

January 19, 2007

# ASI WEEKLY

## NEWS FOR SHEEP INDUSTRY LEADERS

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American Sheep Industry Association;  
9785 Maroon Circle, Suite 360; Englewood, CO 80112-2692

**Phone:** (303) 771-3500 **Fax:** (303) 771-8200

**Writer/Editor:** Judy Malone **E-mail:** [judym@sheepusa.org](mailto:judym@sheepusa.org)

**Web sites:** <http://www.sheepusa.org> , <http://www.americanwool.org>

AND

<http://www.sheepindustrynews.org>

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**Editors Note:** Next week, the staff of the American Sheep Industry Association will be in San Antonio, Texas, for the 2007 convention. The next edition of the ASI Weekly Newsletter will be published Feb. 2, 2007.

### **AgJOBS Introduced in Both Houses**

The stand-alone legislation allowing more foreign agricultural workers to come to the United States was introduced in the U.S. Senate and in the U.S. House of Representatives this week. The AgJOBS bill number in the Senate is S.340 and the House number remains H.R.371.

The AgJOBS legislation includes the H2A program with codification of provisions for shepherders as supported by the American Sheep Industry Association.

*Staff contact: Peter Orwick, ext. 33*

### **13 States Receive Additional Natural Disaster Funds**

Agriculture Secretary Mike Johanns this week announced that an additional \$42.5 million will be provided to help with natural disaster recovery efforts in 13 states. This funding provides recovery assistance for natural disasters that occurred between December 2005 and June 2006.

"These funds will provide critical assistance and continue the federal partnership for environmental restoration projects on private lands damaged by natural disaster," Johanns said.

The funding is being made available through the Natural Resources Conservation Service's (NRCS) Emergency Watershed Protection (EWP) Program and includes more than \$7 million in technical assistance and more than \$35 million in financial assistance.

It will help restore agricultural and community infrastructure disrupted by flooding, severe stream bank erosion and debris deposits.

Through EWP, NRCS will provide up to 75 percent of the funds needed to restore the natural function of a watershed and up to 90 percent in limited resource areas damaged by a natural disaster. The community or local sponsor for the work must pay the remaining cost-share, which can be provided by cash and/or in-kind services. EWP assists with the implementation of crucial emergency measures such as removal of debris from streams, protecting destabilized streambanks, establishing cover on critically eroding lands and repairing conservation practices needed to relieve the imminent hazards to life and property created by natural disaster. All measures taken must be environmentally and economically sound and generally benefit more than one property owner.

The 13 states include: California, Colorado, Hawaii, Massachusetts, Maine, Missouri, Mississippi, New York, Oklahoma, Pennsylvania, South Carolina, Tennessee and Vermont.

### **China Concerned About Australia's Wool Quality**

Dismayed at problems with wool lots purchased at auction, notably contamination by dark and medullated fibers, many Chinese processors are said to be "very interested" in buying supplies

directly from growers or groups that can "guarantee the quality of the deliveries." The warning is given by the Chinese Wool Textile Association's raw-wool committee in a blistering condemnation of alleged Australian shortcoming.

China is the biggest consumer by far, currently accounting for 62 percent of Australian wool exports. The committee says that Chinese investigation of alternative purchasing schemes will be stepped up this year.

Mao Jianxin, the committee's secretary-general, has told the Australian trade, "We need wool meeting our specifications, free from contamination, prepared to the correct standard and fit for its intended use."

The processors say contamination is causing them serious financial losses, often to the point that entire batches are rejected by clients.

The raw-wool committee also accuses the Australian trade of: poor dip preparation; bales contaminated with items such as clothing and dead chickens; exporters refusing to accept responsibility for problems; a confusing array of industry organizations; and inadequate communications between Australian and Chinese processors.

Australian wool-industry delegates will meet with processors in China next week to address these concerns about wool exports.

