to Asia again experienced an increase in 2011 with a consistent increase in 2012 and a peak in 2014 was attained at approximately 35412 tons. Exports of wool from South Africa to Africa, Americas and Oceania were very intermittent between 2005 and 2014 marketing season. The graph also indicates that there was % increase in exports of wool from South Africa to Asia in 2014 as compared to 2013 marketing season.

Figure 9 below shows export volumes of shorn wool (not carded or combed) from South Africa to Americas between 2005 and 2014.

Figure 9: Export volumes of shorn wool (not carded or combed) to Africa

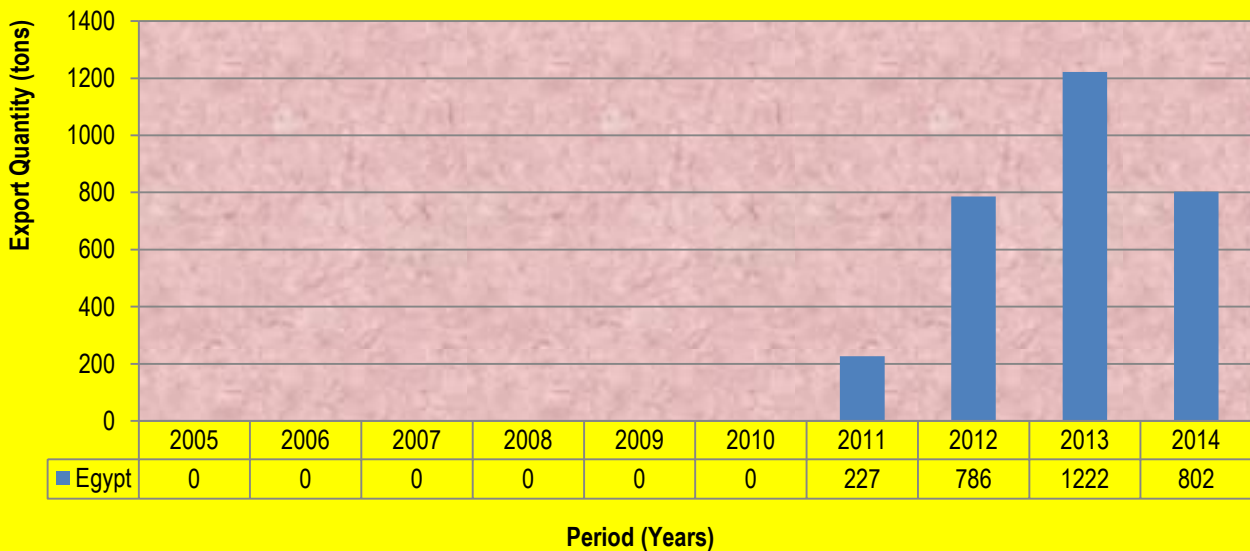


Source of data: Quantec EasyData

The biggest export market for South African wool to Africa was Northern Africa between 2005 and 2014. The figure also shows that exports of wool from South Africa to Northern Africa started to increase in 2011 until a peak was attained in 2013 at approximately 1 222 tons. The figure further shows that there were no exports of wool from South Africa to Northern Africa between 2005 and 2010. The figure further shows that there was a 34.4% decline in exports of wool from South Africa to Northern Africa in 2014 as compared to the 2013 marketing season.

Figure 10 below shows export volumes of shorn wool (not carded or combed) from South Africa to Americas between 2005 and 2014.

Figure 10: Export volumes of shorn wool (not carded or combed) to Northern Africa

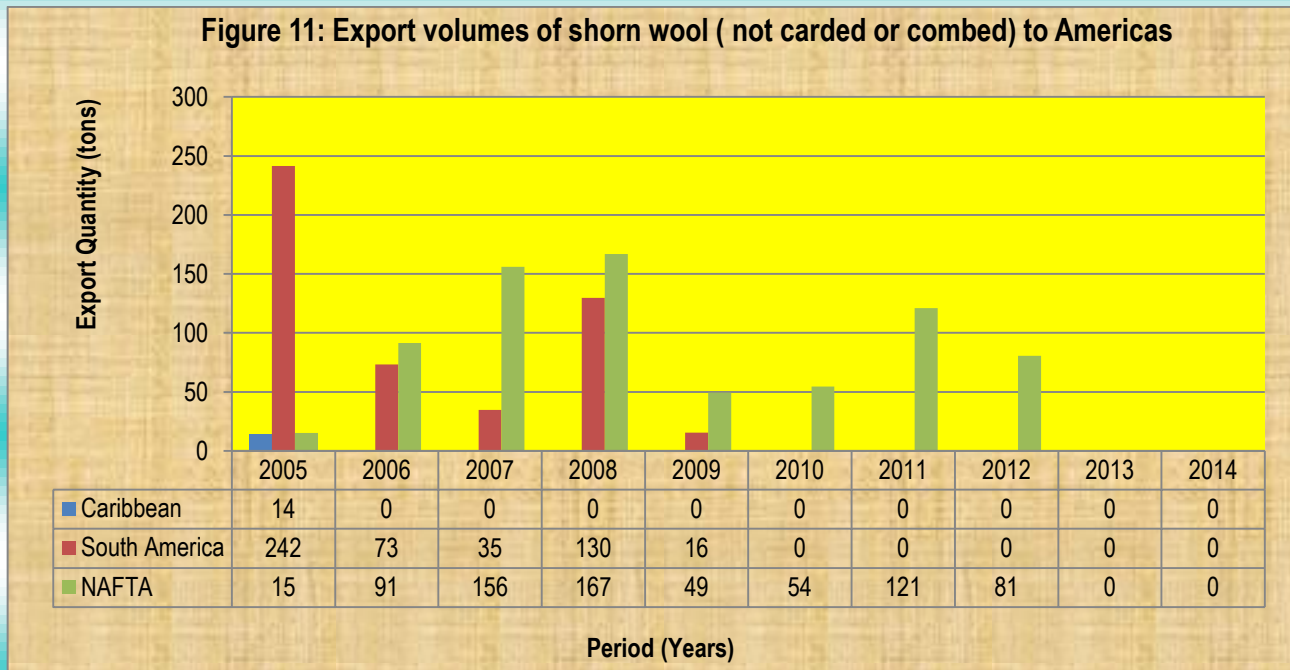


Source of data: Quantec EasyData

The biggest export market for South African wool to Northern Africa was Egypt during the period under scrutiny. The graph also depicts that exports of wool from South Africa to Egypt started to increase in 2011 until a peak was attained in 2013 at approximately 1 222 tons. The graph also depicts that there were no exports of wool from South Africa to Egypt between 2005 and 2010. The graph further depicts that there was

34.4% decline in exports of wool from South Africa to Egypt in 2014 as compared to the 2013 marketing season

Figure 11 below shows export volumes of shorn wool (not carded or combed) from South Africa to Americas between 2005 and 2014.

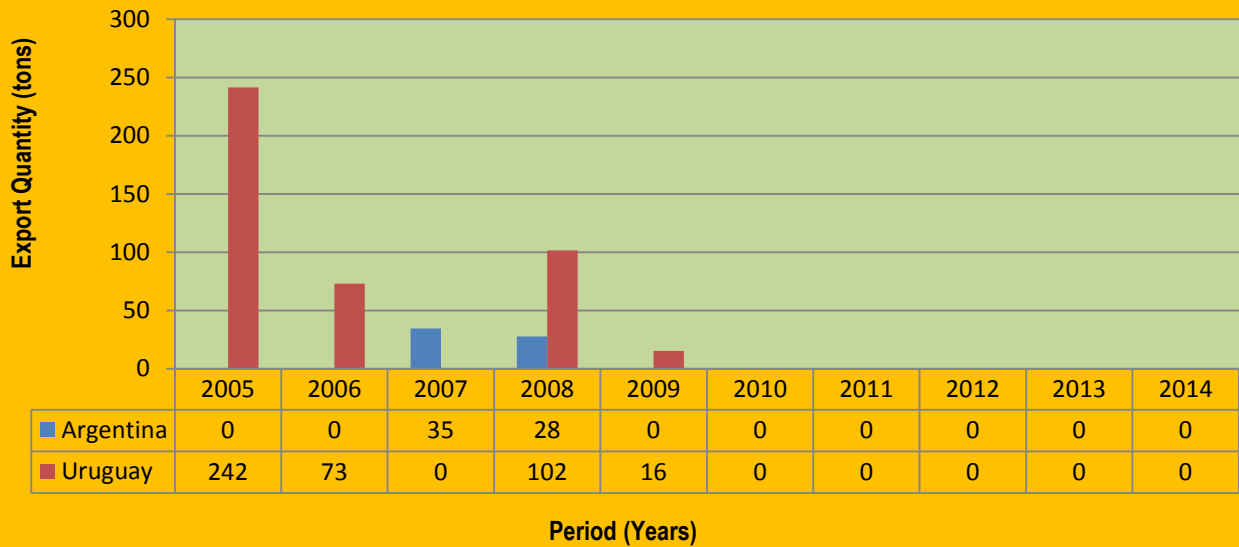


Source of data: Quantec EasyData

The biggest export market for South African wool to the Americas was NAFTA, followed by South America and very low volumes to the Caribbean during the past decade. The graph also shows that exports of wool from South Africa to South America started to increase in 2005 at the same time attaining a peak at approximately 242 tons. Between 2006 and 2007, there was a substantial decline in export volumes of wool from South Africa to South America to lower levels of about 35 tons in 2007. The figure further shows that there were no exports of wool from South Africa to South America between 2010 and 2014, while there were also no exports of wool from South Africa to NAFTA between 2013 and 2014 marketing seasons. Exports of wool from South Africa to NAFTA attained a peak in 2008 at an export quantity of about 167 tons. There was a 100% decline in exports of wool from South Africa to South America in 2014 as compared to the 2009 marketing season, while there was also 100% decline in exports of wool from South Africa to NAFTA in 2014 as compared to the 2012 marketing season.

Figure 12 below depicts export volumes of shorn wool (not carded or combed) from South Africa to South America between 2005 and 2014.

