

# Wool growers thrive amid global downturn

The century-old wool growers' co-op has seen sales rise even as global demand has dropped



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**C**arleton Place - Although it depends on an international market which has been experiencing a “rough ride”, Canadian Co-Operative Wool Growers continues to post warm and fuzzy numbers.

“Wool prices have been quite volatile which has created chaotic conditions for mills and de-valued inventories,” says CCWG General Manager Eric Bjergso. “European processors have reported consumer demand has dropped by more than 20 per cent due to trade and economic uncertainty.”

Within this context, in the last fiscal, CCWG recorded gross sales of more than \$11.5 million representing an increase of 11.2 per cent over the previous fiscal while achieving net income of \$514,135 from all business operations.

In terms of wool production, a 9.7 per cent increase was recorded.

Profitability was up at CCWG retail locations across the land to the tune of 9.7 per cent over the previous fiscal year; as a result of the respectable numbers, the board of directors once again authorized a dividend payment of 7 per cent to shareholders.

The good news was served up to members gathered in October in Greenwich, Nova Scotia, for CCWG’s 101st annual meeting. Various reports were presented including Bjergso’s Business Update and 60 guests attended the annual banquet featuring fresh Nova Scotia lamb. Elections confirmed David Mastine of St. Felix de Kingsey, Que., as president of the executive committee.

CCWG sales are dependent on international buyers, the top three destinations being China, Egypt and the Czech Republic, with China representing the world’s largest market for manufacture of woolen garments, 45 per cent for domestic consumption and 55 per cent for export.

For several months, mills in China have been on production schedules 30-60 per cent reduced due to weak demand, resulting in growing stockpiles throughout the entire wool textile pipeline.

During the first quarter, the GM reported, the market seemed on track for stable conditions with both fine wool and crossbred types achieving reasonable demand and prices. There were expectations at the



**During the 2019 annual general meeting, CCWG’s Eric Bjergso (centre) mingles with representatives of Briggs & Little Woolen Mills of New Brunswick which has been doing business with the co-operative for more than 70 years.**

time that progress was being made on China/U.S. trade; traditionally, he explained, consumer confidence is greatest and the wool market at its best when there’s positive growth in global economies within a stable worldwide political environment.

Other factors eroding that confidence have been Brexit, tensions in the Middle East, and fears of a worldwide recession.

Escalation of the China/U.S. trade conflict, with time lines for increased tariffs put in place by both sides, resulted in the greatest negative impact on the collective market. In August the Australian market dropped by more than 35 per cent but has since managed to claw back some of the losses.

In New Zealand, sheep numbers are on the decline and wool production is down by 2.5 per cent. Most major wool producing countries have experienced declines in exports of 10-15 per cent compared to a year ago.

Bjergso attended the recent Nanjing Wool Market Conference in China, one of 500 representatives from 26 countries; the conference facilitates discussion of current industry issues, future

developments, and market opportunities.

“The general consensus was that wool prices are likely to remain volatile for the next few months and possibly into 2020 before a more sustained and modest improvement will occur. We are hopeful for stable wool production in Canada.”

However, the GM noted, continuing drought conditions in parts of this country are a big concern due to associated increased feed costs and resulting flock reductions and even dispersals.

Some 60 per cent of current CCWG production has been marketed, a lower percentage than normal under favourable trading conditions: “We’ll continue with a patient and disciplined approach to our established markets as opportunities arise.”

Adding to the bottom line are CCWG sidelines such as Livestock Supplies, Real Wool Shop and Premier Choix Agricole, retail brands which continue to grow and achieve favourable results; significant investment is being allocated to improving the brands’ online platform.