Market Information

Statistics for the global wool production and textile industry.

2023
The International Wool Textile Organisation and the Japan Wool Industry Association cordially invite you to Kyoto for the 92nd annual IWTO Congress. Against the backdrop of the Higashiyama Mountains, in the heart of the city, this three-day event is a must for anyone working in the wool trade.

PROGRAMME HIGHLIGHTS

- Sleep better with wool
- Wool’s health and wellbeing benefits
- Wool Denim
- EU Legislation and implications for our wool textile industry
- Wool and Carbon
- Wool versus Fossil Fuels

In-person – Hybrid

iwto.org/congress-2023/
Steering the Global Wool Industry

Harnessing 90 years of experience, IWTO members set the standards for the wool textile trade. Our worldwide network covers the entire wool supply chain. Through advocacy, education, and research, we ensure a sustainable future for wool.
Dear Reader,

The changes brought about by recent global events are reshaping our world. Beyond energy and transport challenges, sovereign conflict and labour shortages, markets dislike uncertainty more than anything else. While stability remains elusive the wool industry must continue to adapt. Fortunately, wool has a long history, and today’s IWTO members have demonstrated resilience, flexibility, and adaptability in the face of challenges.

As 2023 progresses, there are reasons to be optimistic. The wool market has shown signs of recovery in the first weeks of the new year. Trade fair visitors reported good results during the first quarter of the year and many order books are back to pre-pandemic levels, or even better. We are seeing a renewed focus on personal and planetary health, and the wool fibre fits these trends to a T.

Sustainability is on our side: Wool is a sustainable resource that can help address our planet’s limited resources, and the renewed interest in science-based solutions aligns perfectly with the fibre and industry activities. The world of fashion is in its own state of upheaval; many businesses are emphasizing what Monocle magazine calls “timeless dressing and craft” instead of the trend-centric, easily disposed-of mentality we are all-too familiar with.

Businesses both large and small are rethinking their supply chains. More local, higher quality manufacturing is an investment trend.

The World Trade Organization (WTO) supports this optimism. Even given the challenges presented by the Russia/Ukraine war, the WTO finds that global trade remains resilient, with a year-on-year growth of 4% in trade of intermediate goods in the second quarter of 2022. This exceeded the initial prediction of 3% for 2022, indicating that economies were able to overcome the negative effects of the conflict.

From our side, our annual compilation of wool market statistics continues to capture critical global factors related to wool sheep numbers, wool production, and manufacturing activities. We are grateful to Mr. Chris Wilcox and the team at Poimena Analysis for their dedication to compiling these essential indicators.

With kind regards,

Wolf Edmayr
IWTO President
Brussels, May 2023
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KEY TO ABBREVIATIONS

n/a: not available
-: nil or negligible
p: provisional
m: million
um: micron metre (fibre diameter)
mm: millimetre
nmb: number
mkg: million kilogram
n/q: no quote
superfine wool: wool of 18.5 microns and finer
AA: Anaesthetic/analgesic
ABAES: Australian Bureau of Agricultural and Resource Economics and Sciences
ABS: Australian Bureau of Statistics
AWEX: Australian Wool Exchange
WPFC: Australian Wool Production Forecasting Committee
AWTA: Australian Wool Testing Authority
BWMB: British Wool Marketing Board
CIRFS: European Man-Made Fibres Association (Comité International de la Rayonne et des Fibres Synthétiques)
CM: Ceased Mulesed
CWTA: China Wool Textile Association
DNA: Dirección Nacional de Aduanas
EMI: Eastern Market Indicator
FAO: Food and Agricultural Organisation
FLA: Federación Lanera Argentina
GDP: Gross Domestic Product
GOTS: Global Organic Textile Standard
g/m²: gram per metre square
HS: Harmonised System
ICAC: International Cotton Advisory Committee
IMF: International Monetary Fund
IWTO: International Wool Textile Organisation
KF: Merino Fleece
MC: Merino Cardings
NKT: Newton per Kilotex
NM: Non-Mulesed
NWD: National Wool Declaration
NZWTA: New Zealand Wool Testing Authority
PMI: Purchasing Managers’ Index
RMB: Renminbi
RWS: Responsible Wool Standard
SUL: Secretariado Uruguayo de la Lana
VM: Vegetable Matter
USA: United States of America
UK: United Kingdom
Xbred: Crossbred

FOR NOTING:
The trade data for 2021 reported in Chapter 6 are preliminary. As such, they are subject to significant change. Trade data for fabric (table 6.6) has been converted for some countries from million metres to tonnes. Trade data for clothing (tables 6.7 to 6.9) has been converted for some countries from pieces to tonnes. Trade data for floorcoverings (table 6.10) has been converted for some countries from million metres to tonnes.
Review of 2022 and Outlook for 2023

1. REVIEW OF 2022

1.1 Overview

2022 was a turbulent year for the world after two years of pandemic-induced slowdown and supply-chain disruptions. The global economy faced significant challenges due to:

- the Russian invasion of Ukraine,
- the associated squeeze on energy supplies and subsequent surge in energy prices, notably an energy crisis in Europe and the United Kingdom,
- the reignition of inflation as a result of the much higher cost of energy and continued supply-chain issues, with decades-high inflation levels,
- higher interest rates as central banks moved to counter the surge in inflation,
- a resultant cost-of-living crisis,
- a powerful appreciation of the US dollar against most other currencies, and
- an economic slowdown in China as the result of strict Covid restrictions which continued until December. The subsequent removal of restrictions resulted in a reported surge in Covid cases throughout the country.