Figure 12: Export volumes of shorn wool (not carded or combed) to South America

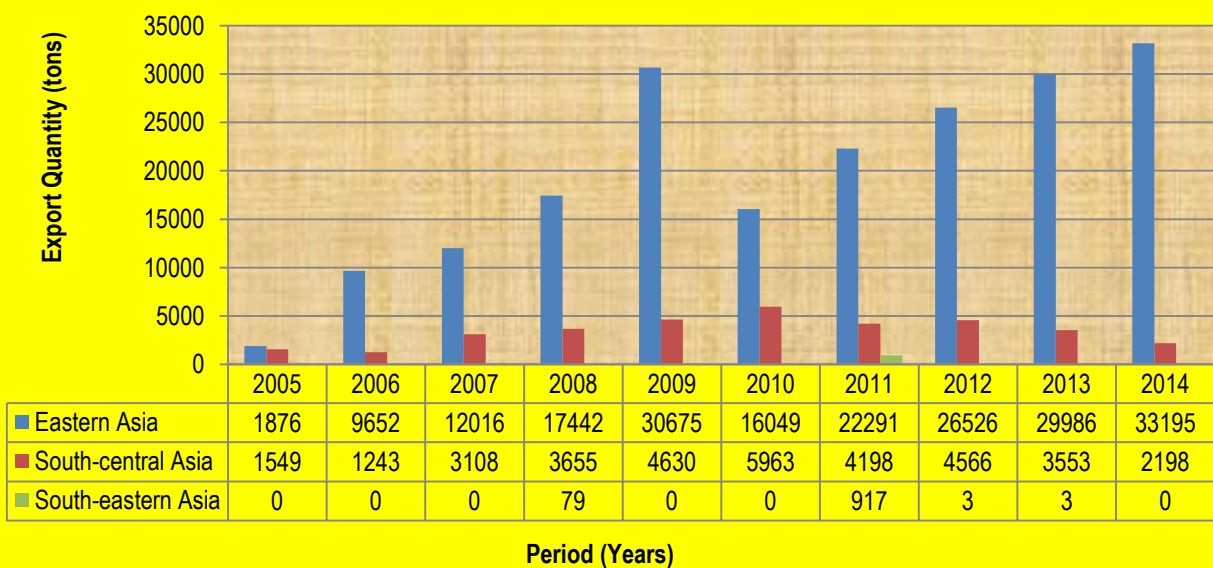


Source: Quantec EasyData

The biggest export market for South African wool to South America was Uruguay, followed by Argentina during the period under scrutiny. Exports of wool from South Africa to Uruguay started to increase in 2005 at the same attained a peak at approximately 242 tons. Between 2006 and 2007, there was a substantial decline in export volumes of wool from South Africa to Uruguay to lower levels of about 73 tons in 2006. Exports of wool from South Africa to Argentina attained a peak in 2007 at approximately 35 tons. The graph also shows that there were no exports of wool from South Africa to Uruguay in 2007 and again between 2010 and 2014. There were also no exports of wool from South Africa to Argentina between 2004 and 2006 and again between 2009 and 2014 marketing seasons. There was a 100% decline in exports of wool from South Africa to Uruguay in 2014 as compared to the 2009 marketing season.

Figure 13 below illustrates export volumes of shorn wool (not carded or combed) from South Africa to Asia between 2005 and 2014.

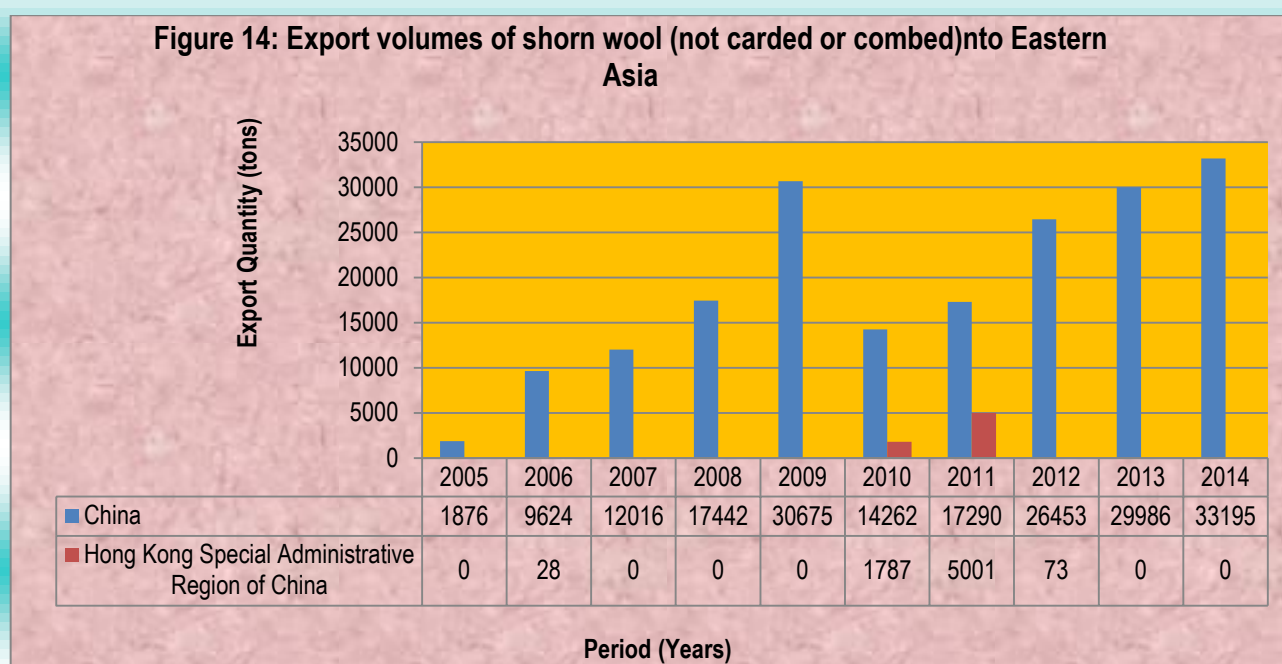
Figure 13: Export volumes of shorn wool (not carded or combed) to Asia



Source: Quantec EasyData

The biggest export market for South African wool to Asia was Eastern Asia, followed by South-central Asia and very intermittent volumes to South-eastern Asia during the period under review. Exports of wool from South Africa to Eastern Asia started to increase in 2005 at about 1876 tons during the period under scrutiny. Exports of wool from South Africa to Eastern Asia experienced a surge of exports until a peak was attained in 2009 at approximately 30 674.63 tons. The figure further shows that exports of wool from South Africa to Eastern Asia attained another peak in 2014 at approximately 33 195 tons. Exports of wool from South Africa to South-central Asia started to increase in 2005 of the period under review. In 2006, exports of wool from South Africa to South-central Asia experienced a slight decline of about 1243 tons. Between 2007 and 2008, exports of wool from South Africa to South-central Asia experienced a consistent increase in exports of about 4630 tons in 2009. Exports of wool from South Africa to South-central Asia attained a peak in 2010 at approximately 5963 tons. There was 10.7% increase in exports of wool from South Africa to Eastern Asia in 2014 as compared to the 2013 marketing season.

Figure 14 below indicates export volumes of shorn wool (not carded or combed) from South Africa to Eastern Asia between 2005 and 2014.

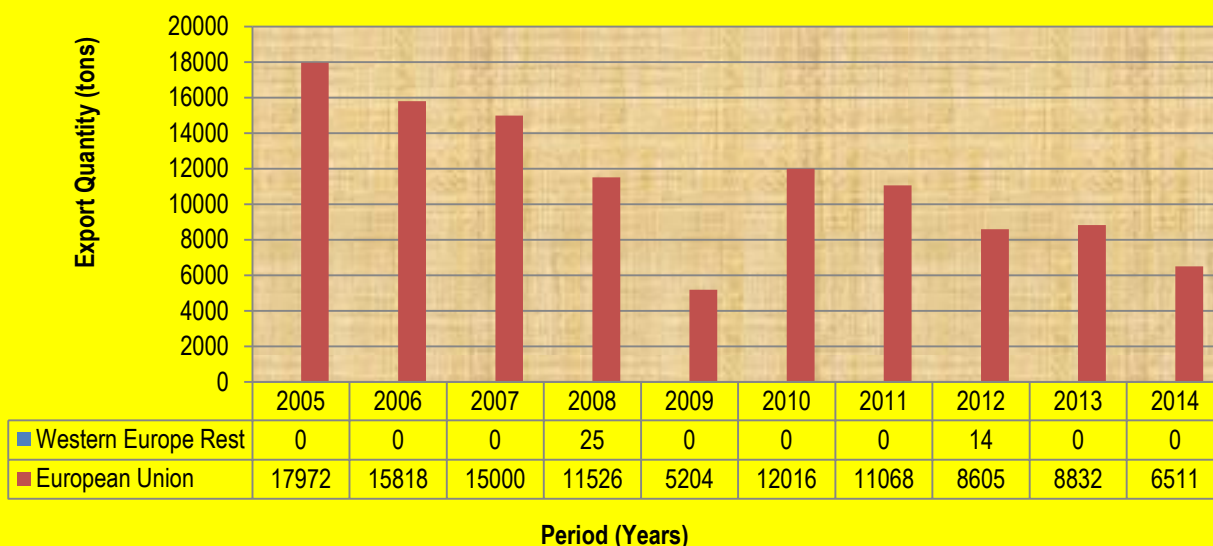


Source: Quantec EasyData

The biggest export market for South African wool to Eastern Asia was China, followed by Hong Kong during the period under review. Exports of wool from South Africa to China started to increase in 2005 at about 1876 tons during the period under scrutiny while exports to China experienced a consistent increase and a surge until a peak was attained in 2009 at approximately 30 674.63 tons. Exports of wool from South Africa to Hong Kong started to increase in 2010, until a peak was attained in 2011 at approximately 5 001 tons. Between 2010 and 2011, exports of wool from South Africa to China experienced a slight decline of about 14 262 tons in 2010. There were no exports of wool from South Africa to Hong Kong in 2005, and again between 2007 and 2009 and again between 2013 and 2014. There was 10.7% increase in exports of wool from South Africa to China in 2014 as compared to the 2013 marketing season.

Figure 15 below shows export volumes of shorn wool (not carded or combed) from South Africa to Europe between 2005 and 2014.

