

INACTION BY RUDD GOVERNMENT CAUSES AUSTRALIA TO LOSE PRECIOUS EXPORT DOLLARS

Australia may no longer ride on the sheep's back however it still represents over \$2 billion in export dollars to Australia. Global demand for fine merino wool has collapsed following a slump in consumer demand for formal clothing.

Countries such as New Zealand, Canada, and China have moved swiftly to support their exporters following a massive reduction in the availability of export credit insurance. Australian bureaucrats show no sign of assisting an industry very much in need of support.

Without export insurance Australian exporters face order cancellations and subsequent losses on stock; all to the advantage of their Kiwi and Chinese based competitors.

According to Eric Durand, Trading Manager at Melbourne wool exporter, Lempriere, "Credit insurance is vital for the fine merino market. Without it we lose business to offshore companies whose governments are clearly supportive of the export sector." Mr. Durand only recently moved to Australia from Europe and is amazed that a country famous for exporting has a government that does so little to support the sector.

THE FACTS:

- The withdrawal of Credit Risk Insurance for Australia's wool industry will create major problems for our industry and for Australian wool growers.
- Trade with customers overseas will be significantly reduced resulting in a reduction in competition for the purchase of Australian wool.
- The majority of Australia's wool production is exported. No more than 5% is processed and consumed locally.
- 40 countries imported wool from Australia in 2007/08, while 39 countries imported wool from Australia in July to May period this financial year.
- Australia's wool exporters and could face losing tens of millions of dollars worth of business if insurance is withdrawn, causing a huge and detrimental effect on the Australian wool industry.

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