

July 27, 2007

# ASI WEEKLY

## NEWS FOR SHEEP INDUSTRY LEADERS

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### **Farm Bill Passes in U.S. House**

On Friday, the U.S. House passed its version of the Farm Bill with a vote of 231 to 191.

"This marks the first time the full House has approved language allowing interstate shipment of state-inspected meat," related Peter Orwick, ASI executive Director.

The House took up the Farm Bill on Thursday and worked into the night on the legislation forwarded from the Committee on Agriculture the prior week. U.S. Representatives rejected the amendment to the Farm Bill, offered by Rep. Ron Kind (D-Wis.), which would have phased out commodity programs. The measure failed on a 117 to 309 vote.

"The sheep industry greatly appreciates Chairman Collin Peterson's leadership in securing approval of farm legislation under difficult circumstances and tight finances," stated Orwick

On the Senate side, Agriculture, Nutrition and Forestry Committee Chairman Tom Harkin told industry representatives that his committee will produce its bill in September.

*Staff contact: Peter Orwick, ext. 33*

### **China Suspends Wool Importing**

As of July 17, the Chinese Ministry of Finance and Commerce (MOFCOM) suspended the processing of applications by Chinese importers and mills for the global quota (licenses to import wool) until September. This means that as the situation currently stands, quota wool exports to China may be filled and subject to a 38-percent "out-of-quota" tariff.

There are many questions to be answered about this abrupt decision and Australian and New Zealand wool organizations have motivated their government organizations to contact the Chinese government.

The Chinese government sets an annual quota of commodities that importers may bring into the country for domestic use. Its current global quota for wool is 287 million kg for greasy wool and 80 million kg for wool tops. Peculiarly, at the end of May, MOFCOM stated that 147 million kg of the 287 million kg quota remained to be allocated, meaning that 140 million kg had been allocated for the January through May period (an average of 28 million kg per month). Then, last week, MOFCOM advised that only 15 million kg remained for allocation, implying that 132 million kg had been allocated in the six-week period since the end of May, compared with 140 million kg in the five months up to the end of May, and that therefore at least 100 million kg of the allocation of quota was unfilled.

The timing of this announcement comes on the heels of an outbreak of contaminated water in Chinese scouring plants, as well as occurring just days before the start of the Australian spring wool season.

China currently takes a majority of the Australian clip (around 65 percent), around one-third of

the New Zealand clip and significant amounts of wool from Uruguay, the United Kingdom, South Africa and the United States. Because of this international influence, the global wool market could be affected in various ways, including the market in the United States.

The president of the Australian peak grower body WoolProducers Australia (WPA), Robert Pietsch, has urged wool growers not to overreact to this news, but to take a long-term view of the market for wool while every effort is made to address this impasse.

Pietsch stressed that the decision does not mean a cessation in wool buying activities by Chinese companies, although growers must be conscious of the possible impacts in the very short term.

"The key message is that the market for wool will continue, albeit with less immediate involvement from a very large customer."

*Reprinted in part from The Wool Record Weekly and IWTO*

### **Feds Propose Habitat for Bighorn Sheep**

More than 400,000 acres of wildlands in the Eastern Sierra Nevadas should serve as a protected habitat for an endangered mountain sheep rebounding from the threat of extinction, the federal government said Wednesday.

The U.S. Fish and Wildlife Service's proposed critical habitat designation is a response to a 2005 lawsuit by environmentalists, who claimed the Sierra Nevada bighorn sheep couldn't recover because their habitat wasn't protected as required under the Endangered Species Act.

Wednesday's proposal should end the argument, federal officials said.

"The whole purpose of the act isn't just to put species on the list," said Lisa Belenky, an attorney with the San Francisco-based Center for Biological Diversity, which filed the suit. "This is a good first step, because by preserving habitat, you're able to bring the species back from extinction."

The bighorns live much of the year atop the Sierra Nevada's granite peaks, where they forage for sagebrush and grasses, but predatory mountain lions and genetic problems caused by inbreeding have caused the population to crash.