Chart A shows the price for natural gas in Europe since 2015. As can be seen, gas prices surged from mid-2021 and then jumped again from early 2022. This trend was typical around the world for prices of natural gas and energy in general, although it was more exaggerated in Europe due to the reliance on gas from Russia.

The sharp increase in energy prices added to the inflationary pressures that had already built-up as countries emerged from Covid-lockdowns and restrictions in the first half of 2021, with pent up demand meeting supply chain bottle-necks, causing prices for goods to rise.

As a result, consumer price inflation increased sharply in 2021 and moved even higher in 2022 in Europe, north America and some countries in the Asia-Pacific (including Australia and New Zealand). After annual consumer price inflation had been low in many countries or even negative in other countries for the first two decades of the 2000s, inflation hit the highest levels seen in 30 years or more (Chart B).

Chart B: Annual Consumer Price Inflation (% change)
The prices of the major fibres which compete with wool increased markedly in the first half of 2022, particularly cotton prices, but fell back in the second half of the year, following the same pattern seen for wool. Unlike most fibre prices, polyester and polyamide prices finished 2022 above the levels of a year earlier. Cashmere prices, a major luxury animal fibre which competes with superfine wool, recorded a significant year-on-year decline in 2022.

Chart C shows the trends in selected textile fibre prices since 2020. As can be seen, the price for all the wool types shown are below the levels of at the start of 2020, with a significant drop for 28 micron wool evident. In contrast, the prices of all of the major competing fibres are above the January 2020 levels.

Chart C: Trends in Textile Fibre Prices (US$ Index: Jan 2020=100)

As a result of the divergent trends in prices between wool and its competitors, wool's price competitiveness with the major competing synthetic fibres improved a little in 2022, particularly against polyester and polyamide.

Chapter 5 provides data on the trends in fibres which compete with wool and data on wool's price competitiveness. It also discusses the trends in more depth. Finally, the chapter includes a break-out box looking at the long-term perspective on the wool' price competitiveness.

1.3 World production of wool and competing fibres

Total wool production increased in 2022, helped by a continued rise in the world sheep population which hit a new record. In clean weight terms, world wool production lifted by 1.5% or 15,600 tonnes in 2022.

The main reason for the increase was an almost 11% jump in wool production in Australia (the largest wool producing country) as it recovered from drought. In contrast, wool production in New Zealand (3rd largest country) fell by 4.5% due to continued low prices for broad wool.

Production of apparel wool increased by 2.4% in 2022, of which production of Merino wool increased by 5.2% (mainly due to the increase in Australian wool production). The production of interior textiles wool increased by a more moderate 0.8% in 2022.

Chapter 1 provides further discussion on the trends in sheep number and wool production, and also provides data tables and charts. A break-out box exploring biosecurity issues and challenges which are faced by the world sheep and wool industry.

This edition of the IWTO Market Information includes for the first time a stand-alone chapter on production of wool in third-party assurance schemes (Chapter 2). While data is still limited, the available data is presented, as is data on non-mulesed wool produced and sold in Australia. The data shows that production of wool certified under these schemes increased in 2021/22. As well, production of non-mulesed wool in Australia increased in 2021/22 and is on track to increase again in 2022/23. The chapter includes a break-out box on the caveats associated with the available data.

While world wool production increased in 2022, the total world production of all fibres also lifted, up by 1.8%. This continued the recovery after the sharp drop in production in 2020, the first year of the Covid pandemic. Of the main textile fibres, production of cotton lifted by 3.8%, helping push the production of natural fibres up by 3.5%. While world production of man-made fibres increased by a smaller amount (+1.2%), these fibres make up the majority share of total world fibre production at just under 75%. Production of animal fibres (other than wool) increased by 1.6% in 2022, rebounding after a drop of 6.2% in 2021. Production of rabbit angora fibre fell again in 2022, continuing the steep drop since 2015, with the fall due to a concerted animal welfare campaign against the methods of harvesting the fibre.

Chapter 3 provides further description and charts of the trends in world fibre production and consumption, as well as tables of data. A break-out box exploring the different ways of measuring wool’s market share is provided, noting that the oft-used “1%” of total fibre production is a misrepresentation of the importance of wool.

1.4 Trade in raw wool and wool products

There was a welcome recovery in world trade in raw wool and wool products in 2021 after the decline seen in 2019 and 2020. Raw wool exports lifted by 26.5% in 2021, up from the record low recorded in 2020.
More recent data from the major wool producing and exporting countries shows that this rebound faltered in 2022, with total exports from these five countries sliding by 1.3%.

As Chart E shows, only Australia was able to maintain the increase in raw wool exports.

Chart E: Wool Exports by Major Exporting Countries (12 Month rolling aggregate to November 2022)

As seen in Chart F, many of the major processing countries which import raw wool from the five major exporting countries reduced their purchases in 2022. The exception to this were Italy and India.

Chart F: Wool Imports by Major Exporting Countries (Calendar Year to December)

While world trade in raw and semi-processed wool products began to recover in 2021 as restrictions imposed during the COVID-19 pandemic started to ease, trade in wool garments languished.

Trade in woven wool garments, notably men’s tailored wear such as suits, coats and trousers, fell again in 2021 as the trend to work-from-home following the COVID-19 pandemic continued to hurt demand. Trade in wool knitwear did well, lifting by 8% in 2021. Global trade in wool interior textiles also improved across all carpet categories in 2021.

Chart G shows the long-term trends in world trade of finished wool products.

Chart G: World Trade of Finished Wool Products