Figure 15: Export volumes of shorn wool (not carded or combed) to Europe

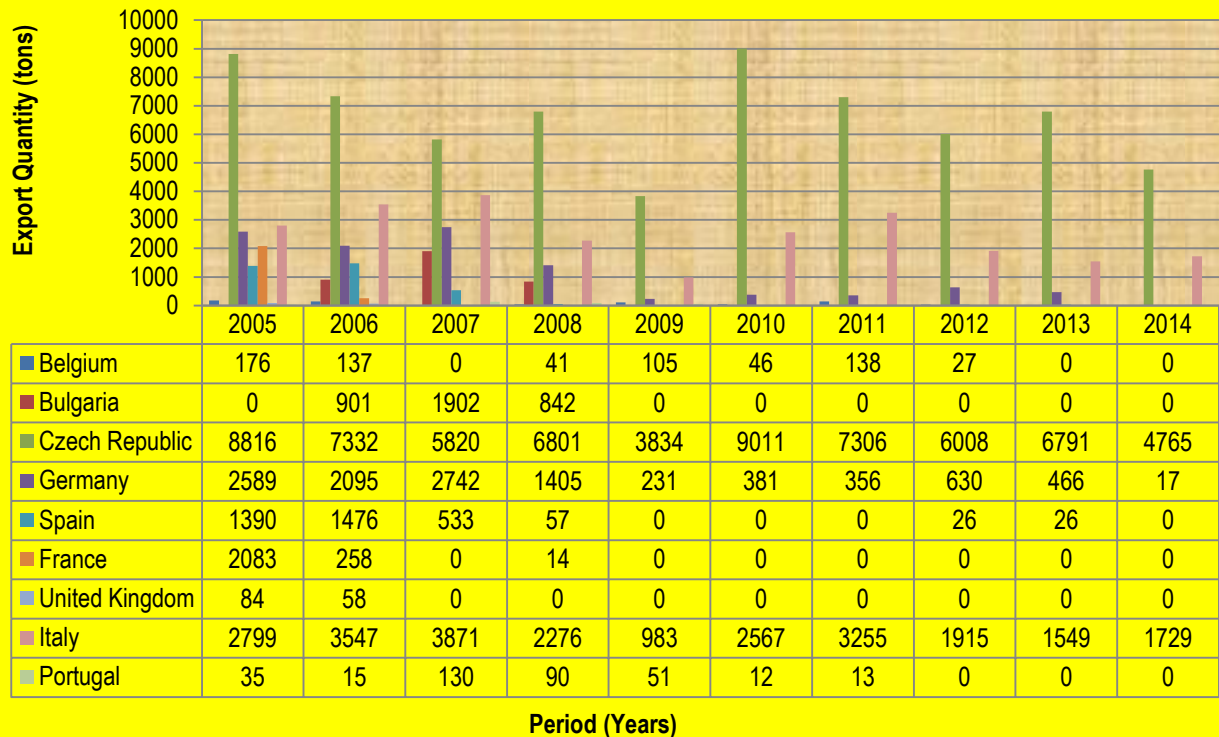


Source of data: Quantec EasyData

Over the past decade, the biggest export market for South African wool in Europe was European Union, followed by Western Europe. Exports of wool from South Africa to the European Union started to increase in 2005 and at the same time attained a peak at an export volume of approximately 17 972 tons. Between 2006 and 2009, there was a consistent decline in exports of wool from South Africa to the European Union to lower levels of approximately 5203.94 tons in 2009. In 2010, wool exports from South Africa to the European Union experienced a notable increase of approximately 12016 tons, until a consistent decline between 2011 and 2014 was experienced. In 2014, there was a 26.3% decline in exports of wool from South Africa to the European Union as compared to the 2013 marketing season.

Figure 16 depicts export volumes of shorn wool (not carded or combed) from South Africa to the European Union between 2005 and 2014.

Figure 16: Export volumes of shorn wool (not carded or combed) to European Union

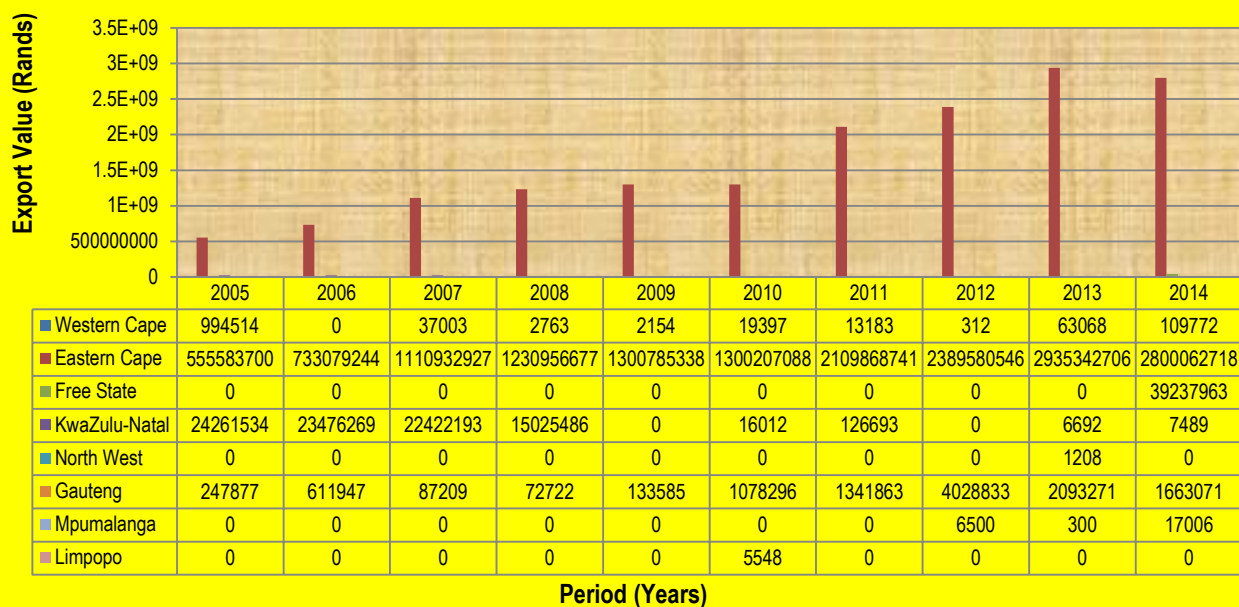


Source of data: Quantec EasyData

The biggest export market for South African wool to the European Union was Czech Republic, followed by Italy and Germany between 2005 and 2014. Export volumes of wool from South Africa to the Czech Republic attained a peak in 2005 at approximately 8816 tons. Between 2006 and 2009, there was a consistent decline to lower levels of approximately 3 834 tons in 2009. In 2010, exports of wool from South Africa to the Czech Republic also attained a peak at approximately 9011 tons. Exports of wool from South Africa to Italy attained a peak also in 2007 at approximately 3871 tons. The figure also depicts 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. There was 11.2% increase in exports of wool from South Africa to Czech Republic in 2014 as compared to the 2013 marketing season.

Figure 17 below shows values of shorn wool (not carded or combed) exports by Provinces of South Africa to the world between 2005 and 2014.

Figure 17: Value of shorn wool exports (not carded or combed) by South Africa

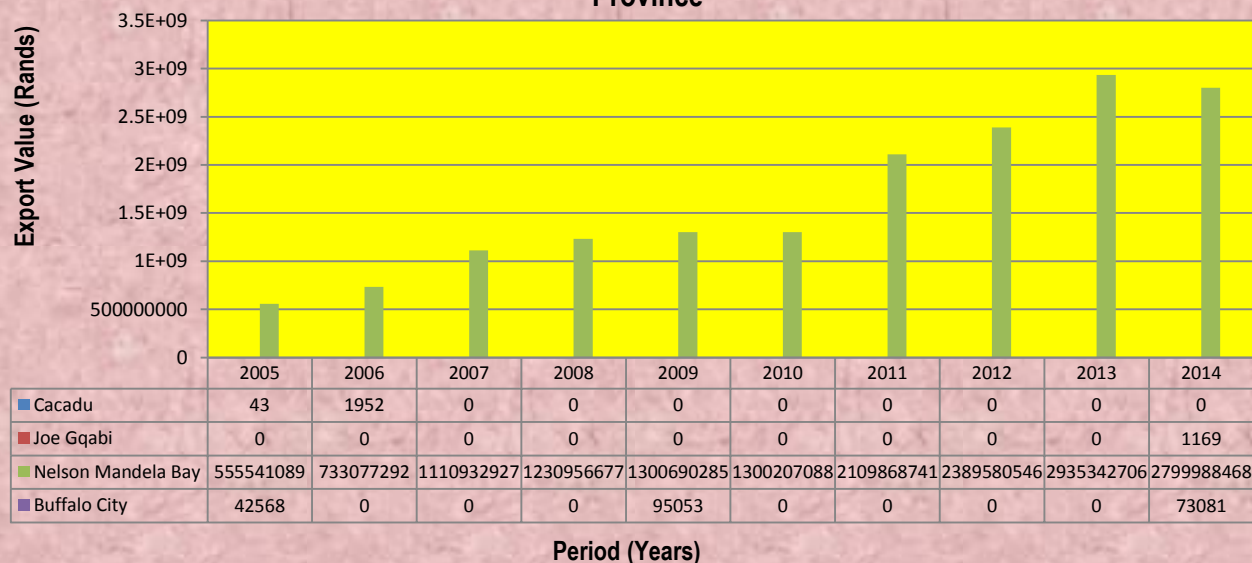


Source of data: Quantec EasyData

During the period under scrutiny, the figure further shows that the biggest supplier of wool from South Africa to the world was Eastern Cape Province with no competition from the other eight provinces. Exports of wool from the Eastern Cape Province to the world started to increase substantially in 2011 at about R2.1 billion. A consistent increase was observed in 2012 until a peak was attained in 2013 at approximately R2.9 billion. In 2014 there was a slight decline in exports of wool from the Eastern Cape Province to the world at about R2.8 billion. Between 2005 and 2010, there was a consistent increase in exports of wool from the Eastern Cape Province to the world although the levels of exports were at a low. Over the past ten years, KwaZulu-Natal, Gauteng and Western Cape provinces exported very low levels of wool from South Africa to the world. There was a 4.6% decline in exports value of wool from the Eastern Cape Province to the world in 2014 as compared to 2013 marketing season.

Figure 18 below illustrates export values of shorn wool (not carded or combed) by the Eastern Cape Province to the world between 2005 and 2014.

Figure 18: Value of shorn wool exports (not carded or combed) by Eastern Cape Province



Source of data: Quantec EasyData

The graph further illustrates that Nelson Mandela Metro was the biggest exporter of wool from the Eastern Cape Province to the world during the period under review. Cacadu, Joe Gqabi and Buffalo City Districts experienced very low export values of wool from South Africa to the world during the period under review. The figure also shows that exports of wool from Nelson Mandela Metro to the world started to increase in 2005, at approximately R5.5 million. From 2006 to 2009, there was a consistent increase in exports values of wool from the Nelson Mandela Metro to the world of approximately 1.3 billion. In 2010, exports values of wool from the Nelson Mandela Metro to the world experienced a slight increase of about R 1.3 billion, while there was a substantial increase in export value of wool from Nelson Mandela Metropolitan Municipality to the world. In 2013, export values of wool from the Nelson Mandela Metro to the world attained a peak at approximately R2.9 billion, followed by a slight decline in 2014 at approximately 2.8 billion. The graph also depicts that over the past decade, Nelson Mandela Metro was the major exporter of wool and nearest exit point of wool (not carded or combed) from South Africa to the world. The graph also illustrates that there was a 4.6% decline in exports value of wool (not carded or combed) from Nelson Mandela Metro Municipality to the world in 2014 as compared to the 2013 marketing season.

Figure 19 illustrates values of shorn wool (not carded or combed) exports by Western Cape Province between 2005 and 2014.