Before the turn of the century, thousands of wild bighorns lived in the high Sierras. But only about 100 survived as recently as 1998, a year before the Fish and Wildlife Service listed the sheep as endangered.

In their lawsuit, environmentalists singled out as a particular problem the U.S. Forest Service's decision to allow ranchers to graze domesticated sheep on public lands thought to be crucial to the wild sheep's survival.

According to government scientists, domestic sheep not only compete for the sedges and grasses that grow in the rugged, mountain landscape, but can spread diseases like pneumonia and scabies when bighorn rams try to mate with their domesticated cousins.

Shepherders dismissed assertions that their herd's proximity to the wild sheep played a role in their decline, and said the new designation could cause millions of dollars in losses to the \$1 billion wool textile and lamb industry.

"The bighorn have been a very good surrogate tool to clear out areas of livestock grazing," said Tom McDonnell, a consultant for the American Sheep Industry Association. "We will probably lose substantial amounts of grazing on private, state and federal ground."

Federal officials control most of the land where the bighorn is found.

The proposed 417,577-acre critical habitat area runs from Tuolumne to Tulare counties (Calif.) and juts into the Inyo and Humboldt-Toiyabe National Forests, along with neighboring land administered by the Bureau of Land Management.

Once the proposal becomes final next year, government agencies and private landowners inside its geographical boundaries will have to consult with the Fish and Wildlife Service to see whether a specific project - like sheep grazing - would jeopardize the bighorn's habitat or its recovery.

That's already the case for two other endangered species native to the Sierra Nevadas that have critical habitat designations: the red-legged frog, commemorated in Mark Twain's short

story "The Celebrated Jumping Frog of Calaveras County," and the Little Kern golden trout.

But managing the bighorn, which spend most of the year in the steepest part of the mountain range, can be tricky, said Bob Williams, field supervisor for the service's Nevada office, which oversees the Eastern Sierra.

"These sheep kind of pack together and stay together especially during the winter," Williams said. "If you took some parties' argument to the extreme, they would say we need Sierra Nevada bighorn sheep all the way to British Columbia, but we felt like this area was enough for recovery."

The agency is also preparing a draft recovery plan they will use to coordinate wild bighorn recovery efforts with the Forest Service, National Park Service, U.S. Bureau of Land Management and the California Department of Fish and Game, Williams said.

The public can comment on the proposal for the next 60 days, and a final decision is due on July 17, 2008.

*Reprinted from Associated Press*

### **Possible Changes to Slaughterhouse Inspections**

The U.S. Department of Agriculture's Food Safety Inspection Service (FSIS) will discuss potential changes to how it inspects slaughter plants at a public meeting on Aug. 7 in Arlington, Va.

"This will be our first discussion involving modifications to slaughter inspection, incorporating some of the lessons we've learned through the HACCP-based Inspection Models Project and from our own inspection and sampling programs," FSIS spokesman, Steven Cohen, said.

FSIS says the new system would provide inspectors more time and flexibility to perform off-line inspections involving specific risk factors at a facility as well as critical points in slaughter and fabrication where food-safety hazards, and associated risks, may be introduced.

Cohen said the changes are not an extension of the agency's proposed risk-based inspection program, which seeks to deploy inspection forces where they're needed most in processing plants, based on the inherent risks in a processor's product, product volume and the food-safety measures in place to minimize risk.

"We wouldn't want to compare [slaughter inspections] to what we've proposed for processing plants, though we would look to compare performance among facilities based on a specific criteria," Cohen said.

The public meeting will allow stakeholders to weigh in on the subject, while providing FSIS an opportunity to explain why it is looking to implement changes.

The meeting will be held Tuesday, Aug. 7, 2007, from 9 a.m. until 1 p.m. at George Mason University.

*Reprinted from meetingplace.com*

### **Australian Flock Numbers Higher**

The size of the Australian cattle herd and sheep flock as of June 30, 2006 (is this year correct?), have been revised up slightly from earlier estimates, to 28.85 million head and 92.73 million head, respectively, as the Australian Bureau of Statistics nears completion of livestock numbers collected in the 2005-06 Agricultural Census.

