



Performance Report

Wool Research, Development and Promotion
Trust Fund

October 1, 2008 - September 30, 2009



American Sheep Industry Association



Table of Contents

Executive Summary	2
Program Expenditures	9
Market and Product Development	10
Market Research/New Uses	13
International Market Development	20
New Technology and Market Accessibility	26
Raw Wool Quality Improvement	31
Market Information	35
Wool Production	37
Quality Assurance	39
Wool Outreach	44
Producer Communications	58
Wool Producer Planning	68
Wool Strategies and Business Development	70
Wool Foundation	72
Administration	73
Appendices	75



Executive Summary

Background

With roots dating back to 1865, the American Sheep Industry Association (ASI) is a federation of 45 state associations representing sheep producers nationwide with a common goal to promote the well being and profitability of the U.S. sheep industry. From the East to the West, farm flocks to range operations, ASI works to represent the interests of more than 82,000 American sheep producers.

In 2000, the U.S. Congress established the Wool Research, Development and Promotion Trust Fund to support wool activities. Aimed at increasing the competitiveness of American wool, ASI established the American Wool Trust Foundation (501c5 corporation) to implement the wool programs. The foundation delivers programs and services via contract with ASI, which has the most extensive leadership, communications and program delivery infrastructure in the U.S. sheep industry.

ASI oversees the funds that support the three primary Wool Trust Program interests: quality improvement, dissemination of information and development and promotion of U.S. wool.

For the fiscal year (FY) Oct. 1, 2008, through Sept. 30, 2009 – the year covered in this report – the foundation was awarded \$2.25 million. This was the ninth year of the

Wool Trust Program under this funding, which as of October 2008, another extension had been approved by the U.S. Congress to provide funding through 2015.

U.S. Market Situation

Domestic wool-apparel production in the United States over the past decade has been relocated into other lower-cost countries, as is the trend with all textiles. Exports now account for 60 percent to 70 percent of domestic wool production.

This fiscal year, the strong military wool demand has been critical to U.S. wool producers in light of the international wool market, which had taken a hit due to the worldwide financial crisis.

Objectives Addressed by the Wool Research, Development and Promotion Trust Fund

- ✓ *Development and promotion of the wool market*
- ✓ *Improve the quality of the wool produced in the United States, including wool production methods*
- ✓ *Disseminate information on wool improvements to U.S. wool producers*

The U.S. military uses 25 percent of all U.S. wool and announced several large clothing related contracts this fiscal year that have or will use a significant amount of American wool.

Though the current armed conflict meant a reduction in dress garment orders, the U.S. military continues to be a major U.S. customer for wool apparel because of these innovations. Fire-resistant wool apparel has become a popular product with the military, as synthetic materials often burn and melt when exposed to heat, making them less desirable than fire-resistant wool in war zones.

Survival for the domestic textile industry lies in the development, production and marketing of new products.

This move is further supported by consumer attitudes on clothing. There is a clear message that the consumers will pay more for innovative products.

This has lead manufacturers to introduce new concepts such as embedding treatments directly into fibers or coating fabrics with chemicals that bond to them on a molecular level, providing fabrics that are anti-microbial, washable and fire resistant.

Also, the markets for fashion and sports clothing have started to emerge as greater innovation is seen in the specialized sports goods arena.

Several outdoor apparel manufacturers have continued to utilize wool to meet consumer demands for a natural, high-performance fiber. Wool has moisture-managing, temperature-regulating, fire-resistant and odor-resistant properties that make it perfect for any outdoor apparel, such as cold-weather base layers, biking jerseys and socks, just to name a few.

Also, wool is a fiber of choice year round not just for cold weather. For example, companies like Ibex, Icebreaker and Patagonia have outdoor wool apparel lines, and many are also offering casual, lightweight wool for everyday wear in summer months.

The consumer demand for sustainable products that are environmentally friendly and come from renewable resources has continued to grow considerably in this past fiscal year. Naturally, as wool is a sustainable fiber, it is becoming a go-to fiber for environmentally conscious manufacturers and consumers. As part of ASI's objectives, it has continued to research new ways to meet the demand for a safely grown and manufactured product.

World Wool Situation

ASI programs have been successful in achieving significant interest and purchases from major wool-processing countries around the world in recent years. As a result, the price gap between Australian wool and similar U.S. wool has continued to be considerably lower than it was prior to the implementation of the ASI Wool Trust programs.

FY2008/2009 saw some major happenings within the global wool industry, the majority due to the worldwide financial crisis. While prices hit a high mark early in the previous fiscal year of 2007/2008, they began to correct downward in late winter and continue to slide through the rest of the year. The financial crisis beginning in 2008 triggered a drop in most currencies against the U.S. dollar and the sale of virtually all commodities. Overall, the continuation of the effects of the 2008 financial crisis was felt in the wool markets heavily until around March/April of 2009,

when wool prices began to improve. However, while prices improved a weak trading environment remained until September 2009, when prices and trading appeared on an upswing. Importantly to the wool industry, while the textile Industry is typically a leader into recession they also are a leader out of it. The signs of improvement in the latter part of the year in textiles is a looked to as a positive indicator for general economic improvement in the upcoming year.

The world wool supply has also shrunk. In 2008/2009, the largest wool producing country, Australia, continued to experience a decrease in wool production – the sheep population is the lowest in decades. This decrease is being blamed on a harsh drought that has caused the liquidation of many sheep flocks for the past several years. New Zealand, another large wool supplier, is experiencing similar reduction in sheep numbers in the past year, due to both drought and conversion of sheep farms to dairies.

However, despite the global wool market downturn, ASI's International Marketing Program continued to expand foreign market access for U.S. wool. The maintenance of a diverse market has been a key to minimizing the effects of the financial condition by keeping markets open in a variety of countries, not just China, the largest wool buyer.

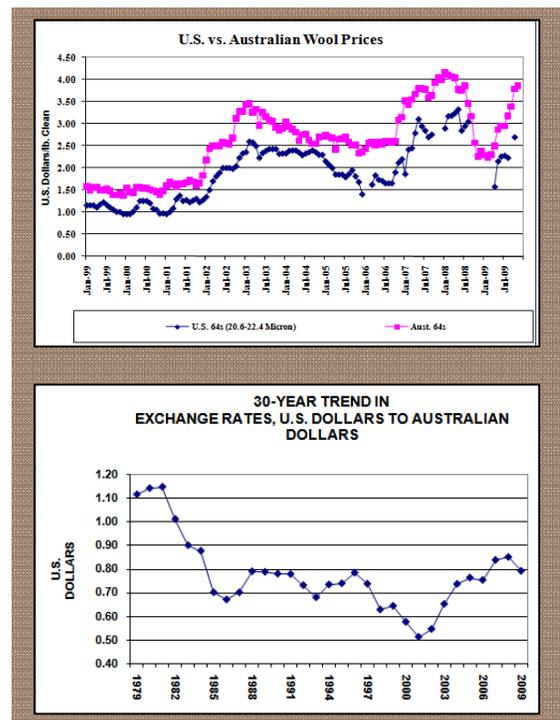
China played an even bigger role this fiscal year in the wool processing and manufacturing sectors. China's importance as a low-cost base in wool-textile processing and manufacturing is strengthening and further relocation of the wool industry to China is likely to be maintained for apparel.

However, uncertainty, inventory reduction and lack of sustained buying from China have translated to reduced exports for FY2008/2009 over FY 2007/2008 by 34 percent. An important factor was the reduced U.S. wool exports to China (35.8 percent) but also the loss of the largest combing mill in Western Europe, which led to an 82-percent reduction in exports to that region.

Other markets for American wool have helped fill that void during FY2008/2009. India is shaping up to become a major player in the wool-textile manufacturing industry. It is now the second largest importer of U.S. wool behind China, overtaking the position from Western Europe this fiscal year, buying approximately 725 metric tons (1,600,000 lbs.) of clean wool in 2008/2009, representing a 5-percent increase over the previous fiscal year. The country's growth into this industry is seen by ASI as an important market to balance the influence of the Chinese market. Marketing programs for U.S. wool were also carried out in Western Europe, South America, Mexico and Canada.

Summary of Achievements

It is important to note that the domestic market remains an important customer, and partnerships with this market segment helped U.S. growers retain a key place in the domestic market.



Objective: Assist U.S. wool producers in the development and promotion of the wool market (domestic market)

- Domestically, ASI continued to build its knowledge and resources to gather information about the United States' largest domestic customer, the U.S. military. Over the past year, ASI worked with and expanded its contacts with military agencies, their textile suppliers and industry groups to promote the use of wool. It also helped to facilitate U.S. mill relations with military buyers.
- This year saw several wool-related projects take shape:
 - ASI partnered with the Sheep Venture Company to apply for a Small Business Innovation Research Grant from the U.S. Army to develop a low cost treatment that renders wool machine washable and dryable in the field environment with little to no shrinkage. The grant was awarded and will allow the development of numerous wool-based protective garments for the U.S. military.
 - ASI hosted the Wool Seminar and Ranch Tour for U.S. military acquisition program managers, U.S. wool industry leaders and producers, bringing together U.S. wool's entire supply chain and allowing access to the decision makers that are a critical part of ASI's military program.
 - The Fire Resistant Environmental Ensemble (FREE) contract, the largest ever awarded by the military, was announced. FREE contains 17 components, seven of which are made entirely of U.S. wool, requiring over 1 million pounds of wool during the entire contract. ASI has been instrumental in this project.
 - Partnerships continued with military and commercial interests to develop anti-microbial treatments for wool that will qualify for mill trials.

ASI is now recognized as the innovative U.S. leader in wool product development by military offices and industry alike, and representatives are very active in promoting wool products at conferences and meetings for different services.

Objective: Assist U.S. wool producers to improve the quality of the wool produced in the United States, including improving wool production methods

New Technology and Wool Quality Improvement

- ASI continued to improve the quality of the wool produced in the United States through the continued investment in and education on the use of the Optical Fiber Diameter Analysis 2000 (OFDA2000) equipment, staple length meters, a staple breaker, grab sampling equipment and wool presses for wool pools and warehouses.
- Warehouses and buyers have been trained to use the Australian Wool Exchange Description



2009 Wool Seminar and Ranch Tour participants pose at Thousand Peaks Ranch, a working sheep ranch in Utah. The event hosted 22 military officials and 15 wool industry members.

(AWEX-ID), used for appraisal and description of non-measured characteristics of greasy wool by major international wool buyers, which helps international buyers better understand U.S. wool quality.

- Participated in state shearing forums to encourage quality improvement. Wool warehouses reported that positive results in the quality of the wool were seen as soon as one day after the forums were held.
- Producers and growers continue to adopt the practices and procedures of the Certified Wool Clip Program for shearers and wool producers. Voluntarily, 236 sheep operations, 60 sheep shearers and nine industry supporters participated in the program in the fiscal year and sent in the documentation for listing.
- ASI sponsored additional prize money for sheep shearing contests, continued to update its sheep shearer database and formulated plans for advanced shearing schools to be held in 2010.

Quality Assurance

- Worked with industry and academic representatives from Australia, New Zealand and the United States on the prioritization and implementation of sheep genomics research.
- Continued the implementation of the national Sheep Safety and Quality Assurance (SSQA) program for producers. Several hundred producers have been trained and certified in SSQA Level I, and trainers are working with producers in many states on SSQA Level II processes.
- Participated in the National Animal Health Emergency Management Steering Committee (now a committee under the U.S. Animal Health Association) - a group of federal and state government officials, as well as industry representatives who are coordinating a strategy to more effectively and efficiently deal with animal health emergencies.

Wool Outreach

- The Wool Outreach Program expanded the reach of ASI's wool improvement and marketing activities by spurring state entities to develop their own wool programs. It is notable that with this ninth year of wool outreach funding, many states with prior participation are expanding their activities and conducting more projects with the same amount of funds. They are also carrying out a broader range of programs, which are more innovative.

Objective: Disseminate information on wool improvements to U.S. wool producers

- General areas of producer communications included wool quality improvement methods,



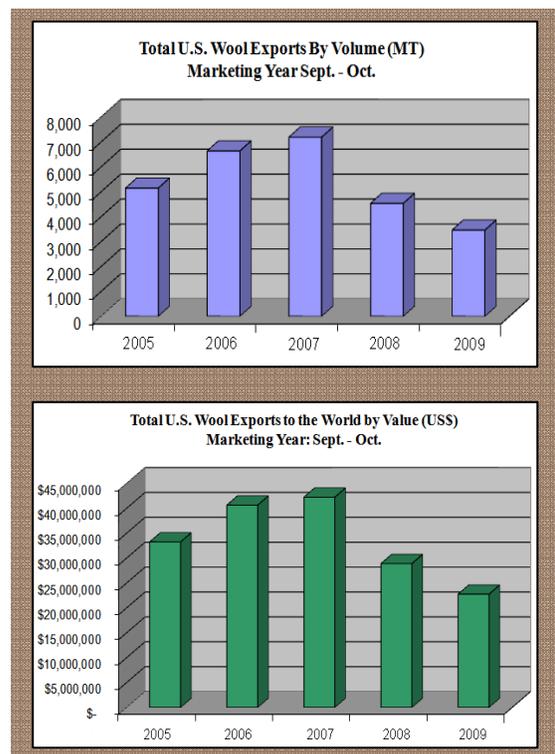
Michigan shearing contest, made possible by Wool Outreach Program funding.

new wool industry technology, animal-health issues and their effect on wool, information on pricing and sales and marketing opportunities.

- Producer communications included the production of ASI's monthly tabloid, the *Sheep Industry News*; the *ASI WEEKLY*, the association's weekly newsletter; press releases and other materials that were disseminated to producers and/or the public and media. Articles from both the publications were routinely reprinted in livestock- and agricultural-oriented publications, further spreading information about wool improvement and marketing opportunities.
- Several media pieces were created to inform the wool and sheep industry of different ASI programs.
 - *Wool Fast Facts* were updated to reflect the most current information as reported by the U.S. Department of Agriculture (USDA).
 - A targeted grazing video was filmed to be distributed via various media outlets. The video shows the sustainability and environmental benefit sheep can have while producing the sustainable fiber of wool.
 - Articles and information for the Certified Wool Program and genetic improvement were published in the *Sheep Industry News*, to encourage more producers to manage the quality of their wool.

Objective: Assist U.S. wool producers in the development and promotion of the wool market (international market)

- Programs are showing a significant return on investment after years of foundation building, although it was a tough year due to the financial crisis. The creation of a more marketable U.S. wool clip is a huge endeavor and one that is long term in nature. The industry has successfully found new sales outlets while U.S. quality improvements are paying off with increased buyer interest. This speaks well for the long-term impact of projects carried out under the Wool Trust programming.
- Despite the world financial and commodity crises, the new customers and new sales developed by ASI's program provided support to U.S. exports during the year. Were it not for the success of previous years' programs, U.S. wool exports would have been even more severely affected. U.S. wool exports from October 2008 to September 2009 were 2,943 metric tons (6,488,000 lbs.), a 34-percent decrease compared to the previous year (statistic source: USDA).

