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NEWS FOR SHEEP INDUSTRY LEADERS

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Convention Information

The registration form for the 2006 Annual American Sheep Industry Association/National Lamb Feeders Association Convention in Phoenix, Ariz., is now available on: www.sheepusa.org. Click on the link entitled "Registration Form".

China Imports Limited

On Tuesday, the United States and China signed an agreement to limit imports of Chinese-origin textiles and apparel in all or part of 34 categories. The agreement goes into effect Jan. 1, 2006, and continues through Dec. 31, 2008.

The actual limits are not known, but they will, in general, be calculated by taking current trade and adding a growth factor for each year. For apparel products, which includes men's wool trousers and men's wool suits, the growth factor will be approximately 10 percent in 2006, 12.5 percent in 2007 and 15 percent in 2008.

For the categories covered by the agreement, year-to-date August 2005, imports from China have soared 115 percent by volume compared to 2004; 185 percent for apparel and 44 percent for textiles.

"U.S. textile and apparel manufacturing workers and their communities are big winners today. This bilateral agreement represents a necessary and welcome step towards addressing China's unfair trade practices and highly disruptive levels of textile trade," said American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo.

This agreement covers many, but not all, of the products that may be of interest to the U.S. textile industry. The option to file safeguard petitions on other products not covered by the agreement is still available.

This action ends the almost one year of discussion over a rising tide of imported Chinese textiles and apparel since the Jan. 1, 2005, end of a global quota system for textile trade. That system limited the amount of textile products countries could sell to the United States and the European Union.

Since January 2001, the U.S. textile and apparel industry has lost 398,600 jobs, representing more than 38 percent of its workforce.

The American Sheep Industry Association is a member organization of the AMTAC.

Tri-Nations Lamb Group Meets

The third meeting of the Tri-Nations Lamb Group met earlier this month in New Zealand to share information on consumer education, animal identification, animal health and general industry information beneficial to all three nations - the United States, Australia and New Zealand.

American Sheep Industry Association president, Paul Frischknecht, led the delegation in an effort to continue producer-to-producer dialogue and communications.

Resolutions from the meeting included:

- Producers from Australia and New Zealand agreed to encourage lamb importers to voluntarily comply with the mandatory price-reporting (MPR) requirements until the mandatory act is re-authorized. As of early November, imported-lamb prices were the only category in all of beef, pork and lamb that were not being reported.
- A proposal to implement a program to increase consumer awareness of the nutritional and health benefits of lamb was submitted. The next phase will be to determine budget requirements and specific programs.
- The group supports the need to complete an analysis of the potential benefits of the liberalization in international trade of sheepmeat.

The Memorandum of Understanding (MOU) for the group is scheduled to expire in 2006; however, there was consensus among the delegates to continue their work and seek support from each industry's board of directors to renew the MOU.

Staff contact: Paul Rodgers, 303-771-3500

Graded Wool LDP

Wool Loan Deficiency Payment (LDP) rates for graded wool have been slowly increasing over the last couple months. Producers applying to the program could now find it financially beneficial to participate in the graded program instead of the ungraded program.

"Wool with at least a 50-percent yield in most of the LDP micron categories may well pay better on the graded program," according to Peter Orwick, American Sheep Industry Association executive director. "We encourage producers that have not yet filed to look at both rates and file on your 2005 wool by the end of January."

FSA offices have the weekly posting of LDP rates for both graded and ungraded wool. Producers are reminded that graded rates apply to pounds of clean wool. This is computed from the producer's wool information based on a core test. Fiber diameter, to determine micron category, and the clean-yield percent are the two key factors required to apply for a graded LDP payment, whereas test information is not required for the ungraded LDP.

"For many growers, this is the first time since the program began that it would be to their financial advantage to participate in the graded LDP option over the ungraded," concluded Orwick.

The LDP rate table can also be accessed at: <http://www.fsa.usda.gov/dafp/psd/mohair.htm>.

Staff contact: Peter Orwick, ext. 33

2004 Ewe Lamb Update

2004 Ewe-Lamb Program payments are nearly complete at this point, fully one year after applications were filed. A report received by the American Sheep Industry Association (ASI) this week from the U.S. Department of Agriculture's Farm Service Agency (FSA) reported that 15,258 producers have received payment, with 82 applicants remaining to be paid.

There were 15,966 producers who applied to this program with a total of \$14,842,296 to be disbursed.

"FSA intends to finalize the last applications as quickly as possible," commented Peter Orwick, executive director for ASI.

Staff contact: Peter Orwick, ext. 33

USDA Announces \$3 Million for NAIS Projects

On Wednesday, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) announced it will award \$3 million in cooperative agreements to states and tribes for conducting research to develop or test potential solutions for animal identification and automated data collection in support of the National Animal Identification System (NAIS).

Applicants are encouraged to propose research or field-trial projects to:

- enhance the effectiveness of collecting animal animal-identification data in typical production, market and abattoir environments;
- establish identity validation when official identification devices are lost, removed or malfunction;
- conduct economic assessments of animal-identification systems and technologies in typical production, market and abattoir environments; and
- evaluate emerging animal-identification technologies with advanced data-collection systems to ascertain the adaptability of the technology for use in NAIS.

