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From my desk at the farm

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RWS CERTIFIED WOOL PRODUCTION IN URUGUAY CONTINUES TO RISE

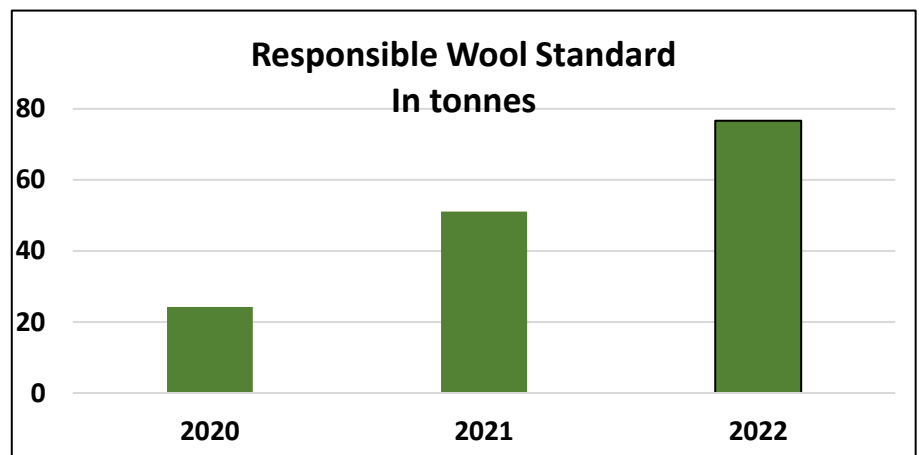
According to the latest report published by Textile Exchange, the production of greasy wool certified under the Responsible Wool Standard (RWS) increased from 51,078 tons (2.6% of the total global greasy wool production) in 2021 to 76,666 tons (3.9%) in 2022.

In some of the most important wool producing countries for apparel, very high percentages of RWS certified wool have achieved in recent years compared to the total production.

In this context, Uruguay currently ranks third as one of the leading countries with the highest percentage of RWS certified wool in the world, accounting for 35% of its production. This marks a significant increase of 100%, compared to the figures published by Textile Exchange the previous year.

Worldwide, RWS certified wool is dominated by Merino, and Uruguay is no exception.

Considering only the production of fine wool in Uruguay, the percentage of RWS certified wool is even higher. Recent production surveys indicate that fine wool of 23.5 microns and finer now represents 40% of the total production, which is more than 10 million kilograms of greasy wool.



Source: Textile Exchange

This increase in RWS certified wool production has been accompanied by the growth in demand for such wool, particularly from Italy and China.

URUGUAY: "GREEN LABEL" (GRIFA VERDE in Spanish) WOOL CONDITIONING

Uruguay is one of the main producer countries of quality wool, primarily for apparel.

For many years, Uruguay has implemented a conditioning program, created by the Uruguayan Wool Secretariat, aimed for better presentation of wool by sorting different categories during shearing on farms. Farmers seeking the "Green Label" must implement the Tally-hi shearing system. The label, guarantees the absence of crutching in the fleece, resulting in fewer to zero colored fibers, no contamination with other non- wool fibers, better shearing practices, and greater animals welfare.



This program, carried out by specialized sharing teams, trained and audited by the Uruguayan Wool Secretariat, allows for the production of pure fleeces of excellent quality.

The volume of sheared wool that has obtained the Green Label has been increasing in absolute terms in recent years.

In 2023, Uruguay conditioned a total of 14.2 million kilograms of greasy wool with the Green Label, according to figures from the “Sistema Integral del Rubro Ovino” (SIRO). (<https://www.siro.uy/>)

More than half of the Green Label wool is Australian Merino, and counting other fine wool breeds, it reaches more than 75%. In that sense, Estancias Puppo S.A., has consistently purchased the best batches of fine wool from Uruguayan producers, who have achieved the Green Label, establishing itself as the largest exporter of quality fine greasy wool in Uruguay.



URUGUAYAN WOOL EXPORTS (Mar/23-Feb/24)

GREASY WOOL (36.6% of the total greasy wool base)

During the last 12 months, Uruguay has exported a total of 12.3 million kilograms of greasy wool, registering a growth of 66.2% compared to the same period the previous year (Mar/22-Feb/23).



In terms of value, Uruguay exports amounted to 33.3 million US dollars.

The four main destinations for greasy wool were (% of total US dollars): China (83.7%), Bulgaria (8.3%), Italy (7.4%), and India (0.6%).

During this period, Estancias Puppo S.A. maintained its position as the leading exporter of greasy wool in Uruguay by value. More than 47% of the foreign exchange income to the country from greasy wool exports was through our company. However, for fine greasy wool of 22 microns and finer, its share is significantly higher, approximately 88%.

SCOURED WOOL (21.6% of the total greasy wool base)

Uruguay exports of scoured wool totaled 4.9 million effective kilograms, 44.6% more than in the same period the previous year. The main destinations for scoured wool exports were (percentage of total US dollars): China (45%), India (11%), Egypt (10%), Mexico (10%), and Italy (6.5%) amongst 19 destinations.

WOOL TOPS (41.78% of the total greasy wool base)

In the combed wool sector, exports from March 2023 to February 2024 amounted to 9 million effective kilograms, which is a decrease of 23.7% compared to the same period the previous year. The foreign exchange income to Uruguay from the sale of wool tops was 68 million US dollars.

The main destinations of combed wool from Uruguay, the percentages of total US dollars were: Italy (32%), Germany (23%), Turkey (8%), China (6%), Spain (5%), and Peru (4%).

