

November 17, 2006

# ASI WEEKLY

## NEWS FOR SHEEP INDUSTRY LEADERS

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**Editor's Note:** The ASI Weekly will not be published on Nov. 24 due to the Thanksgiving holiday. The next edition will be available on Dec. 1. Have a safe and happy Thanksgiving!

### **Ag Appropriations in U.S. Senate**

The fiscal year 2007 appropriations bill to fund U.S. Department of Agriculture (USDA) programs received considerable attention in the U.S. Senate this week, however, it will not be considered for a vote until after Thanksgiving.

A key issue of discussion was the possibility of approving a bipartisan agriculture disaster amendment, introduced by Sen. Kent Conrad (D-N.D.). The disaster amendment has been slimmed down from previous versions but contains disaster assistance for both the 2005 and the 2006 production years as well as the programs of assistance to sheep producers. The amendment is subject to a budget point of order which requires 60 votes to pass.

Paul Frischknecht, American Sheep Industry Association president, reminds sheep producers that the industry has been active all year in seeking assistance for agriculture disaster areas. Making contact with your U.S senators at this time asking for support of assistance is still very timely. The Senate is expected to resume business Tuesday, Dec. 5, 2006.

"Our industry supports a number of USDA programs that will be funded in the appropriations bill as well as backing the attachment of disaster assistance to the legislation," concluded Frischknecht.

### **ASI Awarded Portion of \$200 Million Export Allocation**

The American Sheep Industry Association (ASI) is one of 67 U.S. trade organizations that will share the \$200 million worth of funding to promote U.S. agricultural products overseas. This is a \$60 million dollar increase from the \$140 million announced in 2005.

The allocations for the Market Access program (MAP), as well as \$39 million for the Quality Samples Program (QSP) and Foreign Market Development (FMD), were announced this week by Agriculture Secretary Mike Johanns. These funds are administered under the Foreign Agricultural Service division of the U.S. Department of Agriculture.

"Developing overseas markets is critical to American agriculture," said Johanns. "These programs support U.S. producer associations so they can tap into market opportunities. Agricultural exports support not only the food and agriculture sectors, but the economy as a whole."

ASI received funding in three program areas: MAP, QSP and FMD. MAP funds were increased to \$395,713 from last year's \$389,597, with QSP and FMD allocations being \$305,000 and \$162,810, respectively.

"This is extremely important funding for the U.S. wool industry as it continues to explore new markets. The programs are particularly effective when investigating markets that are either high

risk or developing, like China and India," commented Rita Kourlis Samuelson, wool marketing director for ASI. "Working with the U.S. wool industry is invaluable to the success of the international wool programs. ASI welcomes the involvement of companies that have export capacity to market wool and that can assist in promoting U.S. wool.

The MAP program utilizes matching organizational funding as a means of cost-sharing overseas marketing and promotional activities. ASI uses this funding for projects such as top-combing and scouring trials, trade show participation, trade missions and reverse-trade missions. QSP funding enables U.S. exporters to provide foreign importers with wool samples while FMD focuses on reducing market impediments and improving the processing capabilities of importers.  
*Staff contact: Rita Kourlis Samuelson, ext. 29*

### **2007 Convention Information**

Registration forms for the 2007 American Sheep Industry Association (ASI)/National Lamb Feeders Association Convention are in the mail. This year's program is expected to draw a record number of producers from around the country into San Antonio, Texas.

Some of the highlights of the event include: A full-day industry tour has been planned starting with Mike Wheeler welcoming producers to The Nugget Company, one of the nation's oldest and largest wool and lambskin businesses. The Hillingdon Ranch is the next stop where Robin and Carol Giles are third generation operators who typify the workings of a Texas ranch operation; Discussion surrounding the approval of the Livestock Risk Protection-Lamb (LRP-Lamb) pilot program is sure to be of interest. LRP-Lamb is a pilot insurance plan in 27 states for producers of all-size operators and feeders alike to help protect against unexpected price declines on market lambs; and Fighting the Parasite Battle in Sheep workshop will provide detailed information in winning this battle.

