

Appendix 1

1. CWH has been investigating scours in China since receiving various documents from the Commission on 23 December 2014 relating to Godfrey Hirst's submission and meeting with the Commission. The information CWH has received on Chinese commission scours and the effect of tightened environmental restrictions on these scours is set out below.

Chinese commission scours

2. Godfrey Hirst has provided information about nine of the wool scourers in China that were listed by CWH in Appendix 1 to their submission, in support of their claim that sufficient commission wool scours do not exist in China. The list of scours provided by CWH, however, was not intended to be a list of commission scours, but rather was provided to the Commission as a ranking of the top scours by volume in China.
3. In order to provide the Commission with further information regarding coarse wool scours in China, CWH has contacted as many as possible within a two week timeframe. Overall, CWH has had contact with 35 coarse wool scours in China. This is by no means all course wool scours in China, however. Indeed, CWH's research indicates there are a further 40 coarse wool scourers operating in the Jiangsu and Hebei provinces alone, not to mention scours operating in other Chinese regions or nearby countries such as inner Mongolia, where there is a good concentration of smaller wool scouring companies. As a result of this research, CWH has provided the below table setting out the course wool scours it has contacted, according to size and approximate tonnage, as well as indicating whether they offer commission scouring.
4. Two of the largest wool scourers, Tianjin No 2 Top Manufacturing Company and Xin Zhonghe, supply commission scouring services only to processors He Bei Sanli and Xin Ao Textiles. While not appearing in the table, He Bei Sanli has its own scouring plant which washes mainly New Zealand wool. He Bei Sanli is a very large textiles manufacturing site and their yarn making facility is one of the largest CWH have seen. While this company is not a commission wool scourer as such, they are a yarn supplier and make quality yarns from New Zealand cross bred wool which would be suitable for re-export back to New Zealand for the local carpet manufacturers, should they desire another option. CWH understand that He Bei Sanli is one of a number of Chinese yarn suppliers that has supplied Godfrey Hirst with yarn in the past.
5. The largest Chinese scour in the table is Tianyu. As we have previously advised, Tianyu has the capacity to scour cross bred wool (and not only fine wool as Godfrey Hirst has indicated). Their minimum capacity for cross bred wool production is 10,000 tonnes of clean wool per year and they supply commission scouring. This is a minimum annual capacity of the equivalent of 77,000 greasy New Zealand bales at 78% yield. CWH understands that this is new capacity, brought about by the recent addition of new lines specifically to scour New Zealand and English cross bred wool.
6. Overall, of the 35 scourers interviewed, only five were not able to offer commission scouring. All scours said they could scour New Zealand or cross bred wool. CWH estimates that the 35 wool scourers have a combined capacity in excess of 144,570,000 clean kilograms per year (or 1,123,310 greasy bales at 78% yield and 165 kilograms per bale). This is more than the total New Zealand wool clip (with a current estimate of production in New Zealand during the 2014/2015 year of 960,000 greasy farm bales).

Chinese scours by size

Scale	Scourer	Cross bred capacity (tonnes per year)	Commission wool scouring (Yes or no)
Large	Tianyu	10,000	Y
	Tianjin No. 2 top	8,000	N
	Ao Feng	8,000	Y

	Jiangsu Da Xin	6,000	Y
	Xin Zhonghe	5,000	N
Medium	Taicang Yongyi	4,000	Y
	Wuxi Changyang	3,600	Y
	Fuxin Chaoyi	3,500	Y
	Changshu Yifeng	3,000	Y
	Wuxi Longtangan	3,000	Y
	Jiangyin Chengyang	3,000	Y
	Jiangyin Hetang	3,000	N
	Wuxi Yi Tan	3,000	Y
	Wuxi Qianzhou Dengxiang	3,000	Y
	Wuxi Chang'an	2,800	Y
	Suqian No.1	2,500	Y
	Hebei Pengda	2,500	N
	Changshu Miaoquan	2,000	Y
	Jiangyin Jin'ao	2,000	Y
	Jiangyin Huashi	2,000	Y
	Jiashan Scouring	2,000	Y
	Tongxiang Ji Ao	1,500	Y
	Jiangyin Yuanyang	1,200	Y
Small	Shandong Tianhe	960	Y
	Hebei Jinlai	800	Y
	Shandong Hongda	600	Y
	Lixian Baixi	600	Y
	Shijiazhuang Sanxing	550	Y
	Xinjiang Huachun	500	N
	Lixian Jinsuo	500	Y
	Wulanhaote Aodu	500	Y
	Guanghe Zongjia	500	Y
	Xushui Changxing	400	Y
	Maliangyi	300	Y

Environmental restrictions

10. While conducting interviews, CWH asked the various wool scourers if they were aware that any plants had closed due to effluent constraints and the new laws imposed by the Chinese Government. Two wool scourers (Maruliang and Sunjia wool scourers) appear to have been permanently shut down as a result of the recent tightening of trade waste regulations. While some wool scourers temporarily closed while they were undertaking reconstruction or upgrading, most wool scourers advised they have now reopened. As the impending changes were signalled in 2012, most wet processors had sufficient time to make necessary changes in advance of the implementation of the new regulations.
11. As a result of the changes, many scours have replaced their scouring equipment with more modern and technologically advanced equipment, such as Wushi Changyang wool scourer whom are developing a new water treatment solution.
12. During this period, CWH have also had to deal with changes to trade waste bylaws tightening restrictions for Awatoto and Timaru.

Field Code Changed