*Reprinted in part from The Wool Record Weekly*

### **Wool Market Continues Its Upward Swing**

Wool prices are at a four-year high. With this week's rise, the Australian wool market has risen by 48 percent in local currency terms from the low reached in December 2005. In U.S. terms, the gain has been stronger, with the Australian Eastern Market Indicator (EMI) up by \$2.75 U.S. per kilogram clean (\$1.25 per lb.) or 57 percent.

Chief economist with The Woolmark Company, and speaker at the upcoming American Sheep Industry Association Annual Convention, Chris Wilcox, said the rise was based on strong fundamental demand along with the fear of a looming supply squeeze.

Australian shorn wool production has been falling since its peak in 1988 to 1989. By 2005-2006, it had fallen by half to approximately 1 billion lbs. The latest forecast is that production will fall to 924 million lbs. this year.

Also, with much stronger prices for meat sheep and lambs, many wool producers are crossing their merino ewes with meat-producing breeds to produce lambs for meat.

"So we would have seen another drop in (wool) production this season, but it has been greatly added to by the drought," according Wilcox.

Wilcox expects a 20 percent fall in the amount of wool to be auctioned this autumn compared with last year.

The changes in the EMI in U.S. currencies over the last 14 weeks are now \$2.04 U.S. per kilogram clean (\$.93 per lb.). This equates to nearly a \$1 per pound increase in clean wool prices over this time frame.

"This is positive news for the U.S. growers in that the increase in price is due to changes in the world wool supply, clean pipelines and moderate demand and not solely because of currency exchange rates," stated Rita Kourlis Samuelson, wool marketing director for the American Sheep Industry Association. "As we develop our position in the international market place, it will be crucial that our wools are prepared to the international standards and that the Certified Wool Quality Program be followed in order for U.S. growers to get the most benefit from this price increase."

*Reprinted in part from The Australian*

*Staff contact: Rita Kourlis Samuelson, ext. 29*

### **OIE Launches Global Animal Health Database**

The World Animal Health Organization (OIE) announced the availability of the World Animal Health Information Database (WAHID), a global animal disease tracking system.

A complement to OIE's World Animal Health Information System launched in April 2006, the

new database, commonly referred to as WAHID, provides all available data on animal diseases per country, region, month and year. The compilation also includes, among other things, animal population by country, epidemiological events maps, global animal diseases distribution maps and comparative disease status between countries.

"WAHID is designed to provide high-quality, animal-diseases information to all stakeholders including veterinary services, international organizations, trading partners, academics, the media and the larger public," said Dr. Karim Ben Jebara, head of the OIE Animal Health Information Department. "All can access and monitor with us the evolution of animal diseases in one or several countries or regions of the world."

The new online interface will permanently replace Handistatus II, which compiles data from 1996 to 2004.

The database can be accessed at [http://www.oie.int/wahid-prod/public.php?page=weekly\\_report\\_index&admin=0](http://www.oie.int/wahid-prod/public.php?page=weekly_report_index&admin=0).

### **Comment Period for 'Natural' Extended**

The comment period on a petition regarding the voluntary labeling claim 'natural' and on the broader question of how to define this claim has been reopened and extended by the Food Safety and Inspection Service (FSIS). Comments are now due on or before March 5, 2007.

The original comment period closed on Jan. 11, but at and after the Dec. 12 public meeting, FSIS received several requests to extend the comment period. The agency is seeking comments concerning four key questions relating to the possible establishment of a more substantive definition of the term 'natural.' Additional information concerning these questions and the original request for comments can be found at

<http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/06-9546.htm>.

Details on how to submit comments can be found in the Federal Register at <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/07-192.htm>.

### **Space-Age Tools Boost Food Safety, Quality**

Portable inspection devices that detect food safety and quality problems are being developed by Agricultural Research Service (ARS) scientists. Recent food safety outbreaks highlight the need for 'space-age' ways to prevent such problems at every step in the food production process—from farm field to grocery store or restaurant.