The most recent estimate of the Australian cattle herd is up 366,000 head from figures released in May (28.48 million head), with numbers in Queensland revised up from 11.7 million head, to 11.97 million head.

The Australian sheep flock has been revised up 850,000 head from the initial estimate of 91.9 million head, with numbers up across all states. Despite the upwards revision, the Australian sheep flock is still down 9 percent (or 8.4 million head) on the final estimates for June 2005.

*Reprinted in part from Meat and Livestock Australia*

### **Deakin Researches Wool that Changes Color in the Sun**

Wool clothes that change color in the sun and provide protection from harmful UV rays could

be the next fashion trend thanks to new research at Deakin University.

Tong Cheng, a Ph.D. student with Deakin's Center for Material and Fiber Innovation, has developed for the first time a way of coloring wool with photochromic dye.

Photochromic products undergo a color change when exposed to UV radiation. Photochromic dyes and wool are incompatible when applied by traditional dyeing methods.

Cheng, under the supervision of Deakin's Tong Lin, Ph.D., and Rex Brady, Ph.D., has created a polymer that holds the photochromic dye and is then applied to the surface of wool fibers.

"Tong Cheng had to solve some very challenging technical issues to get to this stage," Brady said.

The special polymer contains a huge number of tiny pores for trapping the dye.

"Tong Cheng had to ensure that the pores in the polymer were just the right size-if they were too large, for example, the dye would seep out. It was also important that the polymer allowed the color change for the dye to take place quickly-this she has achieved," Brady explained.

To ensure marketability of any clothes produced with this technique, the polymer should not interfere with the feel of the wool and must be durable and color fast.

"It is impossible to notice the difference between normal wool fabric and fabric coated with the polymer," Cheng said. "The fabric maintains its softness and drape and the color is preserved when washed."

Wool fabrics are both luxurious and comfortable. Gone are the days when wool garments were regarded as traditional and old-fashioned items.

"It is exciting to be able to work on new techniques to extend the range of possibilities for wool garments," Cheng said.

"We could soon be seeing wool T-shirts that only reveal their patterns when worn outside or in a disco with black lights. Having patterns appear this way also opens up novel marketing and fashion opportunities."

Cheng said that an unexpected bonus with the polymer coating was its UV protection quality.

"We have found that the polymer absorbs harmful UV rays in sunlight," Cheng said. "When applied to wool, these polymers enhance the natural UV absorption of the fiber, further increasing the SPF (sun protection factor) afforded by wool garments. Initial tests have shown these rays are almost totally blocked."

Cheng's research has been funded by the China-Australia Wool Innovation Network (CAWIN) program - a partnership between Australian Wool Innovation (AWI) and Deakin University.

The significance of her work has been recognized with two recent awards-Materials Australia's prestigious 2006 Borland Forum Award and the 2007 AWI/DWI Award for Excellence in Wool Science.

*Reprinted from Deakin University, Australia*

### **Wool not Used for just Cold Weather**

During a recent meeting of a running group in Boulder, about one-third of the runners who showed up for the 60-minute trail run were wearing wool-blend T-shirts.

The temperature was in the upper 80s. Were they out of their minds?

Apparently not. Wearing ultra-thin wool T-shirts in warm weather is a growing trend among runners, hikers and climbers. Once thought of as only an insulating material for cold conditions, wool also has significant performance values - namely breathability and the ability to pull moisture away from the skin and speed its evaporation - that apply to warm-weather applications as well.

And unlike synthetic fabrics, wool also acts as an antimicrobial to block the bacteria that causes foul odors.

"I wear wool in the summer all the time," said Jenny Taylor, an avid trail runner and mountain biker from Boulder. "It doesn't stick to my skin when I sweat and I think it dries faster than a synthetic shirt. And I just like the way it feels."