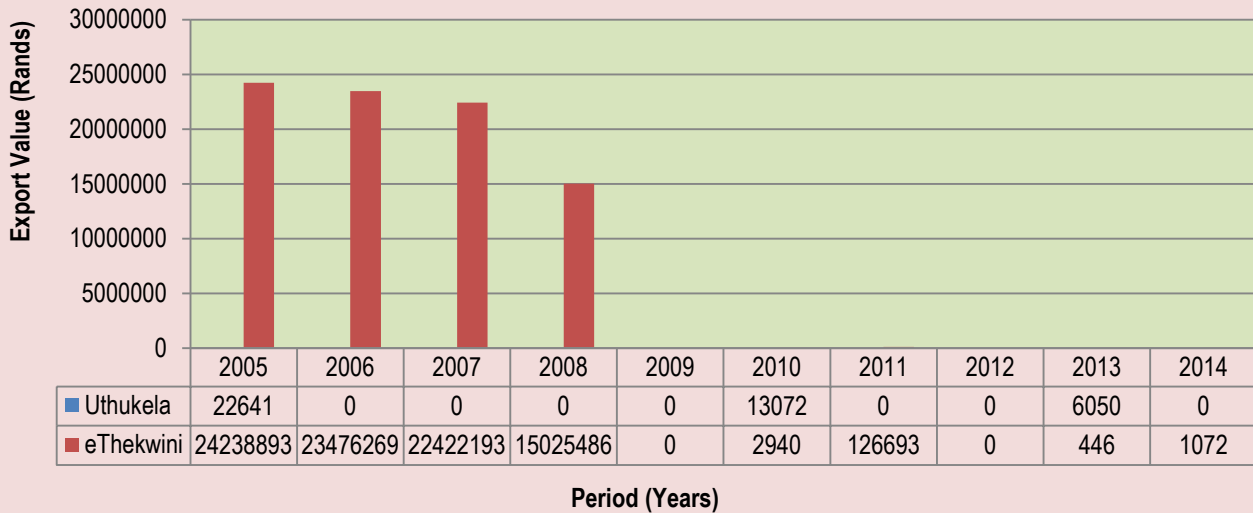


Source of data: Quantec EasyData

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 Metropolitan Municipality, followed by very low exports values from Eden District municipality to the world. The graph also illustrates that export value of wool from the City of Cape Town Metropolitan Municipality to the world started to increase in 2005 and at the same time attained a peak at approximately R994 514.. Wool exports from Eden District municipality to the world attained a peak in 2014 at an export value of approximately R89 205. The figure also illustrates that between 2005 and 2013, there were no exports of wool from Eden District municipality of the Western Cape Province to the world. In 2006 of the period under scrutiny, there were no export values of wool from the City of Cape Town Metropolitan municipality to the world. The graph further illustrates that there was 67.4% decline in exports of wool from the City of Cape Town Metropolitan municipality to the world in 2014 as compared to the 2013 marketing season.

Figure 20 below depicts export values of shorn wool (not carded or combed) from South Africa by the KwaZulu-Natal Province between 2005 and 2014.

Figure 20: Value of shorn wool exports (not carded or combed) by KwaZulu-Natal Province

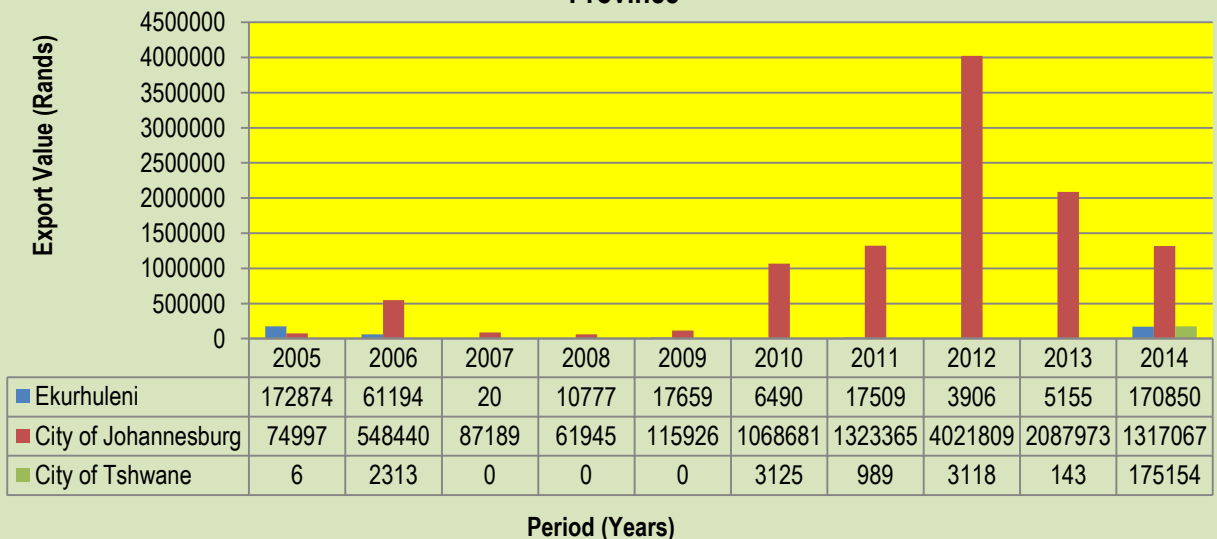


Source of data: Quantec EasyData

Exports of wool from KwaZulu-Natal Province to the world were mainly from eThekweni Metropolitan Municipality, followed by Uthukela District Municipality to the world during the period under review. Exports of wool from eThekweni Metropolitan Municipality to the world started to increase in 2005 and at the same time attained a peak at approximately R24 million respectively. Between 2006 and 2010, there was a consistent decline in exports of wool from eThekweni Metropolitan Municipality to the world to lower levels of about R2 940 in 2010. The graph further depicts that between 2006 and 2009, and between 2011, 2012 and in 2014 respectively, there were no exports of wool from Uthukela District Municipality of KwaZulu-Natal province to the world. There was a 140.4% increase in exports of wool from eThekweni Metropolitan Municipality to the world in 2014 as compared to the 2013 marketing season.

Figure 21 below indicates export values of wool (not carded or combed) from South Africa by Gauteng Province between 2005 and 2014.

Figure 21: Value of shorn wool exports (not carded or combed) by Gauteng Province



Source of data: Quantec EasyData

The City of Johannesburg Metropolitan Municipality played a major role in the export of wool from Gauteng province to the world during the period under review, followed by Ekurhuleni Metropolitan Municipality and very low levels of wool exports from City of Tshwane Metropolitan Municipalities. Exports of wool from the City of

Johannesburg Metropolitan Municipality to the world started to increase in 2010 at approximately R1.0 million. In 2012, exports of wool from the City of Johannesburg Metropolitan Municipality to the world attained a peak at an export value of approximately R4.0 million. Exports of wool from Ekurhuleni Metropolitan Municipality to the world attained a peak in 2005 at an export value of approximately R172 874. There were very minimal exports of wool from the City of Tshwane Metropolitan of not more than R180 000 per annum. In 2014, there was 36.9% decline in exports value of wool from the City of Johannesburg Metropolitan Municipality to the world as compared to the 2013 marketing season.

4. SHARE ANALYSIS

From table 1 it can be inferred that Eastern Cape Province commanded the greatest market share of South African wool exports between 2005 and 2014 marketing season. 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Western Cape	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eastern Cape	95.6	96.8	98.0	98.8	99.99	99.93	99.99	99.89	99.96	98.9
Free State	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.38
KwaZulu-Natal	4.18	3.17	1.98	1.21	0.00	0.00	0.00	9.59	0.00	0.00
Gauteng	0.03	0.01	0.01	0.01	0.01	0.07	0.01	0.11	0.04	0.06
Total	100	100	100	100	100	100	100	100	100	100

Source of data: Quantec Easy Data

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

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

Years Districts	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City of Cape Town	100	0.00	100	100	100	22.15	100	0.00	100	18.74
Cape wine	0.00	0.00	0.00	0.00	0.00	77.85	0.00	0.00	0.00	0.00
Eden District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	81.26
Total	100	0.00	100	100	100	0.00	100	0.00	100	100

Source of data: Quantec Easy Data

From table 3, Nelson Mandela Metropolitan Municipality commanded the greatest market share of Eastern Cape wool exports between 2005 and 2014.

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

Years Districts	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cacadu District	0.00	0.00	0.00	0.00	8.22	9.46	8.19	11.01	0.00	0.00
Joe Gqabi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buffalo City	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nelson Mandela	99.99	100.00	100	99.99	91.77	90.48	91.7	88.99	100.00	100.00
Total	100	100	100	100	100	100	100	100	100	100

Source of data: Quantec Easy Data

From table 4, eThekweni Metropolitan municipality commanded the greatest market share of KwaZulu–Natal wool exports between 2005 and 2014.

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

Years Districts	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Uthukela District	0.09	0.00	0.00	0.00	0.00	41.59	0.00	100	93.13	0.00
eThekweni Metro	99.91	100	100	100	0.00	58.41	100	0.00	6.86	100.00
Total	100	100	100	100	0.00	100	100	100	100	100

Source of data: Quantec Easy Data

From table 5, City of Johannesburg Metropolitan Municipality commanded the greatest market share of Gauteng wool exports between 2005 and 2014.

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

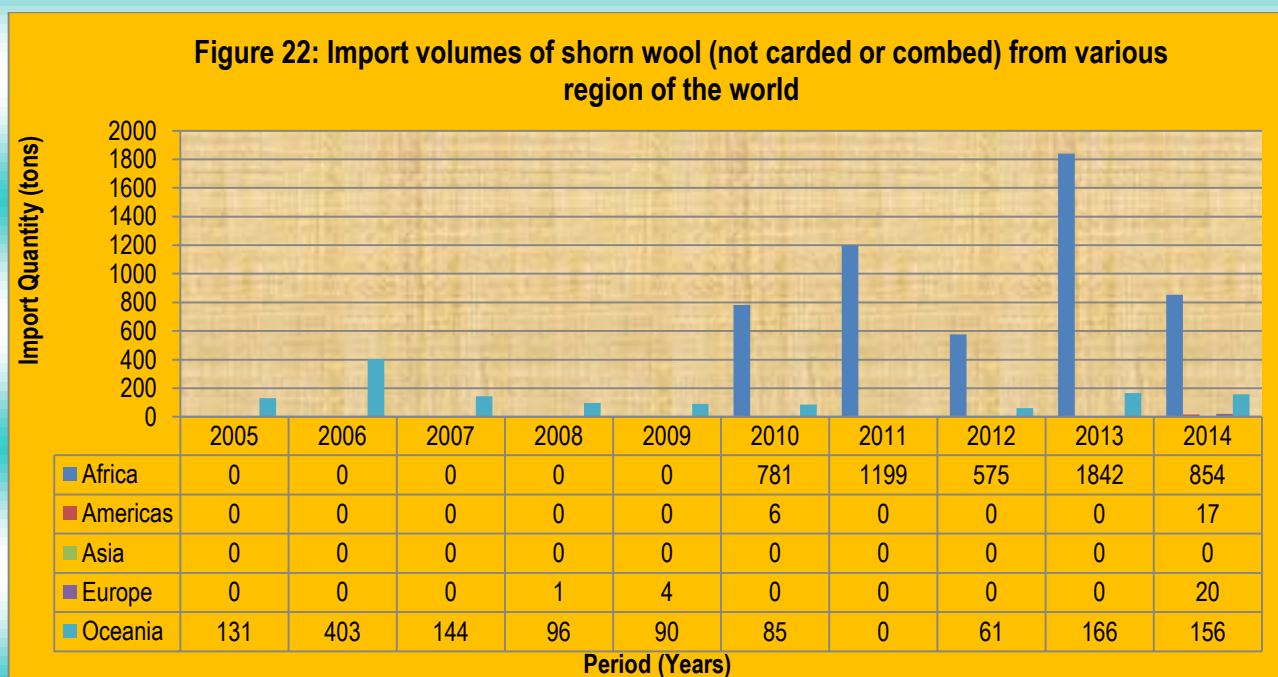
Years Districts	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Ekurhuleni Metro	86.3	59.6	0.02	14.8	13.2	0.74	21.57	1.15	0.47	10.27
City of Tshwane	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.53
City of Johannesburg	13.7	38.2	99.98	85.1	86.8	99.3	78.43	99.85	99.48	79.19
Total	100	100	100	100	100	100	100	100	100	100

Source of data: Quantec Easy Data

5. IMPORT VOLUMES OF WOOL

South Africa imported on average 1047 tons of wool during 2014 marketing season. The majority of wool imports were processed and exported by South African wool.