The deadline for application is Dec. 30, 2005. For complete details and an application form, log on to: http://www.aphis.usda.gov/mrpbs/fmd/agreements_announcements.html.

Strauss Buys Swissland

Strauss Veal and Lamb, based in Franklin, Wisc., has purchased Swissland Packing Co. of Ashkum, Ill., for an undisclosed amount, according to news releases issued this week.

Strauss president and chief executive officer, Randy Strauss, said his firm grows from a \$100-million company to a \$140-million company with the acquisition.

The Swissland operations will be moved to the Strauss facility in Franklin, but the company will maintain a sales office in the Chicago area, adding to its current sales offices in Philadelphia and Dallas.

Prior to the purchase of Swissland, Strauss employed 200 people. Twenty-five additional workers will be added.

Timberland Acquires SmartWool

New Hampshire's Timberland Company has announced plans to buy the Colorado-based SmartWool Corporation for an estimated \$82 million.

SmartWool, known for its wool-based apparel and outdoor socks, will keep its headquarters in Steamboat Springs, Colo., and operate as a wholly owned subsidiary of Timberland.

SmartWool and Timberland partnered in early 2005 to develop and market performance footwear featuring SmartWool linings.

FSIS and FDA Meet on Jurisdiction

The Food Safety and Inspection Service (FSIS) and the Food and Drug Administration (FDA) will hold a meeting on Dec. 15, 2005, to discuss jurisdictional issues regarding certain types of food products that contain meat and poultry as ingredients. The agencies are soliciting comments on their decision-making approach.

In the past, FSIS has determined its jurisdiction based on various factors including: the amount of meat or poultry in the product; whether the product is labeled as a meat or poultry product; and whether consumers perceive the product as a meat or poultry product. FSIS acknowledges that some decisions based on issues of consumer perception are inconsistent with other decisions that have been made for other products. As a result, both FDA and FSIS are finding it difficult to determine regulatory jurisdiction for some new foods, such as wrap-type sandwiches.

To register for the meeting or to file written comments, please refer to the instructions in the notice available at: <http://www.fsis.usda.gov/OPPDE/rdad/FRpubs/05-013N.pdf>

Shearer Relief May Be Coming

According to the Sydney Morning Herald, the greatest revolution in shearing since the introduction of mechanical shears could be just around the corner.

Machines that hold and rotate the sheep so that shearers can do their job standing upright, instead of bent over, are in development across Australia.

One of the new prototypes - the Shear-Ezy designed by the New South Wales firm, Peak Hill Industries - will have its first public exhibition at the annual general meeting of Australian Wool

Innovation in November.

Using a series of belts to transfer and restrain the sheep, the system even does away with the need for shearers to catch the sheep in their pens and drag them to the shearing stand.

The average shearer has a tally of about 110 sheep a day and the Shear-Ezy - expected to be on the market next year - can achieve that.

Australian Wool Innovation is spending about \$13 million over three years to improve the training of shearers and develop better shearing technology in a bid to stop a massive shearer shortage.

Weekly National Market Prices for Wool

The U.S. Department of Agriculture's prices for wool the week beginning Nov. 9, 2005, can be accessed at: <http://www.fsa.usda.gov/pas/reports/wool.htm>.

Posted prices for ungraded wool (per lb., greasy basis) for the week are: Region 1, \$0.23; Region 2, \$0.21; and Region 3, \$0.19. The LDP rate for ungraded wool, therefore, is \$0.19 per lb. greasy this week.

These rates are used to determine the loan repayment rates for marketing assistance loans and to calculate loan deficiency payments.

Market Summary, Week ending November 4, 2005

Feeder Prices, San Angelo, 50-60 lbs. for 131-135 \$/cwt., 60-70 lbs. for 126-134 \$/cwt., 70-80 lbs. for 125-132 \$/cwt.

Slaughter Prices - Negotiated, Live, woolled and shorn 90-155 lbs. for 95.82-110 \$/cwt., dressed, no sales reported.

Slaughter Prices - Formula, 2,769 head(1) at 185.36-201.86 \$/cwt. for 72.40 ave. lbs., 13,476 head at 184.33-203.62 \$/cwt. for 77.80 ave. lbs.

Cutout Value/Net Carcass Value(2), 216.15 \$/cwt.

Carcass Price, Choice and Prime, YG 1-4, 2,725 head at 55-65 lbs. for 182-216 \$/cwt., 7,351 head at 65-75 lbs. for 182-209 \$/cwt., 5,226 head at 75-85 lbs. for 182-206 \$/cwt., 854 head at 85 lbs. and up for 182-195 \$/cwt.

Boxed Lamb, weighted average prices (\$/cwt.), Trimmed 4" Loins 422.59, Hotel rack(3) 624.94, Leg (trotter off) 236.87, Ground lamb 295.91.

Wool, Price (\$/lb.) Clean, Delivered, 22 micron (Grade 64's) 1.82, 23 micron (Grade 62's) 1.72, 25 micron (Grade 58's) 1.40. No other prices reported.

(1) Prices reported for the two weight categories of the largest volume traded.

(2) The cutout value is the same as a net carcass value. It is a composite value that sums the value of the respective lamb cuts multiplied by their weights. It is also the gross carcass value less processing and packaging costs.

(3) Average of light, medium and heavy 8-Rib Rack.

(Source: USDA/Agricultural Marketing Service)

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