Wool fiber has thousands of tiny air pockets that act as a buffer to cool skin amid the heat of a midday run, ride or hike. And wool fabrics are semiporous and can absorb more moisture than

petroleum-based synthetic materials, which have to wait until moisture condenses into liquid before the wicking process can begin, said Adam Stosak, supervisor of the apparel department at the REI store in Lakewood.

"Synthetics have always been popular, but I would say wool is the ideal fabric," he said. "First, because it's the best at wicking moisture away from the skin and secondly because of the comfort factor. It's made from a soft, comfortable fabric that feels soft against the skin."

Wearing a wool shirt in the heat of summer might seem counterintuitive, but it shouldn't be, said Gardner Flanigan, marketing director at Steamboat Springs-based SmartWool, which has seen rapid growth of its short-sleeve shirt business since it started making summer-oriented apparel in 2003.

"The majority of people are still looking to wool for winter apparel and layering," Flanigan said. "It's definitely growing in the summer because the versatility of the fabric, and the fiber is really amazing. We're still trying to get that message out. It's funny because nobody, I mean nobody, questions it in socks. But then when you come out with a shirt and they say, 'No way.' So I think people have to feel it and wear it to believe it."

There are eco-friendly reasons to wear wool, too: wool is a natural, renewable resource, and its production doesn't increase greenhouse gasses.

*Reprinted in part from Rocky Mountain News, Colo.*

### **Weekly National Market Prices for Wool**

The U.S. Department of Agriculture's prices for wool the week beginning July 25 can be accessed at [www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=fta-wm](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=fta-wm).

Posted prices for ungraded wool (per lb./greasy basis) for the week are: Region 1, \$0.27; Region 2, \$0.25; and Region 3, \$0.23.

The LDP rate for ungraded wool is \$0.15 per lb. greasy.

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

### **Market Summary, Week ending July 20, 2007**

**Reminder:** The updated Market Summary can be accessed each Monday at [www.sheepusa.org](http://www.sheepusa.org). Feeder Prices, San Angelo, 40-60 lbs. for 100-105 \$/cwt., 60-100 lbs. for 95-100 \$/cwt.

**Slaughter Prices - Negotiated**, Live, woolled and shorn 125-165 lbs. for 93.86-110.75 \$/cwt.; dressed, no sales reported.

**Slaughter Prices - Formula**, 10,681 head<sup>(1)</sup> at 183.80-220.40 \$/cwt. for 70 ave. lbs., 3,917 head at 190.38-216.56 \$/cwt. for 79 ave. lbs.

**Equity Electronic Auction**, shorn and woolled 125 lbs. for \$103.50/cwt.; woolled 140 lbs. for \$105/cwt.

**Cutout Value/Net Carcass Value**<sup>(2)</sup>, \$222.09/cwt.

**Carcass Price**, Choice and Prime, YG 1-4, weighted averages, 3,460 head at 55-65 lbs. for \$224.91/cwt., 3,591 head at 65-75 lbs. for \$219.69/cwt., 2,034 head at 75-85 lbs. for \$215.51/cwt., 906 head at 85 lbs. and up for \$194.88/cwt.

**Boxed Lamb**, weighted average prices (\$/cwt.), Trimmed 4" Loins 515.26, Hotel rack <sup>(3)</sup> 588.16, Leg (trotter off) 243.32, Ground lamb 297.67.

**Wool**, Price (\$/lb.) Clean, Delivered, 18 micron (Grade 80's) no prices reported, 19 micron (Grade 80's) 3.38, 20 micron (Grade 70's) 3.33, 21 micron (Grade 64-70's) 2.93-3.24, 22 micron (Grade 64's) 2.85, 23 micron (Grade 62's) 2.75-2.89, 24 micron (Grade 60-62's) 2.38, 25 micron (Grade 58's) 2.20, 26 micron (Grade 56-58's) no prices reported, 27 micron (Grade 56) no prices reported.

<sup>(1)</sup>Prices reported for the two weight categories of the largest volume traded. <sup>(2)</sup>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. <sup>(3)</sup>Average of light, medium and heavy 8-Rib Rack.

*(Source: USDA/Agricultural Marketing Service)*