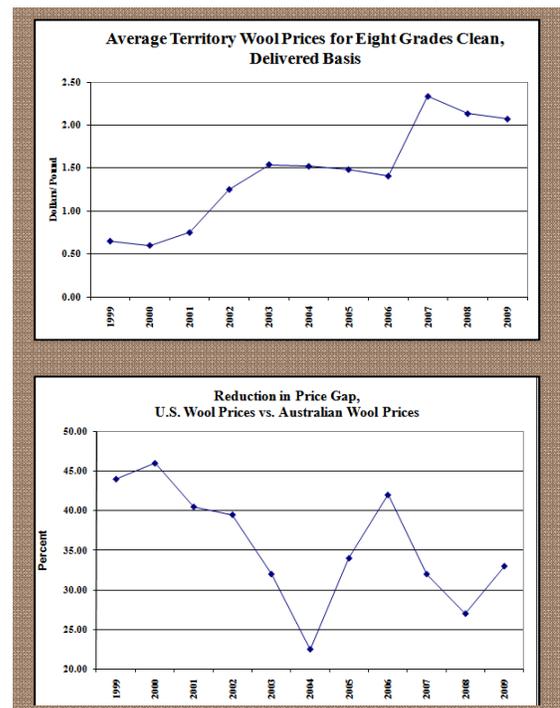


- This ASI program is successfully achieving its objective of redistributing the U.S. wool sales base. Rather than having one or two large companies – in the United States and abroad – purchasing U.S. wool, there is now a diverse customer base from various countries. For instance:
 - China continues to be the largest customer for U.S. wool. Due to weakening consumer demand in Europe and the United States followed by the financial and commodity crisis, China reduced its purchases of U.S. wool from 2,401 metric tons (5,300,000 lbs.) last fiscal year to 1,889 metric tons (4,165,000 lbs.) this year. Greasy wool purchases continued to dominate, and 99.5 percent of all exports to China were in this form. Last year, three new buyers from China purchased U.S. wool for the first time. ASI placed a Chinese language advertisement in a major Chinese wool textile magazine to support the international advertising campaign to increase the awareness of U.S. wool.
 - As part of the wool-type diversification strategy, ASI introduced a short wool program for China to promote China's use of woolen system wools. This has been a factor in the increase in the exports of short wool types to China and, in turn, preventing an even larger reduction in total U.S. wool exports to China.
 - India continues to be a bright spot, increasing its U.S. wool consumption by 5 percent over the previous fiscal year. This has improved ASI's contact and service in India and was key in ASI being able to conduct a new market segment trial (shawls) for completion in 2008. Combing trials are in the planning stage to broaden the client base in India for the next fiscal year.

- One measure of success of the ASI programs is the positive impact on U.S. prices. As a result, the price gap between Australian wool and similar U.S. wool has been maintained at lower levels as compared to the gap prior to the implementation of the Wool Trust Program, despite the extraordinarily difficult current market conditions.

- One of the factors that made these export achievements possible was the availability of valuable programs from USDA's Foreign Agriculture Service and the assistance of this agency.

It should be noted that the major strength of all of the programs in this report is synergy. All projects were carefully designed to address crucial points of the wool industry throughout the production and marketing chain. Thus, the overall program owes its strength and measurable results to the way each element supports and builds upon the others.





Program Expenditures

Summary

As in prior years, the majority of funds were spent on programs that directly impacted U.S. wool quality and marketing. The budget funds focused in either quality improvement programs or programs that sought out new markets and uses. Together, these two types of programs helped to develop new sales options for U.S. wool growers and improve quality. Additional programs, such as communications and planning, provided essential support without which the overall program could not be conducted. The following chart shows Wool Trust expenditures this past financial year.

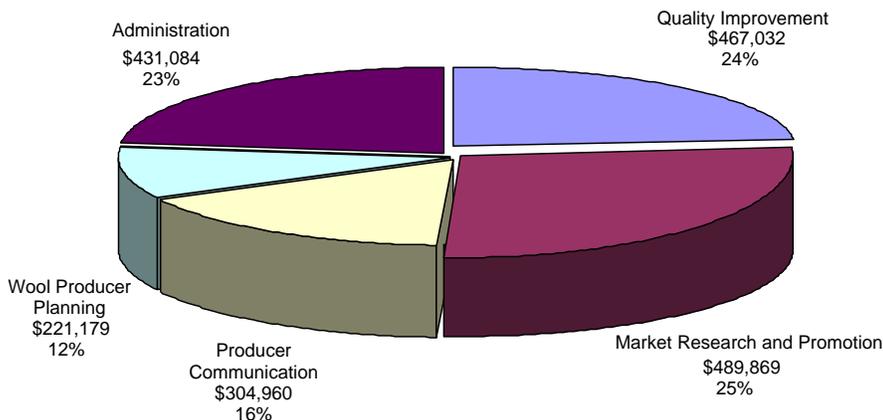
Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Improve the quality of wool produced in the United States, including wool production methods

Disseminate information on wool improvements to U.S. wool producers

**Wool Trust Expenditures
October 2008-September 2009**





Market and Product Development

Summary

Terms such as sustainability, green and low carbon footprint continue to dominate textile products and processes. So significant is this movement that influential retail chains such as TESCO, IKEA and Patagonia are disclosing the size of their products' carbon footprints on labels and hang tags. Even in the current recessionary times, consumers want to know where and how the products are made. Responding to today's eco challenges with sustainable solutions is driving new product ideas and innovations. Examples of this important trend are the new products from DuPont – Sorona® (polyester from corn); recycled polyester – Repreve from Unifi; Pesticide free and energy neutral cotton; a new generation of teflon from DuPont – Capstone®, using short chain molecules that won't breakdown in the environment; CoolVisions®, a dyeable polypropylene from FiberVisions; and Tencel from Lenzing, using a revolutionary lyocell technology from eucalyptus wood. Recently, the Australian Wool Innovation (AWI) has launched the Wool Carbon Alliance (WCA) to promote the environmental advantages of wool. These are some of the widely publicized ideas observed in the market today.

The current product developments focus heavily on sustainability issues and in developing U.S. military programs.

Achievements

The major developments for the FY2008/2009 have been in commercializing washable wool technologies, developing antimicrobial treatments for wool and improving basic properties of wool fiber through chemistry and fiber blends.

The success achieved in the programs described is due to careful selection of industry partners to address some of the

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Project Goals

- ✓ *Work with U.S. mills and other appropriate U.S. Companies to develop new processes that position the U.S. wool industry as an economically responsive industry.*
- ✓ *Develop new products that would overcome known deficiencies of the fiber, thereby creating a more modern image for wool*
- ✓ *Explore opportunities for wool products developed for the military in civilian markets*

crucial points of the wool industry throughout the production and marketing chain.

Project Description/Results

All projects described here were carried out in conjunction with a commercial partner, and all projects that had the military as their target were carried out jointly with another Wool Trust program: Market Research/New Uses. Adherence to this principle allows not only rapid industrialization of new products but also saves much of the development costs.

- *Machine Washable Wool Products*

Since the early introduction of eco-friendly enzyme technology for machine washable wool, other commercial options using non-chlorine treatments were explored.

Today, both the enzyme process and the new oxidative Devan PPT process are now commercial in the United States. The enzyme process is used by one spinner for military wool socks, treating some 3,000 pounds of wool yarns for the U.S. Marine Corps, whereas the Devan process is used by one fabricator for a civilian customer with over 30,000 yards of all-wool fabric produced in three different single and double jersey constructions. The new product lines were launched for the current fall season using domestic superfine wools.

Washability trials continue with three other mills who have signed non-disclosure agreements with Devan PPT.

- *Antimicrobial Treatment on Wool and Wool-Blended Products*

Wool is naturally antimicrobial. Unfortunately, it does not meet the American Association of Textile Chemicals and Colorists (AATCC) 100 or the American Society for Testing and Materials (ASTM) 2149 test protocols for antimicrobial certifications. Antimicrobial properties are becoming increasingly important for combat military clothing as the garments tend to be worn continuously over a number of days in a combat situation.

This high priority program continues to be investigated with all major U.S. antimicrobial chemical suppliers. These are Ultra-Fresh, Aegis, Microban, Mold Armor and NanoHorizons. Many of the early results to date have shown laboratory promise but have not reached a level of performance to meet the test protocol in completed mill trials. Work continues with all major suppliers assisting them with wool chemistry and process applications appropriate for wool. The stage is now sufficiently advanced to undertake additional mill trials, and the chemical suppliers who have the appropriate test facilities will evaluate the results of the planned trials.

Much information is generated and offers confidence in meeting the military requirements. The industry partners have agreed to further trials at their facilities, and the treated fabrics will be duly evaluated using microbes as specified in the test protocols. In addition to all wool fabric trials, trials are also planned using wool-blended fabrics. The latest wool-blended fabric is currently on order by the military on the understanding that the blended product will meet the antimicrobial requirement.

- Washable Wool Sweater

The fabric and garment specifications have now been written and once approved, will allow purchase of the item by the military. All partners in the manufacturing pipeline have initiated spinning and knitting to meet an early response to the expected order.

- Wool/Primaloft® Sweater

New spinning partner is being considered who will take over the production of the blended yarn on a short staple spinning system. Once this is accomplished, fabric and garment production will commence to comply with current standing orders.

- Wool/Nomex® Blended Fabrics

DuPont has agreed to participate with ASI and U.S. Army Natick Soldier Systems in the development of a long staple spinning system yarn with a view to overcome some of the observed deficiencies.

- Liquid Protein from wool

Recent trials in developing and extracting keratin and protein segments have been analyzed and the research results published in three technical journals. The original work is now extended using wools from different sheep breeds to see if coarser wool varieties could offer desirable keratin segments (a high concentration of disulfide bonds in the fiber is desired). Successful extraction will be used to re-deposit the polymer after attaching variety of molecules to impart new and more desirable properties to wool.

Recommendations

There is overwhelming evidence that the consumer of today wants a product that lasts longer, causes less harm to the environment and is ethically and sustainably produced. They are willing to pay more for such assured values.

Today's wool has extraordinarily diverse attributes – extra warmth, extra comfort, extra protection and extra style. It is worth that extra bit more.



Market Research and New Uses

Summary

ASI's cooperation with the U.S. military through the Market Research and New Uses program consistently provides new opportunities for U.S. wool in both military and commercial applications. The U.S. military relies heavily on commercial products to satisfy combat needs, particularly as related to outdoor performance clothing. ASI has identified this interest of the military in commercial products to further promote U.S. wool to the commercial industry. Continuous work over the last several years by ASI has resulted in several commercial companies that have traditionally used offshore wool to establish new product lines using U.S. wool. ASI is recognized by military program managers and commercial companies alike as a leader in innovative uses for wool. ASI's expertise and ability to work with myriad offices simultaneously keep it in high demand by the U.S. military and U.S. manufacturing.

In 2009, military combat tasking declined slightly with troops being returned to the United States from Iraq. However, renewed action in Afghanistan has kept the requirement for fire-resistant (FR) clothing at the forefront of military needs. To that end, the largest clothing and textile contract ever awarded was announced in April 2009. Valued at over \$1 billion, the Fire Resistant Environmental Ensemble (FREE) contract was won by prime vendor Atlantic Diving

Supply. The contract is of particular significance to American wool producers. The ensemble, consisting of 17 components, has seven components containing or entirely made of wool. This is the first major protective garment contract in over 50 years that uses significant amounts of wool in the garments.

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Project Goals

- ✓ *Gather and maintain information relative to government/military use of wool*
- ✓ *Stabilize government/military use of wool products at current per capita levels*
- ✓ *Develop new customers within the DOD and other government agencies, to expand the overall use of wool by the U.S. government*
- ✓ *Research and develop new wool products to meet specific needs of government/military agencies and identify civilian marketing opportunities for these products*

Over the four-year life of the contract, more than 1 million pounds of American wool will be used. ASI's expertise was instrumental in the wool garments being selected for inclusion in the new ensemble.

Development of new wool clothing items for the U.S military has been hindered for many years by the lack of a commercially effective shrink treatment facility in the United States.

ASI has worked continuously to find a solution to this problem. In cooperation with the U.S. Army, ASI partnered with the Sheep Venture Company Inc. (SVC) to apply for a Small Business Innovative Research (SBIR) Grant with the goal of solving this problem. On July 27, 2009, the Army released a solicitation for proposals, A09-165, Washable Wool Products for Individual Protection. The objective of this solicitation is the development of novel, low-cost treatment that renders wool fabrics machine washable and dryable in a field environment with little to no shrinkage. In addition, the solicitation seeks to develop new wool-based garments using this technology. SVC was successful in winning this grant (announced in December 2009), and the results could be the biggest boost to American wool consumption in many, many years, a particularly distinctive accomplishment for ASI and American wool producers.

The 2009 ASI Wool Seminar and Ranch Tour for U.S. military acquisition program managers, U.S. wool industry leaders and producers was a huge success. The seminar and ranch tour brought together representatives of American wool's entire supply chain to teach military program managers how wool is grown and processed. The meeting also allowed for open communication between producers, the manufacturing chain and the ultimate user, the U.S. military. ASI's knowledge and experience in every aspect of wool production from the ranch all the way to completed garments ensured the success of this important meeting.

Project Description/Results

- *Information Gathering and Maintenance*

Successful market research and development of new uses for wool requires constant, accurate information gathering from a variety of sources. In 2009, ASI's information-gathering program continued to rely on industry and government meetings, trade organization meetings, trade shows, site visits and online research. The following are representative of ASI's sources in this critical area:

- **Outdoor Retailers Summer and Winter Markets:**

The winter and summer Outdoor Retailers Association markets in Salt Lake City, Utah are a mainstay of ASI information-gathering activities. In spite of less than ideal economic conditions in 2009, the demand for U.S. wool continues to grow in this market segment. In fact, wool continues to be fastest growing segment of the outdoor clothing market. At the winter market, ASI representatives met with two manufacturers that have traditionally used Australian and New Zealand wools but are planning to now use American wools. New Balance and Patagonia are both introducing U.S. wool into their production lines. Polartec, who has been away from wool manufacturing for a number of years, introduced a new wool fleece fabric at the show. All three are welcome additions to U.S. wool consumption. ASI will work closely with them to make sure American wool meets their expectations. The summer market was attended by a substantial portion of

the American Wool Council for the first time. Many commented on the magnitude of the show and the positive impact it is having on American wool.

- **Visits to Individual Services:**

Face-to-face visits with each of the military services provide ASI with information that cannot be gained by any other method. In 2009, all of the uniform program management offices were visited. ASI meetings with the Army's Program Executive Office Soldier organization were particularly helpful in the development process for the new Army Combat Sweater and the U.S. Coast Guard's new wool/Primaloft® mock turtle neck. Information such as projected consumption helps the manufacturing chain (and ASI wool producers) prepare for the pending introductions.