Figure 22 illustrates the import volumes of shorn wool (not carded or combed) from various regions into South Africa between 2005 and 2014.



Source of data: Quantec EasyData

Africa was the biggest supplying market for imported wool from the world into South Africa, followed by very minimal imports from Asia, Europe, Oceania and Americas. Imports of wool from Africa started to increase in 2010 with a constant increase until a slight decline in 2014 with imports volumes of approximately 575. In 2013 imports volumes of wool from Africa attained a peak at import volumes of about 1 842 tons. In 2014, import volumes of wool (not carded or combed) from Africa into South Africa experienced a slight decline to levels of about 854 tons. Imports of wool from Oceania started to increase in 2005 until a peak was attained in 2006 at import volumes of about 403 tons. During the second half of the period under scrutiny (2010 and 2014), import volumes of wool (not carded or combed) from Oceania declined consistently to lower levels of approximately 61 tons in 2012. In 2014, import volumes of wool (not carded or combed) from Oceania into South Africa experienced a slight decline to levels of about 156 tons. The graph also illustrates that there was 53.6% decline in imports of wool (not carded or combed) from Africa into South Africa in 2014 as compared to 2013 marketing season There was 6.02% decline in imports of wool (not carded or combed) from Oceania into South Africa in 2014 as compared to 2013 marketing season.

Figure 23 below shows the import volumes of shorn wool (not carded or combed) from Africa into South Africa between 2005 and 2014.

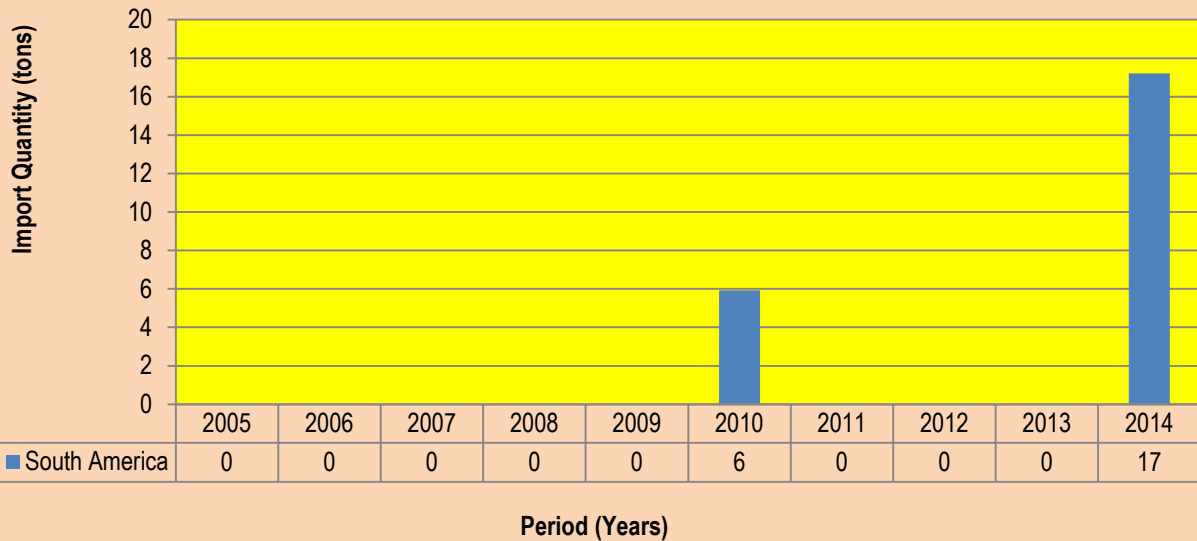


Source of data: Quantec EasyData

Over the past decade, the SACU region was the biggest and the only supplying market of imported wool from Africa into South Africa. Imports of wool from SACU region to the world started to increase in 2010 at approximately 781 tons. The figure further shows that import quantity of wool from SACU attained a peak in 2013 at approximately 1 842 tons. There were no imports of wool from the SACU region into South Africa between 2005 and 2009 and there was 53.6% decline in imports of wool from SACU into South Africa in 2014 as compared to 2013 marketing season.

Figure 24 depicts the import volumes of shorn wool (not carded or combed) from Americas into South Africa between 2005 and 2014.

Figure 24: Import volumes of shorn wool (not carded or combed) from Americas

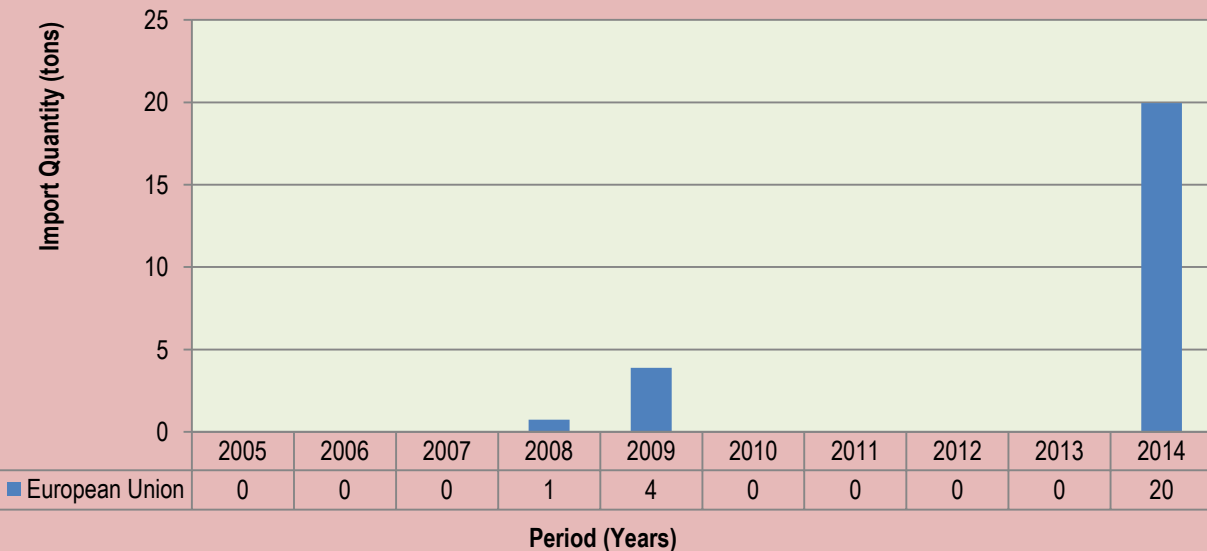


Source of data: Quantec EasyData

South America was the biggest supplying market for imported wool from Americas into South Africa over the past ten years(2005-2014). Import volumes of wool from South America into South Africa started to increase in 2010 at an import volume of about 6 tons. Imports from South America into South Africa attained a peak in 2014 at approximately 17 tons. There were no import volumes of wool from South America into South Africa between 2005 and 2009 and again between 2011 and 2013. In 2014, there was a 100% increase in imports of wool from South America into South Africa as compared to 2013 marketing season.

Figure 25 below illustrates the import volumes of shorn wool (not carded or combed) from Europe into South Africa between 2005 and 2014.

Figure 25: Import volumes of shorn wool (not carded or combed) from Europe

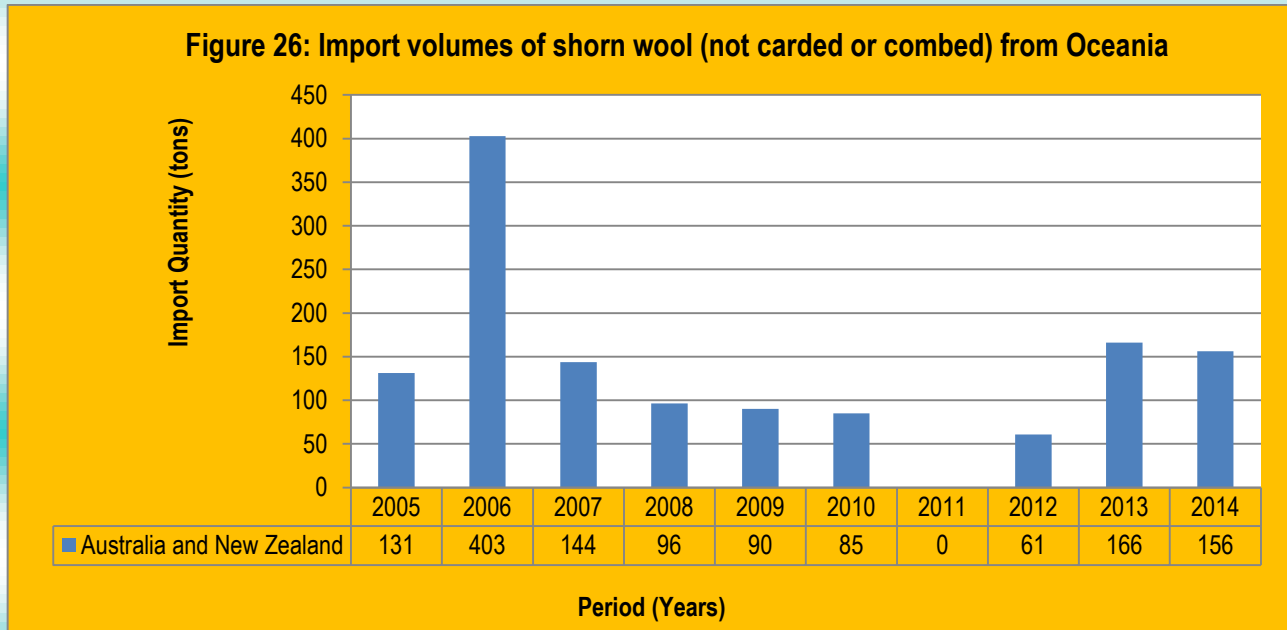


Source of data: Quantec EasyData

The European Union was the biggest and only supplying market for imported wool from Europe into South Africa during the period under scrutiny. Imports from the European Union into South Africa started to increase in 2008 and 2009 at 0,75 tons and 4 tons respectively and attained a peak in 2014 at approximately 20 tons. Between 2005 and 2007, and again between 2010 and 2013, there were no import volumes of wool from the

European Union into South Africa. There was a 100% increase in imports of wool from European Union into South Africa in 2014 as compared to the 2013 marketing season.