Wool related meetings, estate planning workshops and seedstock producer meetings have all been scheduled to provide a well-rounded agenda.

The registration information is also accessible through the ASI Web site at [www.sheepusa.org](http://www.sheepusa.org) by clicking on the 2007 ASI/NLFA Convention link.

### **Nov. 30 Award Deadline**

Nov. 30 is the last day to mail your nomination form to recommend an outstanding producer for one of the six American Sheep Industry Association (ASI) annual awards. There are many producers and industry affiliates who work effortlessly for the sheep industry and who deserve to be acknowledged for the positive role they play. Take the initiative and be the one who nominates a deserving candidate.

Six award categories are available for nominations: McClure Silver Ram, Camptender, Flock Guardian, Shepherd's Voice for Print Media, Shepherd's Voice for Broadcast Media and Environmental Stewardship.

Award descriptions and the nomination form can be found by clicking on the Awards Program link on the home page of the ASI Web site at [www.sheepusa.org](http://www.sheepusa.org) or by contacting ASI at 303-771-3500.

Award nominations must be received at the ASI office on or before Dec. 1, 2006, to be considered. Winners will be honored during the ASI annual convention in San Antonio, Texas, Jan. 24-27, 2007.

Past award recipients are not eligible for re-nomination.

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### **Forte Closes Door at End of Year**

A cornerstone of America's wool industry, Forte, Dupee, Sawyer Co., is closing its doors at the end of this year, according to Rich Forte, president.

This family owned business, which was started in 1921, traded scoured and greasy wool and mohair selling mainly to U.S. manufacturers up until the last six years when its customer base turned to overseas buyers.

"We are finding the cost of handling and processing wool too expensive in the United States compared to Asia. Many overseas customers prefer U.S. wool in its grease form instead of scoured. Margins are thin and wool production is low. For these reasons, we have decided to stop wool-trading activities at the end of this year," explains Forte.

Although they will no longer be a part of the marketplace, Forte says that he was constantly reminded from his customers the need to rid the U.S. clip of polypropylene contamination.

"The industry will have to address the quality issue of polypropylene contamination at the grower level if it wants to remain competitive in the world market," he explains.

"It's unfortunate to see Forte exiting the U.S. wool market. They have bought a great deal of U.S. wool over the years, and it will be unsettling when they are no longer participating in the trade," says Rita Kourlis Samuelson, wool marketing director at the American Sheep Industry Association.

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

### **Animal Enterprise Terrorism Act Passed**

This week, the U.S. House of Representatives passed the Animal Enterprise Terrorism Act of 2006 (S. 3880), which strengthens laws dealing with criminal acts against animal enterprises, including farms, meat processors and animal research facilities. The act passed the House unanimously under suspension of rules and is now cleared for President Bush's signature.

The 2006 act closed loopholes in the Animal Enterprise Protection Act of 1992 by penalizing attacks against tertiary targets. It also addresses key concerns of law enforcement to prevent, investigate and prosecute acts of animal rights terrorism.

The act was passed by unanimous consent by the U.S. Senate on Sept. 30.

### **USDA Unveils New NAIS Web Site**

The U.S. Department of Agriculture (USDA) has unveiled a re-designed Web site covering the National Animal Identification System (NAIS). There are several new features including the "NAIS Library," which contains all the relevant print information USDA has issued on NAIS, and "text that presents the NAIS with greater clarity and brevity."

The new Web site can be found at [www.usda.gov/nais](http://www.usda.gov/nais).

### **Atypical Scrapie Found in Britain**

The Veterinary Laboratories Agency in Britain this week said an atypical, or unusual, form of scrapie had been detected in a 6-year-old cheviot ewe.

For research purposes, the Department for Environment, Food and Rural Affairs (DEFRA) maintains a flock of sheep that are believed to be free of Transmissible Spongiform Encephalopathies (TSEs) as all the founder animals in the flock were imported from New Zealand, a country considered to be free of TSEs. The flock is managed under strict bio-security conditions to insure that the animals do not come into contact with other sheep.