- **Advanced Planning Briefing to Industry (APBI).**

The APBI is sponsored by the Army and U.S. Marine Corps. In four years it has become one of most important meetings sponsored by the military. Open to all government and industry representatives involved with supplying clothing and textiles to the DOD the meeting was sold out weeks before the actual meeting. All of the services and the Defense Logistics Agency gave briefings relative to their current and projected needs. Of particular interest to the U.S. wool industry, it was announced the all-wool, washable sweater developed by ASI for the Army is being adopted as its newest piece of cold-weather clothing. To date, all of the procurement data has been completed, and the industry is now waiting for the Army to determine exactly how the sweater will be used and how many will be required.

- Stabilize Use

In 2008, the military awarded several new contracts; this trend continued in 2009. In addition, new orders against existing contracts made 2009 another good year for American wool. Some of the more significant actions were:

- **U.S. Army:**

Army Service Dress Uniform: The conversion to the new two shade blue uniform began in 2009 with the contract for the fabric being awarded in April.

By the end of the fiscal year, the Army had ordered 3.6 million linear yards of the new fabric with deliveries through August 2011.

The current orders will require over 1 million pounds of clean, grade 64s American wool.



Army 'Dress Green' Uniform: This uniform is being replaced by the new blue uniforms. As the new uniforms are entering the inventory, it is necessary to continue production of the old uniform to ensure a smooth transition.

In 2009, the Army ordered over 740,000 yards of the old green uniform fabric to begin the transition. Deliveries are expected through June 2010.

The order will require approximately 250,000 pounds of clean, grade 64s American Wool.



Army Beret: The Army awarded two new contracts for 4 million new berets in January 2009.

The new contracts will require over 1 million pounds of clean grade 58s wool over the four-year life of the contract.

Since contract award time, the Army has ordered over 200,000 berets against these contracts.



Wool Army Blanket: The wool Army blanket is one of the oldest and most familiar military items that use large quantities of American wool.

In 2009, the Army ordered over 90,000 new blankets to be delivered by the end of 2009.

Over 300,000 pounds of clean grade 62s wool were used in their manufacture.



- **U.S. Navy**

Navy Jumper and Broadfall Trousers: In 2010, the U.S. Navy begins its conversion of the Navy jumper and broadfall trousers from 100-percent wool fabric to a polyester and wool blend.

To prepare for the conversion over 90,000 yards of the old fabric were ordered requiring 90,000 pounds of clean grade 60s wool.

Delivery of this order will be completed by January 2010.



Navy Peacoat: 9,800 of these classic coats were ordered by the U.S. Navy in 2009.

The Navy is currently soliciting offers for a new contract to be awarded in 2010 that calls for the manufacturing of 48,000 coats per year for five years.

The peacoat uses 3.5 pounds of clean wool per coat.



- **U.S. Air Force**

Air Force Blue Fabric: The U.S. Air Force continues to use the Air Force Blue polyester/wool blend fabric, ordering 600,000 yards in late 2009 for deliveries through September 2010.

The order will require over 175,000 pounds of clean grade 64s wool.



- **U.S. Marines**

Marine Khaki Fabric: The Marines ordered over 270,000 yards of Marine Khaki fabric for deliveries through June 2010.

This washable shirt fabric will require 40,000 pounds of clean grade 64s wool.



- Develop New Customers

ASI continues to stay in contact with and offer U.S. wool products to government agencies such as the Department of Homeland Security (DHS) and the U.S. Forest Service. However, these agencies use local procurement procedures instead of centralized procurement as required by the DOD and until recently, had few buy America requirements. In February 2009, a new law commonly referred to as the Kissell Amendment was signed into being.

The purpose of the Kissell Amendment was to bring the DHS under the same buy America requirements as the Berry Amendment, which requires all textile products purchased by the DOD to be 100-percent domestic, from the fiber forward. The new law is not as effective as the Berry Amendment but will still help ASI's efforts considerably in marketing American wool items to government agencies outside the DOD.

- New Uses

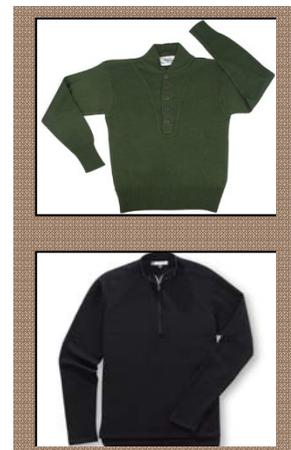
Two wool products, in development for several years, made significant progress toward full introduction to the using services.

- **U.S. Army**

Army Five Button Sweater/New Army Combat Sweater:

The Army Combat Sweater will replace the Five Button Sweater in production since World War II. In recent years, the Army had changed the fiber content of the Five Button to synthetic fibers that are no longer domestically available. ASI was asked by the Army to design a totally new sweater that could be worn as midlayer insulation under the Army Combat Uniform or be worn as an outer garment.

The new combat sweater is 100-percent washable wool. After extensive testing, the Army has announced that it is the newest piece of cold-weather clothing for U.S. soldiers. Fielding plans are expected to be announced in early 2010.



- **U.S. Coast Guard**

Coast Guard Mock Turtle Neck: ASI developed a new blend of fibers for the Coast Guard's mock turtleneck. Combining wool with the superinsulator Primaloft®, a first for garment use, produced a fabric that is lightweight and performs exceptionally well in damp, cold conditions.

The Coast Guard weartest has been completed, and additional garments have been ordered for limited fielding. It is expected that this item will be fully adopted by the Coast Guard.



Recommendations

The U.S. military is the American wool grower's best customer. ASI must continue its efforts through Market Research and New Uses to ensure American wool remains the fiber of choice for military applications.



International Market Development

Summary

ASI partnered with USDA's Foreign Agricultural Service, U.S. wool growers and warehouses to seek out new export opportunities for U.S. wool.

The International Marketing Program enables ASI to take quality wool and translate it into new sales for the U.S. wool industry. FY2008/2009 was notable for the following reasons: 1) a continued drop in wool supply due to the continuing drought in Australia and shifting of land use to non-wool applications in a number of supply countries for economic reasons, 2) despite this supply contraction, the reduction of wool prices due to weakening consumer demand in particular Europe and the United States continued until March 2009, 3) the continued impact of the virtual collapse of the financial system worldwide in October 2008, which in turn, triggered a precipitous drop in most currencies against the U.S. dollar and the drop in prices of virtually all commodities through to around March/April 2009 – followed by a rapid reversal in the currency directions and some improvement in commodity prices and 4) trade in wool

came to a virtual standstill in October and November of 2008 along with the delaying or cancellation of existing orders – especially in China but elsewhere as well. While there was some improvement in trading in the period December 2008 to March 2009, it remained much reduced compared to previous years and based almost entirely on immediate need and/or clearance prices.

While wool prices improved, the weak trading environment really remained until September 2009. Uncertainty, inventory reduction and lack of sustained buying by China were the main factors. This has translated into reduced exports for FY2008/2009 over FY2007/2008 by 34 percent.

The reduction in exports to China (35.8 percent) was an important factor, but the

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Project Goals

- ✓ *Provide options for U.S. wool growers to market U.S. wool overseas*
- ✓ *Identify new and maintain primary markets*

closure of the largest combing mill in Western Europe (a major buyer of U.S. wool) had a significant impact also as it led to a 82-percent reduction in exports to that region.

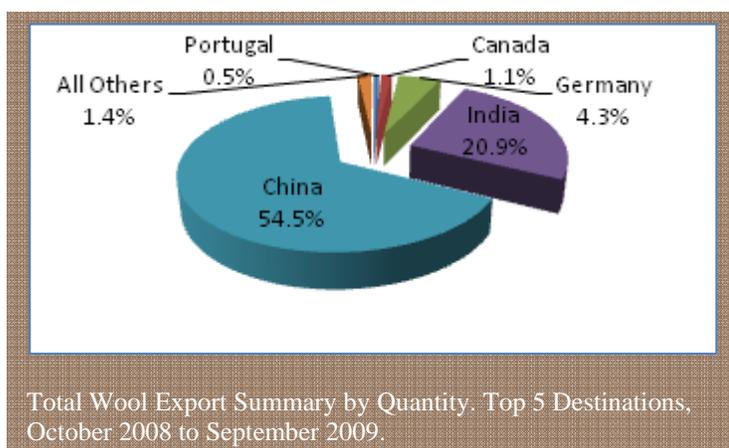
While the export situation remained very difficult and prices internationally quite soft in the early part of 2009, the United States wool industry was very fortunate in the timing of a strong improvement in U.S. military wool demand from January 2009 onward. This was followed in March by an improvement in the domestic commercial demand for wool as well. Were it not for this, U.S. wool producers and traders would have been faced with lower prices internationally and/or a likelihood of a significant inventory carryover from 2008/2009 into 2009/2010.

ASI has maintained diversity of markets as a key fundamental strategy for its programs overall with continued strong investment of resources in the domestic market (military and non-military) and the international market. FY2008/2009 has underlined the wisdom of such an approach.

All wool-producing countries have been similarly, if not more, affected. In fact, the United States is more fortunate than many other supplier countries for the reasons mentioned above.

ASI programs have continued to be very successful in achieving significant interest and purchases from major wool-processing countries around the world despite the downturn. As a result, the price gap between Australian wool and similar U.S. wool has been maintained at much lower levels compared to the gap prior to the implementation of the ASI marketing programs. The narrowing of this price gap has been an objective of ASI programs. However, this must be in line with international valuations or sales levels suffer and inventories rise. This would have been a strong likelihood in 2008/2009 were it not for the success of the ASI domestic market programs

The wool textile-manufacturing industry in India is expanding, and this is seen by ASI as an important market to balance the continued rapid growth of the Chinese market. While India has seen some slowing of export orders, its domestic textile demand has remained quite robust. A key focus of ASI's activities in FY2008/2009 was to continue the FY2007/2008 gains made in the market access and knowledge of U.S. suppliers in regard to India's market. This was achieved with India maintaining its import volume of U.S. wool in 2009 despite the economic downturn and increasing its share of U.S. exports to 24.6 percent of total exports. India is now the number two export destination for U.S. wool. It remains clear that there was still a strong need to continue to improve the Indian buyers' understanding of U.S. wool and how they can best utilize it, as well as improve communications with U.S. suppliers. The appointment of an ASI representative in India in November 2005 enabled ASI to increase the effort to improve the penetration of U.S. wool into the Indian market, as well as raise the image and profile of U.S. wool. Following in the successful 100-percent U.S. wool knitwear project of 2005/2006, ASI implemented a trial project to have 100-percent U.S. wool shawls manufactured – a market segment that U.S. wool has not been in previously. As approximately 80 percent of shawls for the domestic market are medium



to dark shades, this market segment is a good target market for U.S. wool. This project was completed successfully in the second half of 2008, and the sample shawls now available will be used to show other Indian shawl manufacturers the potential for U.S. wool usage in their manufacturing. ASI will continue working to ensure the commercialization of utilizing U.S. wool in the shawls market segment in India.

Overall, FY2008/2009 sales orders to target markets as reported by USDA and Trade Stats Northwest were 2,943 metric tons (6,488,000 lbs.) clean wool (down 34 percent from last fiscal year), valued at more than \$15,000,000 million (down 45 percent from last fiscal year). The main reasons for the larger percentage drop in the value figure are the lower wool prices overall compared to the previous year and the fact that a higher proportion of the better-style wools (also higher priced) were utilized by the domestic industry, meaning that exports contained a higher proportion of lower-priced wools.

This is after the removal from the export statistics of wool-top exports to Mexico of fine, very-high unit value wools of 521 metric tons (1,150,000 lbs.) with a value of US\$7,261,000 (i.e., Australian wool, combed in the United States and re-exported to Mexico). Greasy wool accounted for 92.8 percent of the total export volume – considerably higher than last year's 78 percent. Semi-processed wool exports (wool top, scoured) showed a drop of 78.8 percent to total only 213 metric tons (470,000 lbs.). Assuming a reduction of 5 percent in U.S. wool production in 2009, total wool exports accounted for approximately 41.5 percent of U.S. wool production.

China remained by far the largest market for U.S. wools, taking approximately 1,889 metric clean tons (4,165,000 lbs., \$9.3 million). By volume, this is a 35.8-percent decrease compared with FY2007/2008. This represents 64 percent of all U.S. wool exports by volume and 60 percent by value. Greasy wool accounts for 99.5 percent of the sales volume to China.

India was the second-largest destination with 725 metric tons (1,600,000 lbs., \$4.3 million). This represented a 5-percent increase by volume over FY2007/2008 and indicates that ASI's programs in India are having a positive effect. India is expected to continue its wool textile-industry expansion and, consequently, its use of raw wool.

Western Europe was the third largest destination for U.S. wool (volume: 6.1 percent share; value: 6.9 percent) with only 180 metric tons (400,000 lbs., \$1.1 million). The closure of Europe's largest combing mill – a major customer for U.S. wool – was the primary cause of 82-percent reduction in sales to this region.

ASI programs in Eastern Europe have been a disappointment this year (none), largely due to the closing of a major (relatively new) combing plant in Bulgaria in 2007/2008, in part as a result of the dominant position of China and the inability of many other countries to match China's price levels. ASI is reducing its commitment into this region but still maintains a program there as potential remains for an improvement in sales volume in the future. A concerted effort to attract U.S. wool purchasing by the major remaining combing mill in all of Europe (in the Czech Republic) will be made in 2010 – in part to reduce the dependence of U.S. wool exports on China and in line with ASI's market diversification strategy. The main concern of this mill is the contamination in the U.S. wool clip it experienced with previous purchases, particularly polypropylene.

After a period of strong international markets for wool, FY2008/2009 has seen a continuing of weakening demand and the continued effects of the most dramatic financial and commodity

market crises in modern memory. Without ASI's aggressive marketing program and the excellent participation by U.S. wool suppliers and warehouses, U.S. wool exports could have been much lower. As well, the diversification of customers, markets, U.S. suppliers and new wool types used has resulted in at least the buffering of export losses in China and Western Europe by some increase in other markets (domestic in particular).

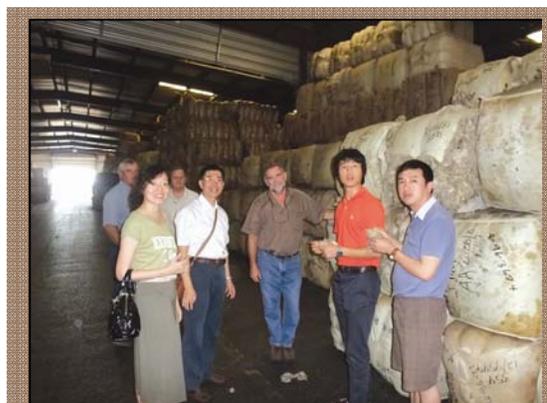
Project Description/Results

Marketing programs for wool were carried out in Western Europe, Eastern Europe, China, India, South America, Mexico and Canada. The strategy was one of niche marketing. Due to the fact that the United States has limited volumes available, the program sought to find buyers for specific wool types and match U.S. supplies precisely to buyer needs. Tactics were as follows:

- U.S. suppliers' mission to target markets during the off season (September – March) to familiarize U.S. companies with market opportunities and requirements.
- International buyer missions (reverse trade missions) to major U.S. wool centers during the in season (March – June) to enable potential customers to see U.S. wool potential for themselves and make actual purchases.
- Assistance with technical processing trials (via processing trials and the Quality Samples Program), coupled with ongoing contact and trade missions. Technical assistance focused on showing target companies optimum blending procedures to get the desired product. Because U.S. wool has unique characteristics and values, it is often used to blend with wools from other sources in creating tops, yarns, etc.
- In key expanding markets (China and India), ASI has established an on-ground presence with a representative to assist U.S. exporters and international buyers to expand U.S. wool purchases. ASI has had a representative in China for several years and in India for four years.