Figure 26 below depicts the import volumes of shorn wool (not carded or combed) from Oceania into South Africa between 2005 and 2014.

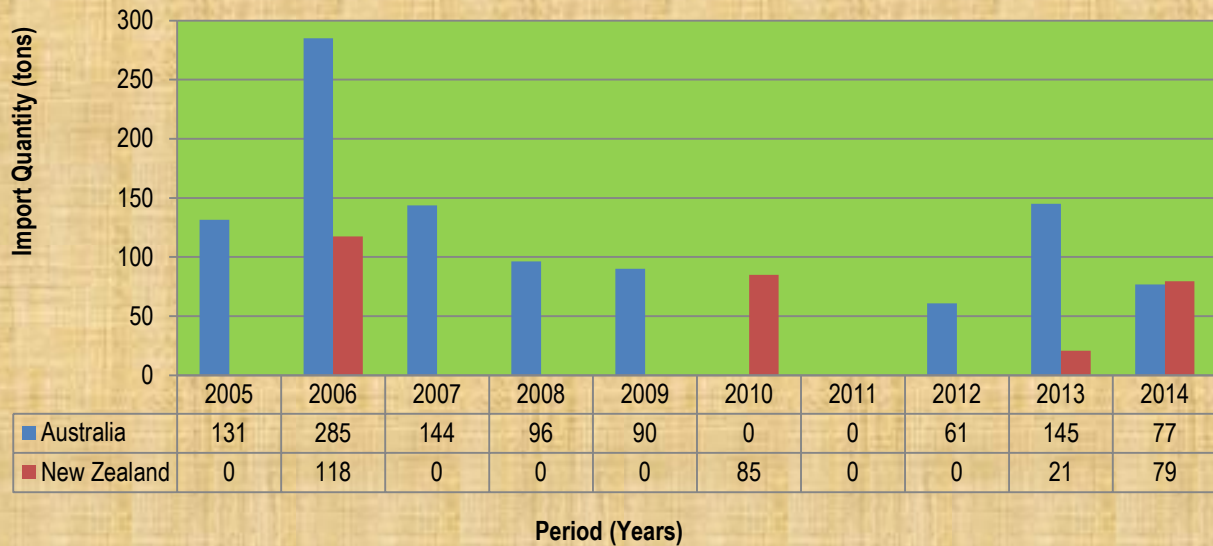


Source of data: Quantec EasyData

During the period under review, Australia and New Zealand were the biggest and only suppliers of imported wool from Oceania into South Africa. Imports from Australia and New Zealand into South Africa started to increase in 2005 with a consistent increase until a peak was attained in 2006 at an import volume of about 403 tons. Between 2007 and 2012, imports of wool from Australia and New Zealand into South Africa declined dramatically to lower levels of approximately 61 tons. In 2013, import volumes of wool from Australia and New Zealand into South Africa slightly increased to levels of approximately 166 tons, followed by a slight decline in 2014 at import quantity of approximately 156 tons. There was 6.02% decline in imports of wool from Australia and New Zealand into South Africa in 2014 as compared to 2013 marketing season.

Figure 27 below indicates the import volumes of shorn wool (not carded or combed) from Australia and New Zealand into South Africa between 2005 and 2014.

Figure 27: Import volumes of shorn wool (not carded or combed) from Australia and New Zealand



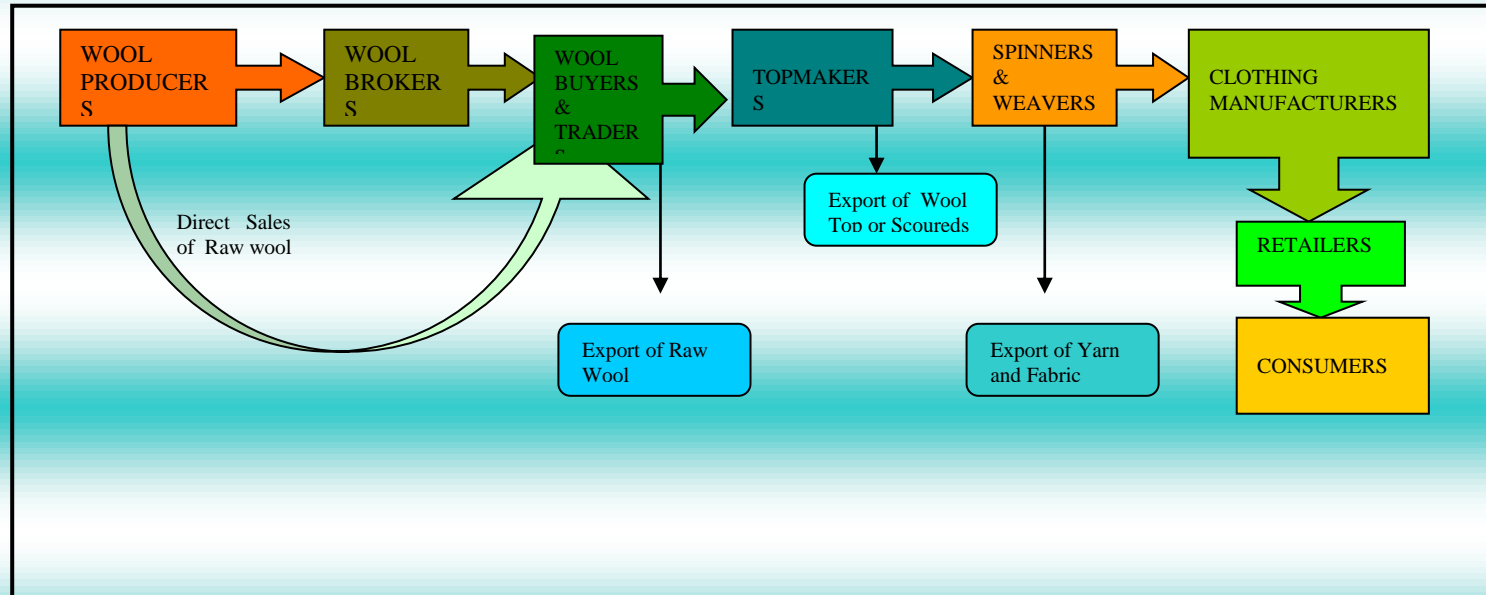
Source of data: Quantec EasyData

During the period under review Australia was the biggest supplying market for imported wool from Australia and New Zealand region into South Africa, followed by low wool import volumes from New Zealand into South Africa. Imports from Australia into South Africa started to increase in 2005 until a peak was attained in 2006 at an import volume of about 285 tons. Between 2007 and 2012, imports of wool from Australia into South Africa declined consistently to lower levels of approximately 61 tons in 2012, with no wool imports from Australia into South Africa between 2010 and 2011. Imports from New Zealand into South Africa started to increase in 2006 and at the same time attained a peak at an import volume of about 118 tons. In 2005 and again between 2007 and 2009 and between 2011 and 2012, there were no wool import volumes from New Zealand into South Africa. There was 46.9% increase in imports of wool from Australia into South Africa in 2014 as compared to 2013 marketing season.

6. VALUE CHAIN

The value chain of wool is presented in figure 28.

Figure 28: 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 five 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 colour 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 2015 are shown in table 11 below.

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%

Country	Product Description	Trade Regime Description	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
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 wool, neither carded nor combed (excl. shorn wool)	MFN duties (Applied)	8.00%	8.00%
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)	0.00%	0.00%

Source: ITC (Mac Map)

Table 11 presents wool (not carded or combed) exports from South Africa to various regions of the world in 2015 marketing season. The table further illustrates that South Africa as an exporter of wool can export to many countries especially European Union duty free during the 2015 period. However countries such as China, 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 2015 are shown in table 12 below.

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%

Country	Product Description	Trade Regime Description.	Applied Tariffs.	Total Valorem Equivalent Ad Tariff
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%
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 imports of wool (not carded or combed) from the world into South Africa in 2015 marketing season. The table further shows that South Africa did not apply any tariff to world countries exporting greasy wool into South Africa in 2015.

9. MARKET INTELLIGENCE

Table 13: List of importing markets for wool (not carded or combed) exported by South Africa in 2014

Importers	Trade Indicators							Tariff (estimated) faced by South Africa (%)
	Exported value 2014 (USD thousand)	Share in South Africa's exports (%)	Exported quantity 2014 (tons)	Unit value (USD/unit)	Exported growth in value between 2010-2014 (% p.a.)	Exported growth in quantity between 2010-2014 (% p.a.)	Exported growth in value between 2013-2014 (% p.a.)	
World	261796	100	44534	5879	8	5	-14	
China	188957	72.2	33442	5650	31	25	-4	38
Czech Republic	30352	11.6	4765	6370	-10	-13	-36	0
Italy	16828	6.4	2355	7146	-7	-10	3	0
India	14698	5.6	2527	5816	-17	-18	-40	5
Egypt	6390	2.4	802	7968		51	-38	0
Germany	3498	1.3	458	7638	-8	-11	-47	0
United States of America	348	0.1	39	8923	-27	-29	-42	0.6
Spain	186	0.1	19	9789	2	4	13	0
Japan	118	0	18	6556	-6	-4	-48	0
Portugal	91	0	10	9100	-18	-4		0
Canada	89	0	11	8091	70		230	0
Lesotho	57	0	19	3000	37	67	54	0

Source: ITC

Table 13 presents the list of importing markets for wool (not carded or combed) exported by South Africa in 2014. The table further shows that during the period under review, South Africa exported a total 44 534 tons of wool. China and Czech Republic were the leading importers of wool, not carded or combed, accounting for 72.2% and 11.6% share in South Africa's wool exports during the same period under examination. China, imports worldwide experienced a growth in value respectively by 31% p.a. over the period from 2010 to 2014, and the growth of the world market over the same period was 8% p.a.