As the origin of the atypical scrapie in this case is not clear, this finding will now be subject to independent scientific investigations, which will include ensuring that the bio-security on the farm was not compromised and that there was no possibility of cross contamination of the sample.

Biosecurity New Zealand head, Barry O'Neill, said they were co-operating closely with British authorities. New Zealand had not identified atypical scrapie or classical scrapie, he said.

Biosecurity was focused on trying to clarify the origin of the source flocks which were exported to the United Kingdom in the late 1990s.

"We're unsure at this stage if they exist, but if they do exist, we would wish to undertake some surveillance testing over the future weeks and months to identify if there is any remote possibility that sheep from these flocks could be involved," stated O'Neill.

### **Growers Vote to Continue 2 Percent Levy**

Australia growers have voted to retain the 2-percent levy on their wool sales for the next three years.

In addition, 80 percent of respondents voted for the Australia Wool Innovation (AWI) to have more flexibility to address issues affecting growers. This will be useful evidence to allay any government fears that AWI should not be involved with marketing or wool promotion.

AWI Chairman Ian McLachlan indicated that AWI expected to apply 40 percent of the research and development funds to on-farm projects and 60 percent to post-farm projects.

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### **NZ Exports to EU up by 25 Percent**

Chilled lamb exports to New Zealand's main market, the European Union (EU), increased by 25 percent in the past year.

Chilled New Zealand lamb, shipped unfrozen in vacuum packs, sells at a higher price than frozen lamb.

Anne Berryman, Meat and Wool New Zealand's European manager, says falling EU lamb production caused by a change in farm subsidy payments has created more demand for New Zealand lamb.

She says there's greater recognition that New Zealand lamb complements the local product because of its seasonal supply rather than competing with it.

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

The U.S. Department of Agriculture's prices for wool the week beginning Nov. 15 can be accessed at [www.fsa.usda.gov/FSA/webapp?area=home&subject=eipa&topic=fta-wm](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=eipa&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 November 10, 2006**

Each Friday, the U.S. Department of Agriculture's Agricultural Marketing Service publishes the Weekly National Lamb Market Summary. To access this most current information, go to [www.sheepusa.org](http://www.sheepusa.org) and click on the USDA Market Summary link in the lower left-hand corner of the homepage.

**Slaughter Prices - Negotiated**, Live, woolled and shorn 100-150 lbs. for 88.60-100 \$/cwt., dressed, load woolled and shorn 77 lbs. carcass for \$176/cwt.

**Slaughter Prices - Formula**, 15,046 head(1) at 188.25-206.52 \$/cwt. for 72.20 ave. lbs., 3,789 head at 175-212.65 \$/cwt. for 78.40 ave. lbs.

**Equity Electronic Auction**, Live, shorn and woolled 125-145 lbs. for \$89/cwt.

**Cutout Value/Net Carcass Value(2)**, \$219.61/cwt.

**Carcass Price**, Choice and Prime, YG 1-4, weighted averages, 2,282 head at 55-65 lbs. for \$208.30/cwt., 3,464 head at 65-75 lbs. for \$201.13/cwt., 2,109 head at 75-85 lbs. for \$198.40/cwt., 757 head at 85 lbs. and up for \$189.17/cwt.

**Boxed Lamb**, weighted average prices (\$/cwt.), Trimmed 4" Loins 498.90, Hotel rack(3) 559.51, Leg (trotter off) 234.24, Ground lamb 299.50.

**Wool**, Price (\$/lb.) Clean, Delivered, 18 micron (Grade 80s) 2.48, 19 micron (Grade 80's) 2.35-2.36, 20 micron (Grade 70's) 1.98-2.05, 21 micron (Grade 64-70's) 1.90-2.20, 22 micron (Grade 64's) 2.20, 23 micron (Grade 62's) 1.45-1.60, 24 micron (Grade 60-62's) 1.36, 25 micron (Grade 58's) 1.42, 26 micron (Grade 56-58's) 1.20, 27 micron (Grade 56's) 0.89.

(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)*