The overall objective was to expand U.S. wool and wool-product exports via diversification. This included:

- Diversification of markets – i.e., the identification of new markets not currently importing significant amounts of U.S. wool products. This would enable the United States to seek out the best buyers and best prices for its products.
- Diversification of customers – historically, the bulk of U.S. wool exports have gone to a handful of customers. The goal was to locate new buyers in existing and new markets to spread out sales and reduce U.S. vulnerability to downturns.
- Diversification of U.S. wool types – i.e., find buyers for types of U.S. wool that do not have a good buyer base or have lost their



Chinese delegation on a reverse trade mission visits the Anodyne facility in Texas.

domestic sales base, thus enabling the U.S. industry to export a broader selection of its wool clip.

Given that the United States is a small-volume producer, compared to competitors such as Australia and New Zealand that produce large amounts of wool, the goal has been to add one or two new customers or products a year for each target market. This is more than sufficient to counteract declines in domestic customers and to create competition for U.S. wool.

Other results include:

- The United States continues to retain one-half of the approximately 30 customers cultivated in the past seven years as regular customers. Many were convinced to try additional wool types and to buy incremental volumes this past fiscal year.
- The continuation of the effects of the 2008 world financial and commodity crises resulted in a reduction in U.S. wool exports for the second time in recent years. The new customers and new sales developed by ASI's program provided strong support to U.S. exports during the year. Without this support, the reduction in exports would have been much more severe. U.S. wool exports from October 2008 to September 2009 were 2,943 metric tons clean (6,488,000 lbs), a 34-percent decrease over the previous year (statistic source: USDA).
- This ASI program is successfully achieving its objective of redistributing the U.S. wool sales base. There is now a diverse customer base from various countries. For instance:
 - China, now the largest customer for U.S. wool, decreased its purchases of U.S. wool from 2,401 metric tons (5,300,000 lbs.) last fiscal year to 1,889 metric tons (4,165,000 lbs.) this year. Greasy wool purchases continued to dominate, and 99.5 percent of all exports to China were in this form. This is expected to continue. Last year, three new buyers from China purchased U.S. wool for the first time. ASI placed a Chinese language advertisement in a major Chinese wool textile magazine, *Wool Exporter*, to support the international advertising campaign to increase the awareness of U.S. wool.
 - As part of the wool type diversification strategy, ASI continued a short wool program for China to promote China's use of woolen system wools. This has been a factor in the increase in the exports of short wool types to China and, in turn, preventing an even larger reduction in U.S. wool exports to China.
 - In India, a representative was appointed in November 2005. This has improved ASI contact and service in India and permitted a new market segment trial (shawls) completed in 2008. Work continues on the shawls project to commercialize the gains made by doing the trial. Additionally, some combing trials are planned in 2010 to broaden the client base in India.
- In another key achievement, it should be noted that support from the U.S. industry continues to develop the ASI international programs. This constitutes the program's major strength. Currently, the number of U.S. companies exporting wool is three times what it was in years prior. The U.S. industry's export expertise has been significantly improved.
- As a result of the expanded options and their own improved expertise, U.S. exporters have been able to locate and take advantage of the best market prices available, as opposed to having to accept the best price from a limited range of market options.
- The increased competition for U.S. wool, greater marketing power and improved quality of U.S. wool were all factors in preventing an even larger reduction of U.S. wool exports, in the face of unprecedented financial and commodity price turmoil and maintaining the gap

between U.S. and Australian wool at lower levels compared to what had existed before ASI marketing programs were instituted.

Recommendations

This program is an important part of the overall Wool Trust activities in that it is the final test that indicates whether U.S. wool competitiveness has been improved. The ability to find new customers throughout the globe for U.S. wool – to replace the lost domestic-mill customers – hinges on the effectiveness of various other programs to create a U.S. wool clip that is marketable to overseas customers. New Quality Improvement programs and adoption of an internationally accepted wool description system are critical steps in this process. At the same time, it is very important to create a higher profile for U.S. wool internationally, which is what this program achieves, to broadcast U.S. wool's marketability. The guiding principle should continue to be diversification of markets and customers to create a full range of sales options for U.S. growers. Besides consolidating gains in existing markets, ASI should continue to seek out opportunities in new markets as the change in the location of wool-manufacturing entities occurs globally. This adaptability to market changes is crucial for the survival of the U.S. raw wool industry as textile production is one of the industries most affected by the fundamental realignment of international trade in 2005.

Appendices

ASI's Unified Export Strategy, October 2008 – September 2009
ASI's Country Progress Report, October 2008 – September 2009
(on file after 3/31/10)
Report on U.S. Marketing Year Exports by Northwest Statistics
Representative Trip Reports
Evaluative Surveys by Reverse Trade Mission Participants



New Technology/Market Accessibility

Summary

These programs have been at the core of the Wool Quality Improvement Program. It aims to put to use, for the U.S. industry, global technological advances in wool production, automation and wool-fiber testing. New Technology is also used to increase market accessibility to both the domestic and international wool markets.

Over the past year, this program made progress in improving U.S. packaging via usage of wool presses, U.S. sampling via a new grab sampling program and marketing via the pooling of wool pools. Competing supplier countries are increasingly investing in and using these technologies. To participate in the international marketplace, the United States needs to ensure that its wool industry has access to comparable technology.

The United States has already reaped benefits in terms of being able to show buyers that it is able to produce wools comparable to those of other countries and will reap even more longterm benefits as it is able to incorporate testing information into genetic programs to improve U.S. flocks.

Project Description/Results

Over the past seven years, ASI has researched and invested in a variety of technologies for classing, objective

measuring, describing and transporting wool. The most significant investments were that of the Optical Fiber Diameter Analysis 2000 (OFDA2000) equipment, staple length meters, a staple breaker, Near Infrared Spectrometry (NIRS) equipment, grab sampling equipment and wool presses for wool pools and warehouses (some purchases fell under Market Accessibility).

Now, this program's focus is shifting more toward education to improve utilization of these technologies. Learning to use and apply the information obtained from these technologies has been an ongoing process.

Wool Trust Goal Addressed by This Project:

Improve the quality of wool produced in the United States, including wool production methods

Project Goals

- ✓ *Increase the use and adoption of new wool technology in wool fiber testing and marketing of wool, resulting in a higher quality wool clip and to be able to certify the advantages of U.S. wool to buyers*

Additionally, ASI will seek out new technology and equipment to address unmet needs

Following are some of the activities and achievements of the past year's New Technology Program:

- Optical Fiber Diameter Analysis (OFDA2000)

Through the use of five OFDA2000 machines by four universities and one wool cooperative are able to conduct research and outreach programs in the United States. The OFDA2000 is a suitcase-sized, portable machine that can measure wool fiber diameter rapidly in the field. Calibration wool-top slides have been used to ensure that the equipment is in calibration. All equipment is inspected annually to ensure proper function and calibration.

In the seven complete calendar years that the instruments have been used, the individual tests conducted are as follows:

Annually Reported Tests								
Location	2002	2003	2004	2005	2006	2007	2008	Total
OFDA2077 - UWY	2371	2978	1500	1000	Na	237	553	8,639
OFDA2081 - ATM	6586	4395	2560	2764	2862	2147	3207	24,521
OFDA2082 - MSU	7803	10,720	11,001	11,148	6000	13,822	8109	68,603
OFDA2083 - UNR	3830	4000	5000	8500	8300	6850	7354	43,834
OFDA2084 - PMCI	6248	4100	1666	2157	600	2300	6692	23,763
Total	26,838	26,193	21,727	25,569	17,762	25,356	25,663	169,108

**Notes - Equipment was sent back to Australia or needed repair during these times.*

- *MSU equipment was damaged by UPS during shipping in October 2003.*
- *PMCI equipment was damaged during shipping in March 2006.*
- *UWY equipment has experienced a continuing software issue.*
 - *Problems experienced in 2004 and initially corrected.*
 - *Issue resurfaced in the September 2005 and locally corrected by spring 2006.*
 - *Software problem again experienced in July 2006, and equipment returned to Australia – returned November 2006.*

***UNR machine was repaired in 2002 in the United States; however, it took several months for the parts to arrive from Australia and the equipment was not operational. Not using a battery back-up surge arrestor/protector is thought to be the reason for the electrical system problem.*

The number of sheep, and therefore pounds of wool, impacted by the use of the equipment continues to increase as growers now routinely test replacement stock only (about 20 percent of their flock), compared to previous years when entire flocks were tested.

Due to difficulties of scheduling shearing and having the equipment on location, many growers have opted to test sheep wool samples previous to shearing at a convenient time for the grower and then sort the sheep into shearing/breeding groups for management and selection programs.

The National Sheep Improvement Program (NSIP) continues to work with growers and researchers on genetic selection programs. Advances have been made in both wool and lamb performance traits and in wool traits that were thought to be antagonistic, such as decreasing fiber diameter while simultaneously increasing grease fleece weight and staple

length. This clearly demonstrates that producers can make selection progress in traits for both wool and lamb simultaneously. The OFDA2000 equipment continues to provide the means for more producers to have objective wool-measurement data for more rapid improvement in wool productivity.

In addition to genetic selection programs, the OFDA2000 is used for wool classing at shearing time. Two areas of the country are now working with manufacturers on using the equipment to specifically meet strict quality control guidelines for specific high-end garments and uses. By combining the genetic selection program and classing at shearing, future growth and profit for both the grower and wool processor are being realized.

- *Agritest Staple Length Meter and Staple Breaker Model 2*

Testing for wool staple length and strength continues to increase as more warehouses, buyers and wool brokers become familiar with the test results and how to utilize the information for evaluating U.S. wool. More clips are being tested as buyers are becoming aware of the benefits of using the tests for predicting processing performance, resulting in a better value-based wool marketing system in the United States. Providing these additional measurement aids in marketing the U.S. wool clip, as other countries routinely have this information available when marketing wool. Customers of U.S. wool are able to buy wool with additional confidence knowing the staple length and strength and more likely to pay more because the risk of estimating these important wool traits is eliminated by testing.

- *Near Infrared Spectrometry (NIRS)*

The FOSS NIRS equipment is being calibrated by Yocom McColl Testing Laboratories for the development of more rapid and economical measures of yield, wool base and vegetable matter base. Yocom McColl is working with researchers from the University of Wyoming Wool Laboratory on the development of calibration equations. The process has been slow due to several unforeseen issues related to U.S. wool.

Progress for the adoption of NIRS technology for testing U.S. wool has been limited because currently, U.S. wool is considered more variable in preparation and, therefore, lacks uniformity necessary to develop calibration equations. Research continues and as the database continues to increase, it is more likely that suitable calibration equations can be derived. Due to the large economic consequences for the entire industry, the NIRS technology can not be utilized until satisfactory calibrations are developed.

- *Wool Grab Sampling*

Interest in equipment that can core and grab sample wool continues to increase as both domestic and international buyers become familiar with U.S. wool and gain knowledge on how to utilize this information. Many new customers of American wool now realize the United States does have the ability to provide additional measures, test results and a description system for non-measured characteristics similar to other countries.

The grab sampling equipment services two important needs/uses within the industry:

1. A sample used to measure wool staple length and strength.
2. A sample used for Australian Wool Exchange Limited Identification (AWEX-ID) and visual evaluation of wool.

The table below indicates the use of the equipment by location in 2008. Use of the equipment continues to expand as more warehouses are taking samples and expand their use of testing for staple length/strength and use of AWEX-ID.

	Craig Wool Warehouse	Sonora Wool Warehouse	Roswell Wool Warehouse	PMCI	Utah Wool Marketing	Montana Sheep Institute
Growers	54 12 + pool	9			20 Large Growers	200 (wool pool)
# Bales	881	102	10,000	1750	500	
Pounds	375,000	45,000	4,000,000	700,000	200,000	300,000
Lots	22	9	500	270	25	
Length/Strength	Yes	Yes	Yes	No	Some	Yes
AWEX-ID	No	Yes	Yes	Some	No	No
Display Sample	Yes	Yes	Yes	Yes	Yes	Yes

- Wool Description – AWEX-ID

Objective measurement testing and describing U.S. wool in terms familiar to the international trade are crucial for the U.S. industry to compete in the world market.

The use of AWEX-ID is slowly expanding in the United States but primarily continues to be used by one warehouse. However, that warehouse reaches growers in at least 12 different states. Through the use of AWEX-ID, new international wool customers are able to purchase wool from this warehouse and use AWEX-ID to be able to compare sale lots between other warehouses.

In addition, AWEX-ID has allowed another buyer in the United States to expand his buying options and trade area, creating increased competition for U.S. wool. The current local terminology used by wool pools and warehouses not participating has been a challenge for new buyers. One buyer using AWEX-ID to become more familiar with other wool in the United States has been able to increase his purchases because of a more-uniform description system.

Through the use of AWEX-ID and small representative samples of various lots of wool, at least two buyers were able to bid and purchase wool with confidence without having to be physically present at the sale.

Through the use of AWEX-ID, it is possible to track changes in wool preparation at the ranch/farm level. In 2009, the number of qualifiers has decreased compared to previous years, along with qualifiers having lower ratings – indicating that the ASI quality improvement programs targeting wool quality via the shearing crew is meeting its target.

Continued updates to changes in AWEX-ID are provided to AWEX-ID accredited appraisers.

Recommendations

ASI's assessment is that the investment in new wool technology has been well worth it. Although the learning curve has been steep and is still present, the United States has reaped benefits in terms of being able to show buyers that it is able to produce quality wools. ASI needs to continue its efforts in this area. This includes ongoing education on the usage of the equipment purchased, coordinated genetic improvement programs and the exploration of other technologies and equipment, particularly equipment that can help the United States achieve better efficiencies in wool preparation.

Appendices

OFDA2000 Progress Reports

NIRS Report

Grab Sampling Equipment Reports



Raw Wool Quality Improvement

Summary

Raw Wool Quality Improvement is the core wool program. As the United States improves the quality of the wool clip, it utilizes new technology to market wool. This program ensures that handling, classing, testing and marketing methods are improved. Thanks to the producer education conducted under this program, more producers are utilizing the techniques recommended by ASI.