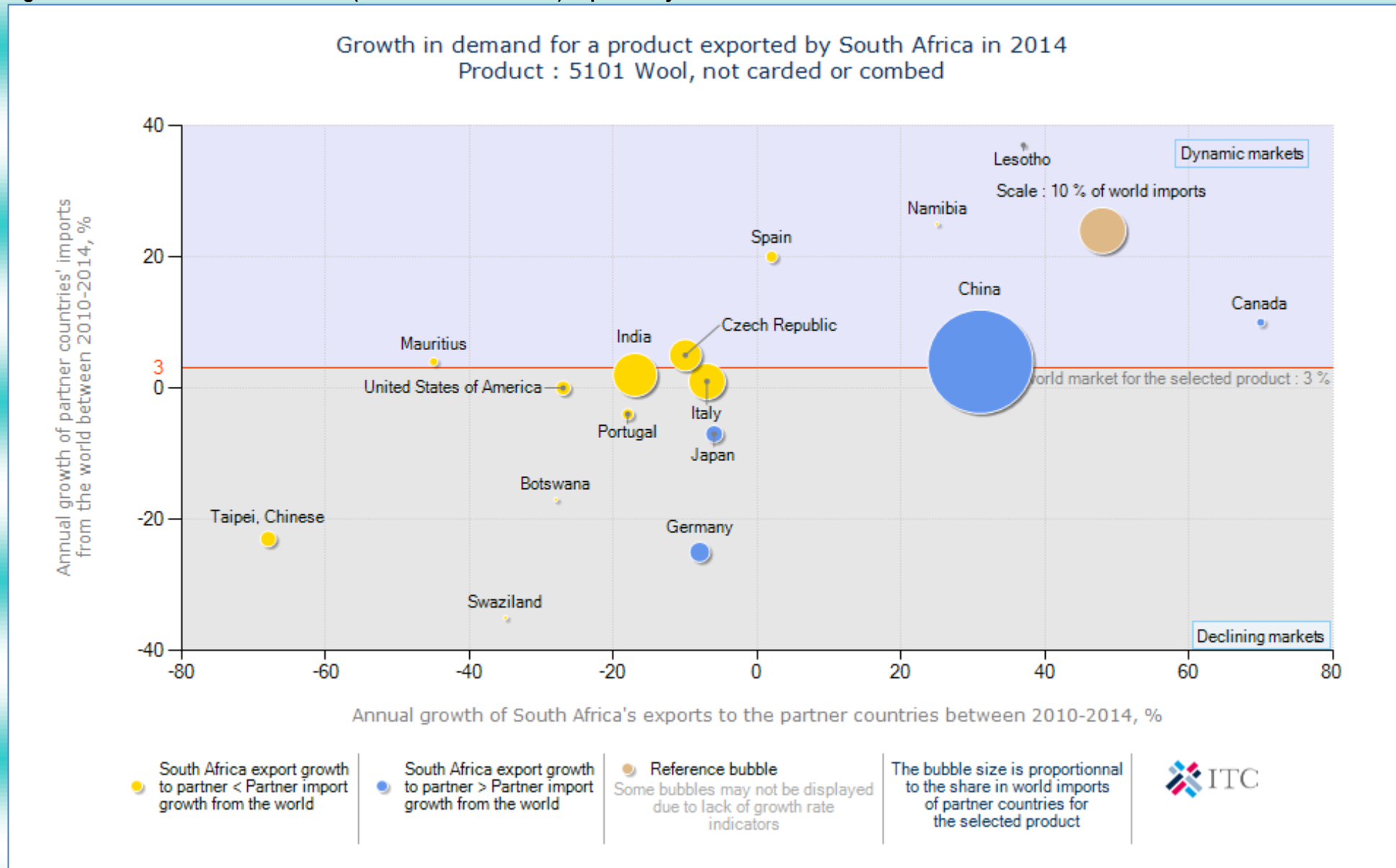
On the same breadth, China's imports from South Africa experienced a growth in quantity of 25% p.a. respectively over the period from 2010 to 2014, and the growth of the world market over the same period was 5% p.a.

The table also shows that South Africa's exported growth in value and quantity to China between 2010 and 2014 was less 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 2014. The table also shows that Czech Republic has 11.6% share in South Africa's exports, the exported growth in value was -10% and -13% exported growth in quantity between 2010 and 2014 period.

South Africa's exported growth in value to China between 2013 and 2014, declined up to 4% p.a, while South Africa's exported growth in value to Czech Republic over the same period decreased by 34% higher than that of the world (-14%). The table also shows that China, India and United States of America applied a tariff of between 0.6 and 38% during 2014.

Figure 29: Growth in demand for wool (not carded or combed) exported by SA in 2014



Source: ITC (Trade Map)

Figure 29 indicates the growth in demand for wool (not carded or combed) exported by South Africa in 2014. The bubble graph further indicates that, China and Czech Republic were the biggest markets for South Africa's wool exports during 2014. The bubble graph also indicates that Spain and Namibia were growing at a rate that is greater (2% and 23%) than their imports from the rest of the world (20-25%) between 2010 and 2014.

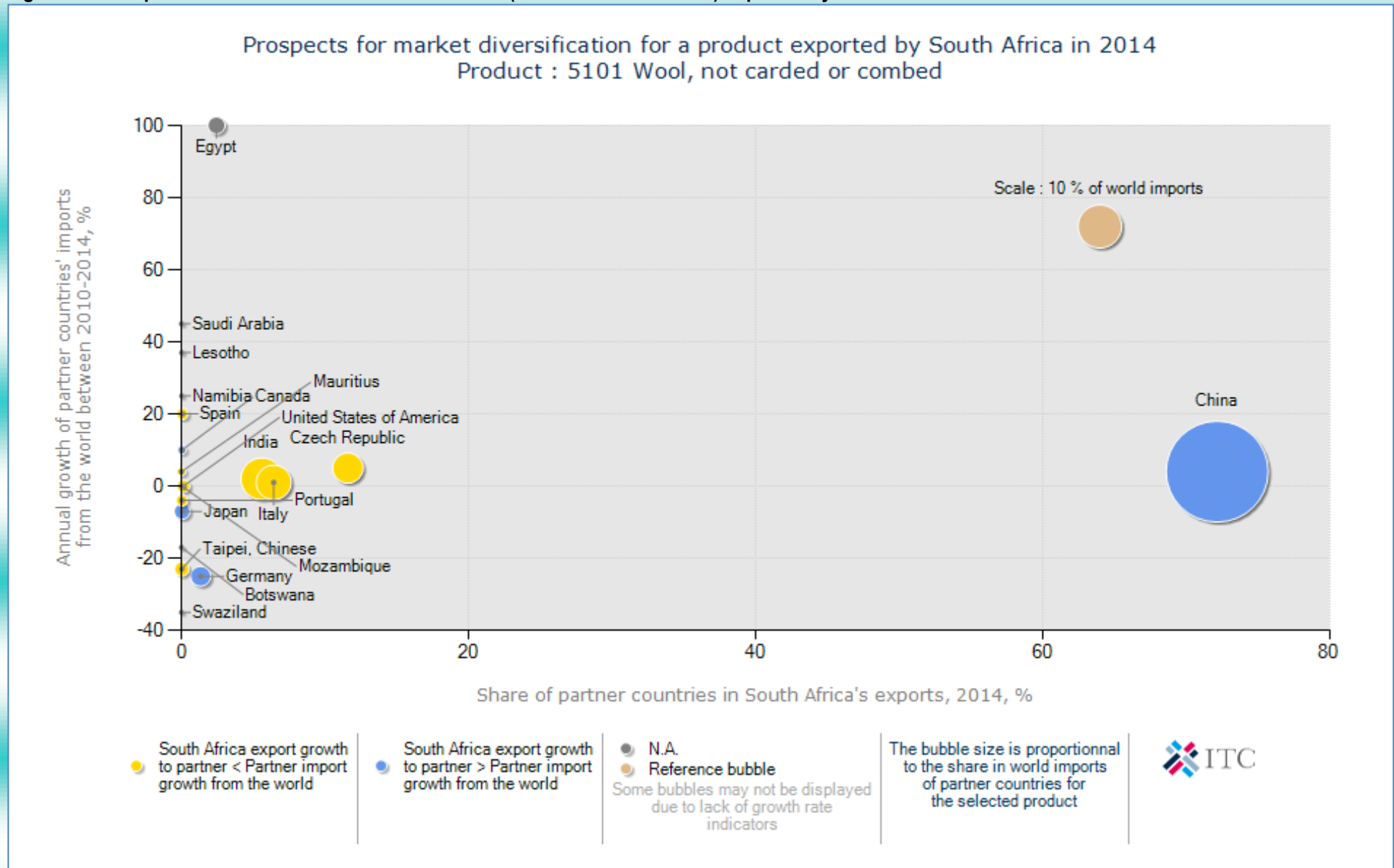
By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's export for this product, the following conclusions can be made:

South Africa's exports for wool to Namibia and China were growing faster than world's exports at approximately between 35% and 23% between 2010 and 2014.

South Africa's exports of wool to Spain were growing at 2%, while world's exports were also growing at approximately 20% respectively between 2010 and 2014.

South Africa's exports for wool to India, Japan and United States of America were declining, while world's exports were also declining at approximately between 5% and 15% between 2010 and 2014.

Figure 30: Prospects for market diversification for wool (not carded or combed) exported by SA in 2014



Source: ITC (Trade Map)

Figure 30 depicts the prospects for market diversification for wool (not carded or combed) exported by South Africa in 2014. The bubble graph further depicts that China was the biggest market for Wool from South Africa during 2014. The bubble graph also depicts that if South Africa has to diversify its markets of wool, the small and attractive markets exist in Spain, Germany, Japan and Italy. Other small and attractive markets but to the world were United States of America, Canada and Hong Kong China.

China remains a traditional market for South Africa's wool in 2014, because the size of the bubble indicates that it is the main world importer with over 188 957 US\$ of wool imports (72.2% market share) and its market was growing by 31% and 25% p.a. in value and quantity over the period 2010–2014.

In addition, the chart also depicts that countries like China and Egypt have experienced a positive and higher annual growth rate between 2013–2014 of 11% and 74% respectively. It is important to note that growth by these countries have been of a low base. These countries represent possible market for South Africa's wool during the 2014 marketing season.