Scientists led by Yud-Ren Chen at the ARS Instrumentation and Sensing Laboratory, Beltsville, Md., are designing such portable inspection devices by adapting optical technology used for remote sensing of earth.

Prototypes include binoculars with lenses that detect fecal matter on meat, produce or processing equipment—as well as diseases or quality defects. A camera/light combination can be helmet-mounted or used in a hand-held device to expose fecal matter as white specks on an eyewear-mounted computer display.

The portable devices are the next stage for a team that recently handed industry a prototype of an online imaging system for chicken inspection. Next will be a similar system for inspecting fruits and vegetables.

Machine vision nicely supports human inspection because its instruments shine light on every single fruit, vegetable, grain kernel or meat or poultry product that speeds along the processing line. It also gives inspectors an extra pair of eyes for scanning equipment and processing areas for contamination invisible to the naked eye.

### **Passport Requirement for Air Travel**

The U.S. Department of Homeland Security (DHS) and U.S. Department of State are issuing a reminder that beginning Jan. 23, 2007, citizens of the United States, Canada, Mexico and Bermuda are required to present a passport to enter the United States when arriving by air from

any part of the Western Hemisphere.

The public awareness of the air travel requirement continues to grow and current data shows that 88 percent of affected passengers are already traveling to the United States with passports. Since the week of Thanksgiving 2006, 83 percent of U.S. citizens, 94 percent of Canadians, 88 percent of Mexicans and 99 percent of Bermudans have arrived at U.S. airports with passports.

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

The U.S. Department of Agriculture's prices for wool the week beginning Jan. 19 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, \$0.19; Region 2, \$0.17; and Region 3, \$0.15.

The LDP rate for ungraded wool, therefore, is \$0.23 per lb. greasy this week.

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

### **Market Summary, Week Ending January 12, 2007**

The updated Market Summary can be accessed at [www.sheepusa.org](http://www.sheepusa.org) each Monday.

**Feeder Prices**, San Angelo, few 40-60 lbs. 108-110 \$/cwt., 60-80 lbs. 99-107 \$/cwt., 80-90 lbs. for 99-105 \$/cwt.

**Slaughter Prices - Negotiated**, Live, woolled and shorn 100-155 lbs. for 85.95-95 \$/cwt., dressed, no sales reported.

**Slaughter Prices - Formula**, 5,119 head<sup>(1)</sup> at 169-195.57 \$/cwt. for 71 ave. lbs., 17,168 head at 162.51-196.80 \$/cwt. for 78.90 ave. lbs.

**Equity Electronic Auction**, shorn and woolled 130 lbs. for \$90/cwt.

**Cutout Value/Net Carcass Value**<sup>(2)</sup> \$211.88/cwt.

**Carcass Price**, Choice and Prime, YG 1-4, weighted averages, 1,429 head at 55-65 lbs. for \$209.77/cwt., 2,158 head at 65-75 lbs. for \$191.77/cwt., 2,452 head at 75-85 lbs. for \$188.82/cwt., 1,228 head at 85 lbs. and up for \$176.79/cwt.

**Boxed Lamb**, weighted average prices (\$/cwt.), Trimmed 4" Loins 427.62, Hotel rack<sup>(3)</sup> 593.38, Leg (trotter off) 242.42, Ground lamb 265.93.

**Wool**, Price (\$/pound) Clean, Delivered, 18 micron (Grade 80s) 2.82, 19 micron (Grade 80's) 2.55, 20 micron (Grade 70's) 2.03, 21 micron (Grade 64-70's) no prices reported, 22 micron (Grade 64's) 1.86, 23 micron (Grade 62's) no prices reported, 24 micron (Grade 60-62's) no prices reported, 25 micron (Grade 58's) 1.25, 26 micron (Grade 56-58's) No prices reported, 27 micron (Grade 56's) 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)*

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