The end result of these programs has been a more marketable wool clip. ASI has been enormously successful in finding and retaining new buyers in its International Market Development Program, and some of the credit goes toward the improved quality that international buyers were able to see in U.S. wool. Many new buyers had vaguely negative perceptions of U.S. wool, although those opinions were not based on any actual experience. ASI has been able to open new markets and expand sales by showing international buyers that the United States does produce quality wool.

Project Description/Results

This program has successfully worked to develop awareness of the need for improvements in the U.S. wool industry and to implement changes in testing, packaging and marketing. It identifies ways in which U.S. wool could be better presented to the

buyer and assists the U.S. grower with information or equipment that could meet these needs. Over the past year, a variety of activities were conducted:

- Wool Quality Improvement Programs

A revitalization of wool quality improvement programs was launched in 2005 through the Certified U.S. Wool Clip Program for shearers and wool producers.

Wool Trust Goal Addressed by This Project:

Improve the quality of wool produced in the United States, including wool production methods

Project Goals

- ✓ *Enhance the market infrastructure for U.S. wool to facilitate domestic and international wool marketing opportunities*
- ✓ *Look for ways to increase efficiencies and make American wool more easily accessible*
- ✓ *Improve the quality of U.S. wool through coordinated educational efforts supporting market development*

In the past three years, more growers and sheep shearers are becoming aware of the certified program and adopting the recommended practices and procedures.

Wool consultants traveled to Uruguay to learn about the Uruguay Wool Secretariat wool programs for both growers and shearers and to Argentina to learn about the Prolana wool quality programs. In addition to grower education, both countries have developed significant programs for shearing as commercial shearing crews have a larger impact on wool because crews go from farm to farm, where grower educational programs traditionally stay within that farming unit.

Through warehouse and wool buyer input, contact was made with larger commercial shearing crews to encourage participation in the certified program. By direct contact and follow-up site visits, staff and crews were able to work together on ways to improve shearing efficiency and wool quality and increase the amount of wool being properly prepared by the shearing crews. Buyers reported better wool preparation by many of the crews, and Australian Wool Exchange Limited Identification (AWEX-ID) of sale lots contained fewer notations of preparation defects in 2009 compared to previous years.

The demographics of the U.S. sheep industry (2007 Census of Agriculture) indicates that 175 sheep operations have more than 2,500 ewes one year and older and account for 27 percent of the U.S. wool production. Letters and materials were specifically designed and sent to these growers encouraging participation in the Certified Wool Clip Program.

Growers, shearers and industry supporters actively participating in the Certified Wool Clip Program were sent letters of appreciation, certificates and wool hats for participating in the program. More than 236 sheep operations, 60 sheep shearers and 24 industry supporters participated in the program in 2009.

Wool packaging and labeling issues continue to be a concern for marketing of the U.S. wool clip. A new brochure on packaging and labeling of wool bales was developed and provided to shearers, warehouses and state sheep associations to distribute to members. As a result of discussions, shearing crews and growers are more aware of the problems for the industry post-farm gate caused by lightweight bales, overlength bales, improperly closed bales and non-uniform labeling.

Materials to help document and track wool from individual growers through the warehouse continue to be made available and are gaining popularity. The carbonless copy form was developed with a wool press record by individual bale on one side, and the back side containing a Wool Summary Record. This form was developed in response to warehouses wanting one simple form and record of the wool being sent in by the growers. Shearing crews appreciate the continuity and uniformity of the information across the United States.

- **Sheep Shearing Contest**

ASI sponsored additional prize money at the National Western Stock Show International Sheep Shearing Contest. Prize money was awarded to a total of 36 shearers from across the United States and Canada were awarded \$1,500 in the junior, intermediate and professional divisions. Funding of \$250 was sent to Iowa, Illinois, Indiana, Ohio, Michigan, Montana and Kansas to help them offset costs associated with their regional shearing contests. ASI also provided support to two U.S. shearers that set an

international record for endurance shearing by shearing sheep for 24 hours. The two shearers sheared more than 1,080 sheep in a 24-hour period at a pace of 20 and 25 sheep per hour, respectively. The 24 hours did not include small breaks every two hours and slightly longer breaks after eight hours for the shearers.

- **Sheep Shearer Database**

ASI continues to contact shearers and include them in the database. To date, more than 125 shearers or contractors are now listed on the ASI Web site and receive ASI materials for wool quality. Contact with shearing crews to observe their practices in the field and suggestions on ways to better incorporate the certified program guidelines continues to improve the quality of wool being offered for sale in the United States. Because shearing crews or individual shearers contact many different growers, the impact on wool production is greater than individual grower contact.



- **Shearing Education**

Shearing Handbooks continue to be made available at cost for shearing schools across the United States. ASI maintains and publishes a listing of known shearing schools annually for those interested in shearing. More than 20 different schools were held last year.

- **Grower Education**

Educational programs are a direct response to grower interest in learning more about wool and the lack of educational opportunities locally available. Programs were conducted in N.Y., S.D., Colo. and Md., along with a Web-based program with the Pipestone Lamb and Wool Program. The OFDA2000 continues to be a valuable tool to demonstrate wool testing and the importance of objective measurement of wool with emphasis on how the textile industry uses this information for manufacturing of garments. Examples of different wool shirts/jackets were used during presentations, which covered worsted and woolen processing, influence of fiber diameter on fabric weight, cost of garments and marketing. This presentation helped explain to the students why some wool is more valuable than others with hands-on examples and current wool trends.

- **FFA Convention**

The ASI/American Wool Council (AWC) and the American Lamb Board booths at the National FFA convention were again well received. The Make it With Wool contest was invited to participate in the booth and promote the wool and sheep industry. In addition, garments made with 100-percent washable wool jersey fabric and wool/Nomex® was on display to showcase product development and programs the AWC is conducting. The Sheep Production Handbook, new grazing handbook and other ASI materials were showcased as educational material available from ASI. Finally, the career opportunities for young people in the sheep industry as sheep shearers were promoted to those that

attended the career show. More than 55,000 young people and high school FFA advisors attend the FFA career show annually.

Recommendations

This program has successfully worked to develop awareness of the need for improvements in the U.S. industry and to implement changes in handling, classing and marketing. However, much more remains to be done, particularly in the area of marketing. Future programs need to continue to seek ways to reach the industry with the important message of efficiency through unity.

Appendices

Wool Labeling Brochure
Wool Micron Card
Wool Press Summary
NWSS Results
State Shearing Contest Reports



Market Information

Summary

In its efforts to become more competitive, the U.S. wool industry faces many challenges. To overcome them, a clear understanding of both the U.S. and global situation is necessary. Effective programs require knowledge of U.S. strengths and weaknesses and global and domestic opportunities. Without this, the United States cannot become a player in the world market. Under this Market Information program, ASI carried out year-round analysis of crucial wool-market indicators, both for the United States and competing suppliers. Numerous industry data sets were maintained and expanded, with new databases added. Besides strategic planning, these databases were used to monitor the effectiveness of the Wool Trust programs.

Project Description/Results

ASI continued to collect and analyze data covering the sheep industry. This is a crucial function as USDA does not monitor the U.S. and world sheep industry as it once did, and less information is thus available to help the U.S. industry compete.

- ASI maintained and expanded wool databases on production, prices, etc., built in the first years of Wool Trust programming. The goal was to expand

prior and current databases so that at least a minimum of 10 years of data would be available for analysis. In many cases, 25 to 30 years of data were made available.

- ASI worked with USDA's Agricultural Marketing Service to improve the quality of market data these federal agencies provide the sheep industry.

Wool Trust Goal Addressed by This Project:

Improve the quality of wool produced in the United States, including wool production methods

Project Goals

- ✓ *To enable ASI to be a credible source of information on American wool and on wool-industry market information*
- ✓ *Analyze domestic and international programs to develop the most effective marketing strategies*
- ✓ *Analyze the state of the wool industry to identify areas for improvement*

- ASI has also collaborated with the Livestock Marketing Information Center (LMIC) to enhance both ASI's and LMIC's databases, which has augmented our collective outreach and analytical programs.

For ASI, much of the above data was also valuable in strategic planning and evaluation:

1. The data assisted ASI in its strategic planning as to how Wool Trust funds could best benefit the industry. For instance, indicating that Quality Improvement programs should place their greatest emphasis on U.S. wool packaging and testing, as these are areas where U.S. wool is weakest. It also helped ASI to pinpoint those international markets where U.S. wool is likely to find a receptive customer base.
2. The data also aided in the implementation of actual programs, thus assisting in quality improvement and market development.
3. It improved producer information about the market situation for wool, helping them to maximize their competitiveness through more-informed market decisions.
4. It assisted ASI in evaluating progress made over the past year, including monitoring the continued closing of the price gap between U.S. and Australian/international prices and analyzing the growth of U.S. exports.

Information collected covered wool and lamb because profitability in lamb marketing is crucial to the continuation of wool production. Wool, lamb and pelts are the three items of profit that bring return to a producer. Growers must break even on their lamb or they will not produce wool at all. Because of this, the lamb market is intrinsically tied to the profitability of the U.S. wool grower. Also, the U.S. industry wants one source of information and analysis for multiple areas, which eliminates searching and ensures consistency of data.

Recommendations

Knowledge is the first step toward effective action. Thus, this program forms a valuable base for ASI and the U.S. industry in improving its competitiveness. ASI needs to continue to update its industry data sets to ensure that the United States is well prepared to compete in the domestic and international arenas.



Wool Production

Summary

Any quality improvement plan needs to include the management of the resources on which sheep are produced. Not only is wool fiber quality impacted by the land and water resources on which it is grown but also the industry's ability to maintain these resources properly impacts its longterm profitability. Resource issues cover nutrition, water availability, predation and similar topics. During the past year, ASI continued to provide services to help U.S. wool growers better manage the resources on which their wool production depends in the form of research and education on natural resource management.

improves wool profitability at the producer sector.

- The publication, sale and distribution of the handbook, *Targeted Grazing: A Natural Approach to Vegetation Management and Landscape Enhancement*, with accompanying copy of the handbook in CD form.
- The development and completion of an online learning tool on targeted grazing in October 2007. The resource is accessed by agency personnel, contract grazers and others at www.sheepusa.org.

Project Description/Results

Under this program, ASI carried out a variety of activities:

- ASI continued to research and analyze sheep production methods related to forage, feed costs and sheep ecology issues. This includes monitoring the latest improvements in natural resource management and reporting back to the U.S. industry via producer meetings, producer publications and through producer volunteers. Feed resources are nearly 50 percent of the cost of producing lamb and wool. Reducing these costs through more efficient utilization of vegetative resources

Wool Trust Goal Addressed by This Project:

Improve the quality of wool produced in the United States, including wool production methods

Project Goals

- ✓ *Research land-use management techniques that will help sheep growers maximize their resources*
- ✓ *Educate wool growers on proper land-management techniques to better manage the resources upon which wool production is dependent*

- The cost share of a yellow starthistle targeted grazing project with the U.S. Forest Service, Idaho County Cooperative Weed Management Area and the University of Idaho's David Little Range Livestock Endowment.
- The cost share of a knapweed targeted grazing project with the Bureau of Land Management, Montana Sheep Institute, Montana Fish, Game and Parks and 26 other landowners in the Madison River area of Montana.
- The development of a targeted grazing workshop curriculum and education materials with the assistance of Texas A&M, University of Idaho and Montana State University.
- The completion of targeted grazing workshops in all regions of the United States. Over the past two years and production of an educational video for use both the eastern and western regions.
- The development of a public relations brochure on the benefits of targeted grazing.
- ASI was also granted \$100,000 from U.S. Department of Agriculture's National Resource Conservation Service's Conservation Technical Assistance Program to execute its two-year project entitled, "Bio-control of Invasive Plants Using Sheep and Goats."

Recommendations

Natural resource management is an ongoing concern for U.S. growers and needs to remain a part of the overall program. Increased profitability can be added to the industry by not only harvesting wool and lamb from the animal but also by using the animal to manage the natural resources on which wool production is dependent. Increased emphasis is being placed on the development and use of educational materials and outreach programs on the application of prescribed grazing.



Quality Assurance

Summary

The assurance of a quality product to buyers begins with the health of the animal that produces it. Without a healthy animal, all other wool-improvement programs would not make an impact. Unless the United States can assure buyers of its commitment to high quality, it will find its product at a disadvantage in the marketplace. A key factor in providing this assurance is to show potential buyers that uniform high standards and procedures for animal health are observed, implemented and enforced.

Managing risk is also a necessary component of producing high-quality wool and lamb. Sheep production and marketing is inherently full of risk. The animals are reared under extensive production systems that can include very harsh environmental (weather, topographical, etc.) conditions that expose them to hazards.

Sheep and other small ruminants are also near the bottom of the mammalian food chain, so they are almost always under threat or risk of predator attacks. Certain periods within the sheep biological production cycle present more risk than others. For example, nutritional and other stress can cause breaks in the wool fiber, interruptions in the estrus cycle and fetal loss in pregnant ewes.

Therefore, managing and minimizing production risk is a necessary and vital part of raising sheep and producing high-quality wool.

Marketing and price risk are also key issues that sheep producers must constantly try to manage. Because the pricing and marketing of sheep and sheep products occurs only once or twice a year for most producers, effective management of cash flow means that producers use borrowed operating capital on a regular basis. Lamb and wool markets are notoriously volatile, and this volatility presents a great deal of risk to sheep operations as well as to lenders. Unlike other livestock species, few, if any, financial marketing or price-risk management tools are available to sheep producers, to date.

Over the past four years, ASI has worked with other industry and academic partners

Wool Trust Goal Addressed by This Project:

Improve the quality of wool produced in the United States, including wool production methods

Project Goals

- ✓ *Improving and ensuring the highest U.S. quality wool and improving U.S. wool competitiveness*

to investigate develop and implement price-risk management tools.

Thus, ASI carried out ongoing work during the year on sheep production, research and health with the goal of ensuring a healthy and marketable product for U.S. wool growers. This included active participation with the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) and other agencies in analyses, decisions and implementation of issues/programs impacting U.S. sheep health and management. Many of these are long-term projects that require a multi-year commitment. Examples of projects worked on during the past year include the implementation of a national sheep quality-assurance program for producers, including dissemination of the *Sheep Safety and Quality Assurance (SSQA)* manual and certification of additional trainers.

In addition, several hundred producers were trained on SSQA Level I, and a significant number have achieved SSQA Level II. ASI also worked closely with USDA and industry groups to design the new National Animal Identification System (NAIS) and assisted in enhancing national Emergency Response Plans, aided USDA in its cooperation with the Department of Homeland Security (DHS), serving as a resource in implementing the USDA/APHIS/Veterinary Services (VS) "Safeguarding Animal Health" plan and worked with USDA to implement the accelerated National Scrapie Eradication Program (NSEP) with the goal of eradicating this disease from the United States in a few years.