Table 14: List of supplying markets for wool (not carded or combed imported by South Africa in 2014

Exporters	Trade Indicators							Tariff (estimated) applied by South Africa (%)
	Imported value 2014 (USD thousand)	Share in South Africa's imports (%)	Imported quantity 2014 (tons)	Unit value (USD/unit)	Imported growth in value between 2010-2014 (% p.a.)	Imported growth in quantity between 2010-2014 (% p.a.)	Imported growth in value between 2013-2014 (% p.a.)	
World	13595	100	6568	2070	15	42	43	
Lesotho	8589	63.2	5409	1588	17	58	42	0
United Kingdom	3493	25.7	835	4183	22	28	96	0
New Zealand	1040	7.6	184	5652	-6	-17	27	0
Australia	286	2.1	77	3714			-54	0
Uruguay	86	0.6	17	5059			-25	0
Italy	68	0.5	12	5667		-30	-1	0
Germany	15	0.1	9	1667				0
Namibia	12	0.1	24	500	-1	7	-14	0
China	4	0	1	4000		-8	-56	0

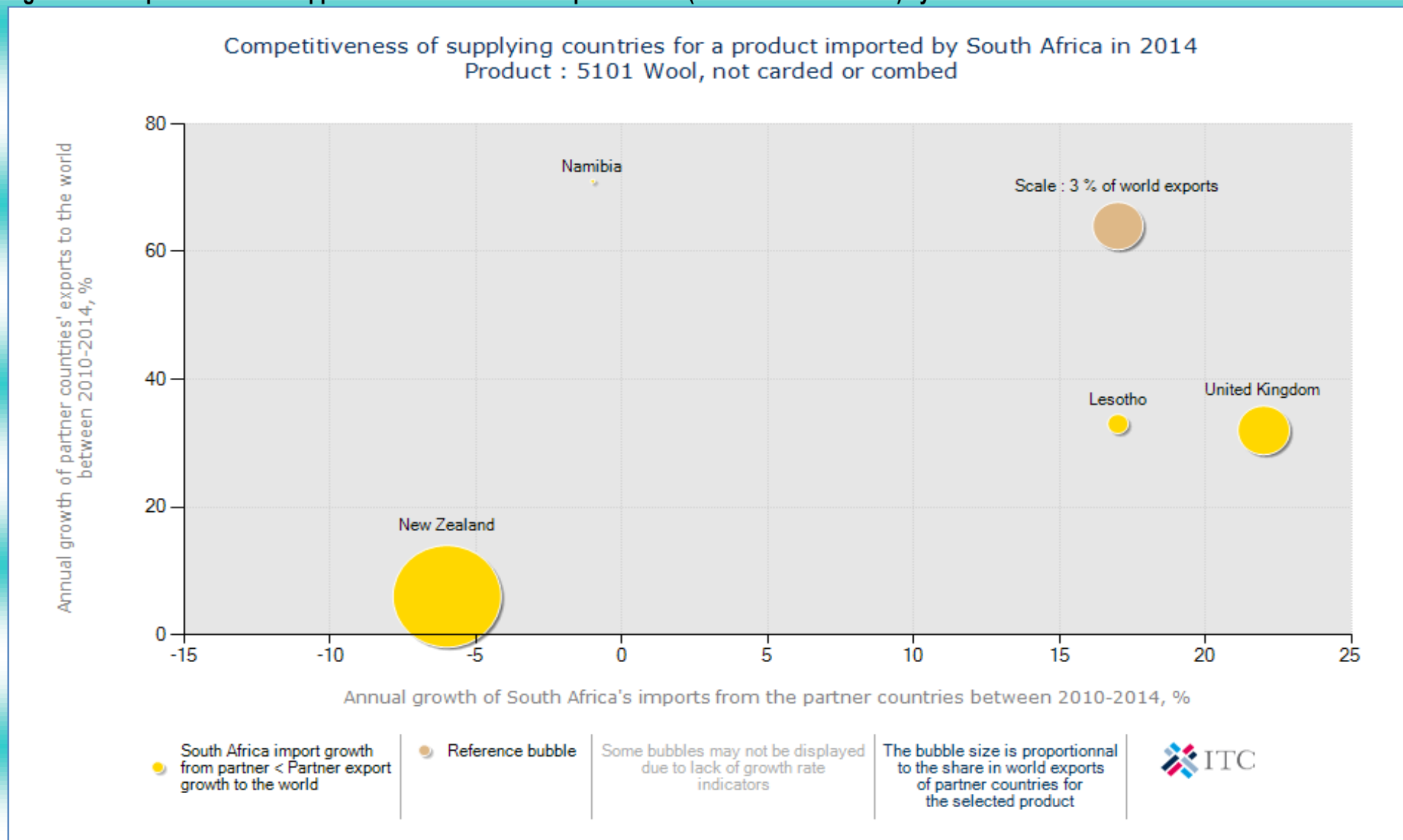
Source: ITC (Trade Map)

Table 14 illustrates list of supplying markets for wool (not carded or combed) imported by South Africa in 2014. The bubble graph further illustrates that Lesotho and United Kingdom were the leading suppliers of wool into South Africa, with Lesotho accounting for a share of 63.2% and United Kingdom accounting for a share of 25.7% of South Africa's import market. United Kingdom's exports worldwide experienced an increase in value respectively of 22% p.a. over the period between 2010 and 2014, while wool imports from the world market over the same period increased by 15% p.a.

Lesotho and United Kingdom's exports growth in quantity to South Africa have increased by 58% and 28% respectively over the period 2010 and 2014, and the world's imported growth in quantity also increased during the same period by 42% p.a.

However the table also illustrates that South African import market increased in 2014 as compared to 2013 with a positive growth rate of 43%. At the same time Lesotho exports of wool to South Africa experienced a positive growth rate of 42% in value; United Kingdom experienced a positive growth rate of 96% in value between 2013 and 2014.

Figure 31: Competitiveness of suppliers to South Africa for imported wool (not carded or combed) by SA in 2014



Source: ITC (Trade Map)

Figure 31 demonstrates the competitiveness of suppliers to South Africa for imported wool (not carded or combed) in 2014. The bubble graph further demonstrates that United Kingdom and Lesotho were the most competitive supplier of wool (not carded or combed) to South Africa during the 2014.

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

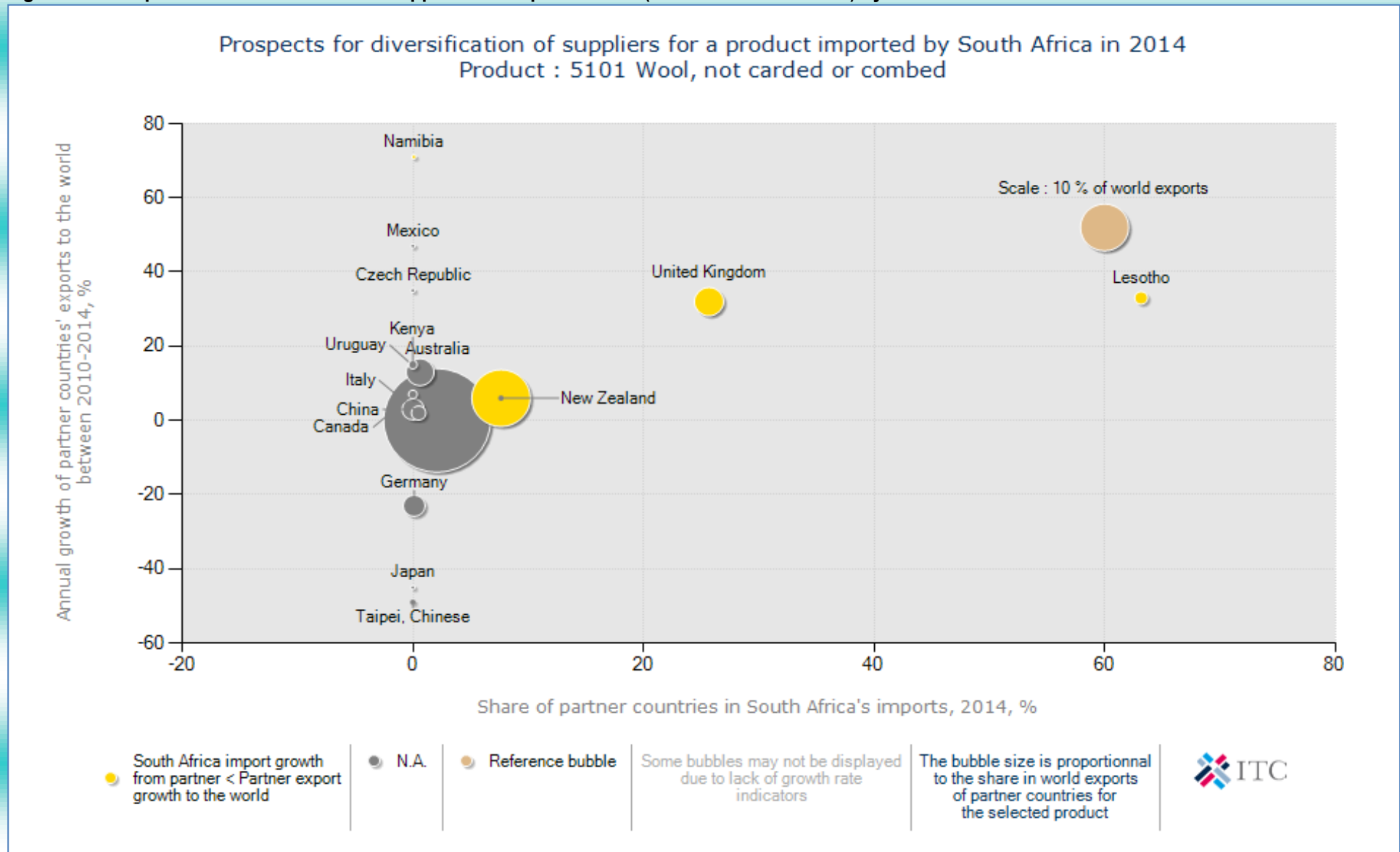
By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's import of this product, the following conclusions can be made:

South Africa's imports for wool from New Zealand were declining at the same rate as of the world's exports between 2010 and 2014.

South Africa's imports for wool from United Kingdom were declining faster, with positive growth of the world's exports at 25% between 2010 and 2014.

South Africa's imports for wool from Australia and Uruguay were increasing, while exports from Australia and Uruguay to the world were also growing but a slow pace between 2010 and 2014.

Figure 32: Prospects for diversification of suppliers for imported wool (not carded or combed) by SA in 2014



Source: ITC (Trade Map)

Figure 32 illustrates the prospects for diversification of suppliers for imported wool (not carded or combed) by South Africa in 2014. The graph further illustrates that Lesotho, United Kingdom and New Zealand were the biggest markets for wool into South Africa during 2014. The graph also illustrates that if South Africa has to diversify its markets of imported wool, small and attractive markets exist in Uruguay.

The chart further illustrates that between 2010 and 2014, Lesotho market to South Africa was growing faster than that of the world.

United Kingdom and Lesotho experienced a greater share in South Africa's imports of wool at approximately 24% and 63% respectively in 2014.

10. APPENDIX A: ORGANISATIONS IN THE WOOL INDUSTRY

10.1 Wool Buyers

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

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

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

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

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

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

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

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

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

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

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

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

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

11. ACKNOWLEDGEMENTS

The following information sources are acknowledged:

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

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

Quantec Easydata
www.easydata.co.za.
Cape Wools.
www.capewool.co.za

Disclaimer:

This document and its contents have been compiled by the Department of Agriculture, Forestry and Fisheries for the purpose of detailing the wool industry. The views expressed in this document are those of the Department of Agriculture, Forestry and Fisheries with regard to agricultural industry, unless otherwise stated and, therefore the Department of Agriculture, Forestry and Fisheries does not accept responsibility for any errors in such information and anyone acting on such information does so entirely at his or her own risk.