Project Description/Results

The importance of animal health, animal production and risk management in wool and lamb marketing cannot be overemphasized. The current regulatory and export crisis in the U.S. beef industry due to the identification of cattle infected with bovine spongiform encephalopathy (BSE) as well as the impact of the H1N1 virus on the swine industry serve as examples of the significance of this issue. The health and care of the animal is the starting point for any strategic plan to make U.S. wool more marketable. Sheep nutrition, reproduction, genetics, handling facilities, behavior, predator management and good health care all work together to create a high-quality, uniform U.S. wool clip.

Likewise, the ability to manage some of the risk factors inherent to sheep and wool production and marketing is essential to keeping the production unit on solid financial ground so that production-quality issues can be addressed adequately and improved.

Following is a list of the major issues, initiatives and activities that ASI was able to implement during FY2008/2009:

- Continued the implementation of the national SSQA program for producers. Several hundred producers have been trained and certified in SSQA Level I, and trainers are working with producers in several states on SSQA Level II processes.
- Participated in the NAIS taskforce. The purpose is to develop a plan through which all livestock will be uniformly identified and traceable within a 48-hour period for food-security purposes and for animal-health emergency management. The NAIS sheep plan was submitted to USDA and ASI continues to work with USDA and industry partners to help build a functional animal identification system that will augment the scrapie identification program for sheep.

- Partnered with state and federal governments along with other commodity and allied groups in implementing the “Safeguarding Animal Health” plan for USDA’s APHIS.
- Worked with APHIS on implementing the accelerated NSEP via meetings, monthly communications to producers and state animal health officials, formal comments to *Federal Register* postings and informal advisory communications and provided leadership in making needed changes.
- ASI cooperated actively with APHIS to increase the number of slaughter surveillance samples submitted for diagnostic evaluation from small processing plants.
- ASI, through APHIS, provided funding to state sheep associations to implement educational programs on scrapie eradication.
- Worked with USDA’s Agricultural Research Service (ARS) both at the national program staff level and at various research stations including the Animal Disease Research Unit, Meat Animal Research Station Center and the U.S. Sheep Experiment Station on appropriate sheep-research direction and funding levels.
- Worked with ARS and others including the Council on Agriculture, Science and Technology (CAST) to both review published literature and initiate new research on potential health and disease risks of association between domestic sheep and wild bighorn sheep. As an outcome of this work, CAST developed and published a report on domestic/wild sheep disease conflicts. The report has contributed toward additional work with ARS and other academic institutions on establishing research experiments in this area.
- Worked with the ASI Bighorn Sheep Task Force to bring researchers, state affiliates and veterinarians together to discuss new or improved approaches to land management and disease conflicts at the state and national level.
- Participated in the National Animal Health Emergency Management Steering Committee (now a committee under the U.S. Animal Health Association) - a group of federal and state government officials as well as industry representatives who are coordinating a strategy to more effectively and efficiently deal with animal health emergencies.
- Worked with the Food and Drug Administration’s Center for Veterinary Medicine (CVM) and other livestock, meat and feed industry groups on better compliance strategies with regulations to prevent BSE in the United States.
- Worked with CVM and USDA’s Cooperative State Research, Education and Extension Service on seeking label approval of several new drugs and expiring labels for sheep.
- Assisted with the ongoing development and enhancement of USDA’s Emergency Response Plans.
- Partnered with the Livestock Marketing Information Center, Applied Analytics Group Inc. and Virginia Tech University on enhancements to a lamb price-prediction model for use in insurance rating.
- Using the price-prediction model, developed with the industry and academic partners listed above, constructed a plan for rating a Livestock Risk Protection (LRP) insurance product and submitted a proposal to USDA’s Risk Management Agency to conduct a pilot project using these products. This program (LRP-Lamb) was approved in September 2006 for a pilot project in 27 states and implemented in September 2007. Since the beginning of this program more than 1 million lambs have been insured.
- Enhanced an online learning tool to help sheep producers and feeders understand how to use price-risk insurance to help protect themselves from unexpected declines in prices.

- Provided recommendations to USDA/APHIS/VS on specific subject-matter chapters under consideration by the World Organization for Animal Health (OIE).
- Worked with industry and academic representatives from Australia, New Zealand and the United States on the prioritization and implementation of sheep genomics research.
- Participated in several formal and informal coalitions and allied industry organizations relating to animal health. The formal ones include:
 - American Veterinary Medical Association's Food Animal Medicine Consortium
 - Animal Agriculture Coalition
 - National Institute for Animal Agriculture
 - United States Animal Health Association
 - Council on Agriculture, Science and Technology
 - Animal Agriculture Alliance
 - Center for Genetic Resource Conservation

Recommendations

Animal health, food and product safety and risk are ongoing concerns. Many issues addressed this past year, and in prior years, continue to exist. Even those issues for which USDA, DHS and the U.S. Department of Health and Human Services decisions have been made need ongoing work to assure proper implementation, industry understanding and program effectiveness. Also, as with any agricultural sector, new issues will emerge in the upcoming year. As a recent example, diagnostic laboratories' supplies of reagent used for testing sheep for the presence of *Brucella ovis* (*B. ovis*) has been depleted, and the situation threatens breeding sheep sales in up to 20 states in the coming months.

ASI is continuing to work with researchers and USDA's APHIS/VS/CVM to validate a new test for *B. ovis*, which should be available soon.

Meanwhile, ASI expects the number of producers who will be certified SSQA Level I and SSQA Level II to increase. Also, producers are being trained in and encouraged to implement SSQA Level III. A new Web-based SSQA training program will be implemented, which will make training much more convenient and cost effective for producers.

The NSEP will enter its ninth year with the majority of flocks having a national premise identification number, regulatory slaughter surveillance is being implemented, sheep are being sampled at a higher rate monthly and a new, scientifically sound, live-animal test was approved and a genetic-based approach to scrapie risk reduction implemented. ASI will actively participate in education and outreach programs designed to help producers reduce the risk of scrapie occurring in their operation through cooperative programs with APHIS and state animal health officials and state affiliates. Regulatory enhancements to the NSEP will be proposed in 2010, and ASI will submit formal comments and recommendations from a coalition of industry and allied industry stakeholders.

Additional research and the dissemination of findings will be needed to advise land and wildlife managers on domestic/wild sheep health and interactions. Resources have been recently awarded to a major U.S. university to sequence the sheep genome. The outcome of this effort has the potential of revolutionizing genetic selection as well as disease diagnostics, control and

treatment. ASI will work with university and industry collaborators, both in the United States and abroad to affect the effective and efficient utilization of this research for the U.S. sheep industry. Thus, product safety, animal health and risk management, and quality assurance is a key to the overall package in coming years to improve U.S. wool quality and competitiveness.

Appendices

Copy of article in ASI's *Sheep Industry News* on Scrapie Eradication plan (November 2008 issue)

Copy of LRP-Lamb article in ASI Weekly

RMA/FCIC: LRP-Lamb Business Report/Table

Council for Agricultural Science and Technology (CAST): *Pasteurellosis Transmission Risks between Domestic and Wild Sheep*

State Association Scrapie Eradication Reports



Wool Outreach

Summary

The Wool Outreach Program enlisted support at the state and county level to maximize Wool Trust funding and create greater participation in Wool Trust goals. State sheep organizations were encouraged to develop their own programs for improving U.S. wool quality and competitiveness. Funding was supplied to groups on the condition that the program addressed the three specific goals of the Wool Trust Fund. As a result, this year 42 state sheep organizations carried out programs that worked to meet one or more of the three goals. It should be noted that in the ninth year of this program, states have steadily expanded their wool activities creating a greater synergy for achieving Wool Trust goals.

Project Description/Results

This outreach funds local wool projects, run by state sheep associations, to support the overall Wool Trust Program. A total of 45 associations were invited to participate in Round Nine of ASI's Wool Outreach Program, which began Oct. 1, 2008, and ended on Aug. 31, 2009.

A total of \$145,000 was allocated for this program. The amount each state received was based on its number of stock ewes 1 year old and older, according to numbers compiled by the U.S. Department of Agriculture's National Agricultural Statistics

Service. The minimum amount awarded was \$850.00.

The funding had to be used to increase the awareness and marketability of American wool, either through consumer or industry activities or a combination of both.

Suggested activities included:

- procuring a wool speaker/specialist at state sheep association meetings (expenses could include meeting expenses, speakers' fees, travel and lodging costs);
- purchasing wool equipment, such as a baler;
- funding Make It With Wool (MIWW) activities;
- conducting wool seminars, wool pools, etc.;

Wool Trust Goal Addressed by This Project:

Improve the quality of wool produced in the United States, including wool production methods

Project Goals

- ✓ *Enlist the aid of producer states and state programs in achieving the three goals determined by the Wool Trust Fund – i.e. development and promotion of the wool market, wool quality improvement and information dissemination*

- supporting a value-added program, such as the making of wool blankets or other wool specialty products; and
- other activities suggested by the states and approved by ASI.

Synopsis of Activities

States had to complete and remit an application form, denoting how they would spend their Wool Outreach funding. Each state sheep association submitted an application for approval prior to receiving its check – 42 states in all participated in this round of funding. All states also submitted a final written report detailing their Wool Outreach Program activities and associated costs.

In addition, some states used their own funding to supplement that which was awarded to them by ASI for Wool Outreach. In all, the total amount of funding spent by states on Wool Outreach-related projects, including both ASI's and individual states' funds, was \$269,433.57.

Following is a list of some of the main activities conducted. These activities supplemented and supported ASI's overall efforts to disseminate wool quality information, improve U.S. wool quality and market U.S. wool.

Alabama Meat Goat and Sheep Producers - \$850.00

Total costs of Wool Outreach-related projects: \$850.00

- Expanded upon the sock promotion from the past year by planning to purchase an additional 340 pairs of wool socks with special ASI/Alabama Meat Goat and Sheep Producers logo. They will be given away at events in Alabama.
*"I would like thank ASI for providing funds to help promote wool products in our state."
Mitt Walker, Director*

Arizona Wool Producers Association - \$2,017.00

Total costs of Wool Outreach-related projects: \$2,086.35

- Sponsored the MIWW contest for Arizona with 17 contestants;
- Donated toward a Web site for MIWW in Arizona: www.arizonawool.org.

Arkansas State Sheep Council - \$850.00

Total costs of Wool Outreach-related projects: \$836.63

- Provided awards to participants in the Shepherd's Lead contest;
- Presented awards to the junior breeding sheep classes at the Arkansas State Fair;
- State returned \$13.37 not spent on wool programs.

California Wool Growers Association - \$10,423.00

Total costs of Wool Outreach-related projects: \$19,960.25

- Covered costs relating to the assembling and shipping of educational packets to teachers, 4-H members/leaders, FFA members/advisors, county fair display coordinators, etc;
- Covered costs for educational booth setup at



California Ag Day Celebration. Displayed wool items and distributed educational materials. The event was attended by more than 3,500 individuals;

- Maintenance and upkeep of traveling table top display, which highlights the sheep industry, wool, lamb, the environment and livestock protection;
- Donated wool pelts to be given as awards, which has increased overall sales of pelts for the association;
- Offered Sheep Breeding Class, which focused on the animal and the best way to manage the animal and was based on animal health, economics, nutrition, wool quality, livestock protection, marketing and much more;
- Supported the California Ram Sale by making available a wool micron machine for producers to submit their wool samples. Also made available a pen of high-quality, bred wool sheep. These two events helped producers make better genetic selections when purchasing a ram for quality wool;
- Educated producers on where they could market their wool with the closing of the Cal-Wool Marketing Cooperative;
- Created a new logo for the association.

"Thank you for the opportunity to expand our wool promotional ability in California we have reached thousands of consumers, users and producers."

Lesa Carlton, Executive Director

Colorado Wool Growers Association - \$5,501.00

Total costs of Wool Outreach-related projects: \$5,507.00

- Supported the annual association convention. The event featured a Wool Marketing Panel that gave producers the opportunity to learn about the domestic and international wool market and how these components impact each individual sheep ranching operations;
- Promoted shearer training and High Country Woolens blankets through the *Colorado Sheepman News*;
- Supported Web page (www.coloradosheep.org), which helps interested parties find suppliers for wool products and wool breeds within the state.

"Thanks for the important contribution the American Wool Trust has made to this unique program to sustain and advance Colorado wool and the American sheep industry."

Bonnie Brown, Executive Director

Connecticut Sheep Breeders Association - \$850.00

Total costs of Wool Outreach-related projects: \$5,668.41

- Printed and distributed a directory containing contact information for Connecticut wool producers, regional wool processors, spinning and weaving guilds and information on upcoming wool events;
- Paid for grounds rental, Fleece to Shawl Contest and shearing demonstration for the 100th Annual Sheep, Wool and Fiber Festival. Presence stimulated niche market sales of wool and increased awareness of wool crafts in our heritage;
- Conducted a Blue Ribbon Forum at the University of Connecticut, which included a presentation on skirting, carding, spinning instruction and wheel repair and introduction and planning for the blanket program;
- The Connecticut Blanket Project grew to 50 producers who contributed wool and had it scoured, spun and woven. It will be finished into blankets to be used to teach the value of good wool management, as well as creating a quality product. The Connecticut Blanket Project is self-funded;
- Made a donation to the New England Regional MIWW competition;

- Supported youth programs;
- Staffed a one-day booth at the Eastern States Exposition. Volunteers educate the public about programs, activities and provided demonstrations of wool carding and spinning. *“The Connecticut Sheep Breeders Association has been able to continue to educate wool growers about issues affecting domestic wool quality. We have also sought to build and improve niche marketing opportunities as well as consumer awareness and appreciation of our product. We sincerely wish to thank ASI and the Wool Outreach Program for this valued support.”*
Catharine Andresen, Connecticut Sheep Breeders Association

Delaware Sheep and Wool Producers, Inc - \$850.00

Total costs of Wool Outreach-related projects - \$943.32

- Contributed to state MIWW contest.

Meat Sheep Alliance of Florida - \$850.00

Total costs of Wool Outreach-related projects: \$850.00

- Supported events at the Central Florida Fair. This event emphasized the production of quality wool sheep in tropical climates and also provided visitors with knowledge of how wool producers improve the quality of products. Other events include the Fitting and Grooming Competition, the Wool Show and Sheep Show with nearly 200 sheep and 150 exhibitors competing. The wool sheep breeders have begun to introduce higher-quality wool breeds into their flocks to improve their wool quality;
- Support travel expenses for youth liaisons for the Florida sheep industry to travel the state. The alumni of this program introduced a scholarship program in 2009 for graduating high school seniors who have excelled in wool breed sheep production throughout Florida.



“The membership of the Meat Sheep Alliance of Florida Inc., is pleased to be associated with ASI in these efforts to improve wool quality and interest in sheep production.”
Doug Meyers, President

Georgia Sheep and Wool Producers Association - \$850.00

Total costs of Wool Outreach-related projects: \$1,100.00

- Supported a regional wool pool concept in conjunction with the Tennessee Sheep Producers Association. The increased volume of wool was responsible for an increase in the number of interested buyers and prices offered. Wool was collected from five states, weighed and classed so it would be bale-ready when delivered to Tennessee;
- Conducted value-added projects through which wool growers could have wool processed into blankets, batting, roving, yarn and socks;
- Supported a sheep display at the Sunbelt Ag Exposition. Wool education was the prime goal.

(Hawaii) Sheep Producers Association of Hawaii - \$850.00

Total costs of Wool Outreach-related projects: \$850.00

- The spinning wheel and other items purchased with last year’s funds continued to be used to build momentum. Demonstrations continued to be held at food tastings, farmer’s markets and other events to draw curious people to learn about wool processing;

- Funds were committed this year to send a member to the Spin-Off Autumn Retreat in Oregon to network, learn additional skills and add to a knowledge base of types of wool for spinning and types of spinning for specific wool fibers.

Idaho Wool Growers Association - \$6, 458.00

Total costs of Wool Outreach-related projects: \$6,458.00

- Supported the Trailing of the Sheep Festival by covering expenses for presenters who demonstrated fiber arts and working with wool - i.e. washing, carding, spinning and weaving as well as shearing. A weaver also held a workshop, Working with Wool;
- Supported Wool and Lamb Festival at the Winery, which promotes the local wool industry. Local spinners, weavers and other wool craftspeople educated the urban public about the uses of wool and its properties from the live sheep into a final product;
- Provided awards to the MIWW contest winners in each division;
- Covered travel and lodging expenses for a wool speaker at the Idaho Wool Growers Association Convention;

Granted money for the Mountain Home Harvesting the Wool Fall Harvest Festival to provide wool materials and educational materials for the children's activities.

"Thank you for consideration for this program. As you can see, it has greatly contributed to the promotion of wool education in Idaho."

Stanley Boyd, Executive Director.

Illinois Lamb and Wool Producers, Inc.-\$1,538.00

Total costs of Wool Outreach-related projects: \$1,716.00

- Contributed to the Illinois Sheep Industry Barn Tour. The tour included visiting local farms where participants viewed an imaginative sheep handling system to allow one-person management of sheep. Speakers and demonstrations were also provided;
- Sponsored a shearing contest in conjunction with the Illinois State Fair. Eleven shearers from seven states competed.
- Hosted a wool demonstration at the Illinois State Fair highlighting spinning through the making of wool into yarn and then into a finished project;
- Sponsored MIWW contest for 16 entries.

Indiana Sheep Association - \$1,247.00

Total costs of Wool Outreach-related projects: \$2,580.59

- Produced and printed the yearly Fiber from the Farm brochures. Distributed nearly 500 copies this year;
- Covered costs for the Web site and others such as the *Sheep Tales* magazine, a wool improvement column, craft columns and news about Conner Prairie Sheep to Shawl youth team;
- Funded part of the MIWW contest and provided travel for winners to the national contest;
- Sponsored an Entrepreneurship for Dummies seminar. Speakers actually make a living from their niche wool business.

"This year we were able to utilize the funds in a variety of ways, which we hope will make a great impact on wool production and demand in Indiana."

Carolyn Orr, Executive Secretary

Iowa Sheep Industry Association - \$5,346.00

Total costs of Wool Outreach-related projects: \$6,047.68

- Sponsored the fifth annual Sheep and Wool Festival. Funds covered rent of buildings, advertising, judging and ribbons for the fleece show, supplies, travel compensation, donation to spinner's guild for assistance, tent for children's fiber classes, a professional shearer and handouts. The fleece show exhibited 19 fleeces, the fleece-to-shawl demonstration was expanded to two days, seminar on fleece management and sheepdog training sessions were held and the Hall of Breeds had increased participation;
- Donated to the Iowa State Fair shearing contest.



Kansas Sheep Association - \$1,860.00

Total costs of Wool Outreach-related projects: \$4,460.34

- Provided help with expenses for MIWW contests at district, state and national levels;
- Purchased literature, wool roving, products and booth rental fees for the Kansas State Fair. More than 6,000 samples of lamb and 10,000 pieces of literature were handed out during the 10 days of the fair.

Kentucky Sheep and Wool Producers Association - \$862.00

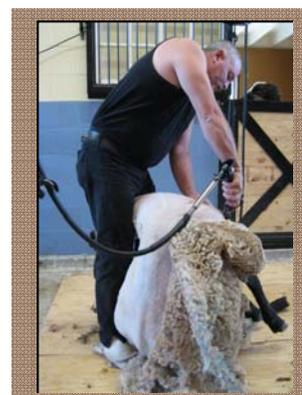
Total costs of Wool Outreach-related projects: \$920.00

- Contributed to the Kentucky MIWW contest to assist with travel expenses;
- Printed post cards to announce the first annual Kentucky Sheep and Fiber Festival. The goal is to attract 50 vendors with 1,000 people touring the exhibit. Kentucky artists and sheep products will be showcased.

Maine Sheep Breeders Association - \$850.00

Total costs of Wool Outreach-related projects: \$850.00

- Sponsored the Advanced Shearing School attended by seven participants. Collectively, they shear thousands of sheep each year all over New England. In addition to honing shearing efficiency skills, participants learned how to properly use, maintain and care for equipment as well as to sharpen cutters and combs;
- Sponsored wool pool for producers at the Maine Fiber Frolic. Costs covered equipment and compensation to the coordinator. Also, an additional wool stand for packing large wool bags was purchased. Approximately 8,000 pounds of wool was marketed through the wool pool.



Maryland Sheep Breeders Association - \$850.00

Total costs of Wool Outreach-related projects: \$850.00

- Applied total funds to MIWW contest. The monies were used to purchase fabrics for prizes and travel expenses for the winners to the national competition. Over 40 contestants participated this year.

"Maryland is truly grateful for the donation Wool Outreach funds to expand educational opportunities for youth and adults in creating with wool fabrics and yarns."

Dr. Judith Williamson, Director for MIWW.

Massachusetts Federation of Sheep Associations - \$850.00

Total costs of Wool Outreach-related projects: \$1,388.53

- Provided wool prizes for the lead line competitions throughout the state;
- Provided support for the Baaay State Blanket project, which collected approximately 2000 pounds of wool from farm members, wove it into yarn within the state and wove into blankets within the state;
- Supported Agriculture Day at the state house by encouraging support of wool usage from state senators and representatives, aides and the governor's administrative staff;
- Provided funds for the MIWW contest.

Michigan Sheep Breeders Association - \$1,469.00

Total costs of Wool Outreach-related projects: \$1,469.00

- Covered costs of prizes for the sheep shearing contests at Michigan State Fair and the Ogemaw Heights FFA Sheep Shearing Contest;
- Contributed toward the state MIWW contest.



Minnesota Lamb and Wool Producers - \$3,075.00

Total costs of Wool Outreach-related projects: \$4,280.00

- Defrayed costs for the annual conference;
- Upgraded Web site for inclusion of wool programs;
- Sponsored a Ba Booth, a hands-on educational booth and a commercial booth at the Minnesota State Fair;
- Contributed to the Shepherd's Harvest, an annual wool-oriented event held every year on Mother's Day;
- Sponsored two state MIWW contestants;
- Sponsored a youth workshop in the spring.

"The Minnesota Lamb and Wool Producers are very grateful for the assistance the American Wool Council is providing."

Michael Haubrich, Region 4 Director

Montana Wool Growers Association - \$7,552.00

Total costs of Wool Outreach-related projects: \$10,400.00

- Sponsored booths at the Montana Agri-Trade Exposition, the Winter Fair in Lewistown, the Farm Bureau Convention, a local fair and the Montana State Fair in Great Falls;
- Contributed to the state's MIWW contest;
- Defrayed costs for *Montana Wool Grower* publication. Articles on wool preparation, wool handling and shearing contests appeared in publication;
- Sponsored events at the Montana Ram Sale such as a producer information session, shearing contest, noon luncheon and wool fashion show;
- Contributed to the state wool convention with wool booths displaying wool garments, pelts, spinning classes and a shearing contest;
- Donated to Reed Point Sheep Drive, First Lite Wool Camo Promotion, a shearing school in Bozeman and pelt donations to local designer stores.

Nevada Wool Growers Association - \$2,289.00

Total costs of Wool Outreach-related projects: \$2,285.12

- Applied all funding to the state's MIWW contest. The funding was used to purchase sewing supplies and prizes for the contestants;
- Nevada returned the unspent \$3.88.

New Hampshire Sheep and Wool Growers - \$850.00

Total costs of Wool Outreach-related projects: \$5,225.00

- Funded several educational events conducted at the annual New Hampshire Sheep and Wool Festival. These events included the Handmade with Fiber show, juried skein contest, weaving and spinning demonstrations, wheel plying techniques for yarns, children's workshops, skirting a fleece instruction and a workshop on preparing and dyeing wool;
- Donation to Ag in the Classroom's Wooly Wool program;
- Supported the Annual Sheep Clinic with two pairs of shears to teach youngsters how to shear;
- Banners were provided to all 11 agriculture fairs in New Hampshire;
- Demonstration on the many uses of wool at the 2009 Farm and Forest Expo;
- Supported Joppa Hill Farm Camp, which devotes two weeks to introducing children to sheep.

(New Jersey) Garden State Sheep Breeders, Inc. - \$850.00

Total costs of Wool Outreach-related projects: \$10,260.40

- Covered expenses for show premiums awarded for wool and wool-related activities during the Garden State Sheep Breeders Festival and the Somerset 4-H Breed Show. More than 50 fleeces were judged this year.

"On behalf of the Garden State Sheep Breeders Association, we would like to thank you for your generous support."

Joan Schnieber, Treasurer



New Mexico Wool Growers Inc. - \$5,086.00

Total costs of Wool Outreach-related projects: \$7,440.96

- Co-hosted an ag reception for urban residents, New Mexico decision makers and producers that provided education on the value of and importance of the sheep and wool industry to the state's custom, culture and rural economics;
- Covered costs for the annual convention, including meals, meeting rooms and travel expenses;
- Covered production and distribution costs for quarterly *Shear Wisdom* newsletter;
- Contributed to the Sheep to Shawl booth during the New Mexico State Fair. Demonstrations of all steps of wool production from shearing to dyeing to weaving are presented.

"The association is most appreciative of the funding provided to our state through the program as many projects would not be able to be conducted without this assistance. The funding enabled us to design and produce educational materials for school children, publicize events, sponsor national and statewide speakers and enhance the services available to our membership."

Caren Cowan, Executive Director

New York Empire Sheep Producers - \$1,469.00

Total costs of Wool Outreach-related projects: \$1,709.82

- Sponsored the Wool Center at the New York State Fair. All aspects of wool production-washing, drying, dyeing, carding, spinning, knitting, weaving and felting were shown throughout the fair. A hands-on education area was open for the entire event;
- Contributed to expenses for two MIWW finalists to attend the national competition;
- Sponsored the wool show at the Finger Lakes Fiber Arts Festival.

North Carolina Sheep Producers Association Inc. - \$850.00

Total costs of Wool Outreach-related projects: \$2,195.00

- Paid airfare for two winners to attend the national MIWW contest;
- Helped fund a booth at the North Carolina State Fair to educate fair goers on the sheep business. Literature and other promotion items were distributed. Wool Wax Cream for re-sale was purchased to help secure adequate funds for future events. Trophies were awarded at the North Carolina Bred and Owned Ewe Show.

“With the outreach monies from programs such as these, we are able to incorporate necessary programs to help us as producers educate the public on the importance of products raised, produced and sold by people just like you and me.”

North Carolina Sheep Producers Association Inc.

North Dakota Lamb and Wool Producers - \$2,733.00

Total costs of Wool Outreach-related projects: \$3,022.00

- Covered costs for the state’s MIWW Contest including 25 lengths of wool fabric, advertising and other supplies;
- Supported a shearing school in conjunction with the North Dakota State University Hettinger Extension Research Center. There were 15 participants. Also purchased four Mamba Triple Bearing hand pieces to help reduce wear on equipment borrowed;
- Funded travel expenses and wool fabric samples for Ag in the Classroom. It was held in 12 high schools with 100 students instructed on the care and use of wool.

Ohio Sheep Improvement Association - \$3,520.00

Total costs of Wool Outreach-related projects: \$5,398.70

- Updated the wool exhibit that is part of a larger Land and Living exhibit sponsored by the Ohio Farm Bureau Federation and other agricultural groups at the Ohio State Fair. This exhibit is designed to promote agricultural products and educate the consumer about what the ag industry produces (the wool portion of the exhibit includes wool carpeting, wool clothing, wool handbags, lotions, baseballs, tennis balls, military uniforms and other display items). The display was exhibited at The Ohio State Fair, a 12-day event that drew more than 300,000 to the display. This exhibit has been used now for several years and the value of this investment should last for many more years. This year they included the Ohio State Fair Sheep Barn display;
- Covered costs for the state’s MIWW Contest, including prizes, administrative costs, facility and equipment rental and travel to the national contest. The contest drew nearly 50 participants.



Oregon Sheep Growers Association - \$4,511.00

Total costs of Wool Outreach-related projects: \$4,511.00

- Hosted a sheep booth at the Oregon Ag Fest. Exhibits included spinning demonstrators, displays focusing on the

byproducts of sheep, the economic significance and size of Oregon's sheep industry and the process of transforming wool into fiber. Educational materials were also distributed;

- Supported the state MIWW contest. Funds help support Web site maintenance and covered expenses related to the contest. Also this year, funds helped Oregon MIWW to participate in a special Portland tour hosted by Pendleton Woolen Mills. Pendleton opened a Tapestry Gallery where 100 past MIWW garments were displayed. This event was attended by 30 past MIWW contestants and judges;
- Supported Crook County Fair Fiber Celebration, which promoted the use of wool and natural fibers, to provide producers with new opportunity to showcase their products and to educate the public about the value of wool and to support local products;
- Assisted in ongoing educational efforts, purchased shearing manuals for sheep shearing class and assisted with wool program during the annual meeting.

Pennsylvania Sheep and Wool Growers Association - \$2,050.00

Total costs of Wool Outreach-related projects: \$5,221.36

- Covered costs for the state Make-It-With-Wool contest held at an outlet shopping center, such as the printing of programs and brochures, the purchase of prizes, and travel expenses for the senior winners and the committee chairperson to attend the national competition;
- Covered costs for the sheep-to-shawl and youth fleece to shawl competitions held in conjunction with the State Farm Show;
- Funds provided contest supplies and awards for participants of the Pennsylvania Sheep Field Day

"I would like to take this opportunity to thank you for sponsoring the Wool Outreach Program."

Greg Hubbard, Treasurer

South Carolina Sheep Industries Association - \$850.00

Total costs of Wool Outreach-related projects: \$860.79

- Used funds to process local wool into blankets for members and washed/carded wool for 4-H spinning and felting projects. Several local fiber artisans agreed to teach classes in dyeing, spinning and felting techniques.
- Produced a Web site to provide information about wool sheep breeds, care of wool during shearing, processing wool and the value/uses of wool.

South Dakota Sheep Growers Association - \$9,397.00

Total costs of Wool Outreach-related projects: \$9,397.00

- Donated to the state MIWW program and provided monies for the senior and junior winners to attend the national contest;
- Donated to two lead-in contests. Contestants constructed outfits made from wool fabric and also a coordinating blanket for their ewe;
- Sponsored shearing school at South Dakota State University (SDSU). Participants learned proper techniques of shearing, proper use and care of shearing equipment and proper handling and packaging of fleeces. Participants came from four states for the three-day school;
- Purchased and provided sheep pelts for the Annual Lamb Bonanza held at SDSU's Frost Arena. The pelts, bearing the SDSU logo, were auctioned off, with the proceeds going to the



SDSU Department of Animal and Range Sciences program. Information on the sheep industry was distributed to almost 8,000 attendees;

- Sponsored booth at South Dakota State Fair where wool samples from different breeds of sheep, products made from wool and information on the sheep/wool industry were displayed and distributed;
- Contributed to the Junior Wool Classic show. Emphasis is placed on the quality of the wool on the sheep;
- Provided cash awards for the Newell Ram Sale Fleece Contest;
- Sponsored, in part, the regional sheep shearing contest at the Black Hills Stock Show. Twenty shearers participated;
- Purchased promotional items advertising wool;
- Covered costs to distribute material to members to keep them updated on events happening within the state and to disseminate information on activities of the national organization;
- Helped sponsor Agricultural and Natural Resources Day for 1,200 students and 400 adults in a two-day program and also participated in Ag in the Classroom.

Tennessee Sheep Producers Association - \$850.00

Total costs of Wool Outreach-related projects: \$1,165.32

- Sponsored the Tennessee Junior Fleece Show with 47 entries;
- Donated money to the state MIWW contest;
- Money was allocated toward expenses of the State Wool Pool, including the purchase of the nylon bale packs. 20,000 pounds of wool was in the pool this year.

Texas Sheep and Goat Raisers' Association - \$24,584.00

Total costs of Wool Outreach-related projects: \$34,921.00

- Sponsored the fall and spring issues of *Conservation Roundup* for children, worked with the Texas Ag Council and Food and Fiber Day, made donations to many other agriculture-related meetings;
- San Angelo sponsored a sheep parade of decorated fiberglass sheep to remind the city that the economy of San Angelo was and is based on sheep and wool. The Texas Sheep and Goat Raisers purchased a sheep last year, and it was placed on their grounds this year;
- Covered expenses for a booth at the Conference for the Advancement of Science Teaching. This is attended by fact-based science teachers from within Texas and many surrounding states;
- Sponsored Wool and Mohair House at Fort Concho National Historic Site by demonstrating sheep dog, sheep shearing, spinning, quilting, cleaning and dyeing of wool and mohair and making of handmade felt;
- Provided awards for many lamb-judging contests and awards ceremonies;
- Covered costs of *Ranch and Rural Living Magazine*.

Utah Wool Growers Association - \$8,851.00

Total costs of Wool Outreach-related projects: \$9,100.00

- Contributed to sheep and wool education programs in the school curriculums including the publication of an educational insert into the Deseret Morning News, which was circulated to 657,000 households;
- Co-sponsored the Sheep and Goat Education Day. Part of the day was a wool show during which participants were exposed to many fleeces and educated as to their various qualities;

- Supported the state's MIWW project by offsetting the cost of the hotel venue, advertising, participant prizes and travel expenses for winners to attend the nation contest;
- Sponsored the Little Hands on the Farm exhibit at the Utah State Fair. This is a hands-on exhibit for children showing the various aspects of agriculture with emphasis on the production of wool, how it is shorn and the sale of that wool. Youth get to shear a model sheep and then exchange wool fleece for goods. This program reaches the next generation and educates them about the real world and the advantages of natural fibers;
- Printed and mailed the bi-monthly newsletter, which features a wool article in each issue;
- Utah makes many other contributions throughout the state for various events.
"We would not be able to continue many of these projects and events were it not for the assistance given by the Wool Outreach program."
Douglas Livingston, Executive Secretary

Vermont Sheep and Goat Association - \$850.00

Total costs of Wool Outreach-related projects: \$850.00

- Sponsored the 27th Annual Winter Conference Workshop. Participants discussed the growing Vermont fiber industry and the options for consumers looking to support local fiber production and sustainable processing.

Virginia Sheep Producers Association - \$1,418.00

Total costs of Wool Outreach-related projects: \$1,418.00

- Funded a beginner's sheep basics school. Shearing, wool handling and preparation and marketing were conducted at the school. Special focus was given to the proper production and marketing of wool;
- Covered expenses in conjunction with the Virginia-North Carolina Shepherds' Symposium. Presentations included opportunities for value-added wool products. More than 150 producers attended.

Washington State Sheep Producers - \$1,230.00

Total costs of Wool Outreach-related projects: \$4,305.00

- Organized and conducted a Washington State Sheep Producers Shearing School and Producer Education with a one-day class for advanced sheep shearers and five days of classes for beginning shearers. Students learned proper shearing techniques, equipment care and handling and wool production and marketing, as well as issues involving sheep husbandry, animal handling and animal welfare. Evaluation was done last year and of the 40 percent of school participants that responded, 85 percent are shearing. They provided services and education to over 900 fiber animal operations, sheared over 29,000 head annually and reported that shearing provides between \$80 and \$25,000 of their total annual income.

Wisconsin Sheep Breeders Cooperative - \$1,880.00

Total costs of Wool Outreach-related projects: \$1,880.00

- Made donation to Wisconsin Sheep and Wool Festival, a three-day event that drew over 4,500 fiber enthusiasts and direct marketers, 500 sheep and 110 vendors. It consisted of fleece shows, sheep shows and lead line competitions;

- Provided monies to purchase Pendleton wool awards for the state contest and covered travel expenses for state MIWW contestants to national contest.

"I'd like to thank the American sheep industry for realizing the importance of supporting our state efforts in wool promotion."

Jill Alf, Executive Secretary



Wyoming Wool Growers Association - \$10,423.00

Total costs of Wool Outreach-related projects: \$78,195.00

- Hosted a three-day, statewide annual meeting, in conjunction with other Wyoming organizations. More than 500 producers attended along with industry supporters, governmental agencies and elected officials. This meeting focused on many topics of importance and applicability to the Wyoming sheep and wool industries including the Profitability in Livestock and Natural Resource Management Conference;
- Conducted a meeting before the annual Ram Sire Test Field Day. The latest information and technology in regards to the Wyoming sheep and wool industry was featured and showcased;
- Helped sponsor the 81st Ram Sire Test. 101 ram lambs from four different states participated. Testing again exceeded the performance of previous years indicating steady progress is being made in advancing the genetics of the sheep industry;
- Purchased monthly space for association coverage in the *Wyoming Livestock Roundup* (circ. 9,000) for the timely transfer of important information;
- Used funds for further development, production and utilization of the association's Web site, one of the primary vehicles for the timely delivery of necessary information;
- The association is helping stabilize the sheep production base and making available new or increased opportunities for sheep and wool production through outreach and information to outside entities such as federal land management agencies, wildlife management agencies and non-traditional groups industry has aided in. Wyoming is also committed to utilizing sheep for grazing and predator management to benefit sage grouse;
- A new undertaking for the association is an effort to explore, develop and increase the markets for sheep, wool and lamb. A specific undertaking was the cull ewe market. *"These funds are extremely helpful to this, as well as the many other, organizations that are trying to maintain our sheep and wool industry infrastructure and provide what we believe are crucial and necessary services to our industry."*

Bryce Reece, Executive Director

Wool Outreach Funding Applied to Make-It-Yourself-With-Wool Projects

Arizona -	\$2,017.00	Nevada -	2,285.00
Connecticut -	43.00	New York -	514.00
Delaware -	850.00	North Carolina -	850.00
Idaho -	1,475.00	North Dakota -	465.00
Illinois -	892.00	Ohio -	3,379.00
Indiana -	524.00	Oregon -	2,919.00
Kansas -	1,451.00	Pennsylvania -	533.00
Kentucky -	862.00	South Dakota -	4,500.00
Maryland -	850.00	Tennessee -	111.00
Massachusetts -	213.00	Utah	2,390.00
Michigan -	469.00	Wisconsin -	1,400.00
Minnesota -	154.00		
Montana -	4,435.00	TOTAL: \$30,581.00	

Percentage of Round Nine Wool Outreach Funding spent on MIWW activities: 21 percent.

Recommendations

State sheep organizations are an important ally for ASI in achieving its objective of improving marketing options for U.S. wool growers. Their local ties are invaluable in bringing ASI's quality improvement message home to the regional wool industry. Wool outreach should continue as a part of ASI's overall plan to improve the quality and competitiveness of U.S. wool. Local organizations also provide meetings throughout the year that thousands of producers attend to discuss industry programs.

Appendices

Sample of application for Wool Outreach Program
Summary of all nine rounds of Wool Outreach Program



Producer Communications

Summary

ASI disseminated information on quality improvement methods and new technology available to the industry kept producers informed of animal health issues, provided educational programs, disseminated information on wool and lamb prices and sales and solicited participation in marketing programs. Also, under the Producer Communications Program, ASI kept producers informed of activities and programs carried out under the Wool Trust Fund, enabling them to fully participate and gain the most benefit from marketing and quality improvement initiatives. This participation was essential in completing overall objectives of the Wool Trust Fund. Communications included production of ASI's monthly tabloid, *Sheep Industry News*, ASI's weekly newsletter, *ASI Weekly*, press releases, brochure development, Web site maintenance, weekly mailings and other materials that were disseminated to producers and/or the public and media.

Project Description/Results

Funds expended under this project went toward the following: producer publications, printing materials, media, annual wool convention and Web site. These five areas comprised the key methods for communicating with the wool industry and disseminating information on quality improvement methods. For instance,

producer publications kept U.S. sheep producers and related industries informed of major industry issues and helped the U.S. industry become more responsive to market situations. Media work garnered higher visibility for the U.S. wool industry in agriculture and the general population, thus contributing to market development. The printing of materials was the venue through which ASI was able to disseminate general

Wool Trust Goal Addressed by This Project:

Disseminate information on wool improvements to U.S. wool producers

Project Goals

- ✓ *Keep U.S. sheep producers informed of the activities of ASI in regard to the programs and issues of interest to producers and the sheep and wool industries*
- ✓ *Disseminate information to producers on programs and improvements in the wool industry*
- ✓ *Maintain ASI as the chief source of information during an emergency with the continued updating and testing of a Crisis Management Plan that can be accessed in the event an industry issue arises*

materials about the U.S. sheep and wool industries and specific information about U.S. wool quality improvement programs.

Following is a summary of communications activities carried out in FY2008/2009:

- **Producer Publications**

Sheep Industry News

ASI published 12 issues of the *Sheep Industry News*, which contained numerous articles of interest regarding the viability and profitability of the sheep industry. Various issues contained articles about ways producers can improve wool production profitability or current developments or changes in the wool industry. Articles also were published updating readers on the status of programs being conducted through the Wool Trust Fund. The *Sheep Industry News* is mailed to approximately 8,200 individuals and businesses combined, with the main audience consisting of U.S. sheep producers.

With the goal of covering diverse stories from around the country that pertain to the sheep industry, the associate editor was tasked with monthly field assignments. The covered stories and photographs were then reported within the *Sheep Industry News*. The field assignments during this past fiscal year include:

- November 2008 – Oregon, Washington
 - Dean Frischknecht, Corvallis, OR
 - Art and Jill Swannack, Lamont, WA
 - Don Knowles, Pullman, WA
- January 2009 – Colorado, California
 - Shearer’s Meeting, Denver, CO
 - Annual Convention Coverage, San Diego, CA
- February 2009 – Utah
 - Public Lands Council Seminar, Salt Lake City, UT
- April 2009 - Colorado
 - National Germplasm Laboratory, Fort Collins, CO
- May 2009 – Minnesota
 - St. Peter Woolen Mill, St. Peter, MN
 - Bemidji Woolen Mill, Bemidji, MN
 - Shepherd’s Harvest Sheep and Wool Festival, Lake Elmo, MN
- June 2009 – Virginia, New Mexico
 - Leo Tammi, Mt. Sidney, VA
 - Virginia Tech University Sheep Center, Blacksburg, VA
 - Jensen Apparel/Military Wool Berets, Portsmouth, VA
 - Cestari Wool Mill, Churchville, VA
 - New Mexico Wool Growers Inc. Annual Meeting, Ruidoso, NM
 - Enchantment Lamb Cooperative, Ruidoso, NM

- July 2009 - Utah
 - 2009 Military Wool Seminar and Ranch Tour, Park City, UT
- August 2009 – Texas
 - Texas Sheep and Goat Raisers' Association Annual Meeting, Kerrville, TX
 - Texas Sheep and Goat Raisers' Association Profile, Kerrville, TX
- September 2009 – Ohio
 - Issue 2 Coverage, London, OH
 - Farmers Feed US Project, Curt Cline, Albany, OH
 - Ohio Sheep Improvement Association Profile, Columbus, OH

As part of ASI's commitment to continuing and improving its level of communications to the industry, a new quarterly feature started in the *Sheep Industry News*. The new feature – Association Profile – allows for state membership organizations to report on their primary focus, tell about their fundraising and promotional work, relay important issues pertaining to them and tell about the unique aspects of their state association. The goal of publishing this feature is to highlight some of the outstanding work the state membership organizations do and allow other states to build from those ideas.

In addition to feature articles on wool, each edition contains a wool market update consisting of current situations and projections for wool market prices, supplies and/or trends. Major feature articles published between October 2008 and September 2009 covering wool include:

- ASI Approves Budgets – Welcomes South Carolina
- Sheep and Jeep: Recreationalists and Agriculture Come Together and Unique Event
- Producers Urged to Participate in Certified Wool Program
- Increased Military Wool Activity Over Past Year
- OWM-India Lauds ASI for U.S. Wool Export Efforts
- 2008-2009 Shearing Schools
- Thousand Peaks Ranch
- Improved Wool Management Practices can Raise Returns
- New U.S. Pelt Displays
- U.S. Shearers Compete in World Championships
- Bollman Industries Inc. Key Customer for the U.S. Wool Industry
- Graded LDPs Higher than Ungraded
- Kent Wool Announces New Wool Product
- Wool Quality-Improvement Efforts in South America
- Woolrich using American Wool
- New Sheep Genomic Tool Released
- Wool Production Benefits from Good Flock Management
- 2008 Financial Crisis and the Effect on the Wool Trading Environment
- National Western Stock Show Sheep Shearing Contest Results
- Heritage, Family and Sheep Drive Wyoming Julian Land and Livestock
- U.S. Shearers Attempt World Record in April
- Shearers seek out Knowledge at Meeting
- ASI Celebrates 20 Years of Service to the Industry
- National Make It With Wool Winners Chosen
- ASI Elects New Officers

- Wool Excellence Award Winners
- New Members Elected to Executive Board
- PERC Discusses Disease and Genetic Advances in Sheep Industry
- Military Business Highlight of 2009 Wool Market
- U.S. Wool Value at 10-Year High
- Scourability Testing of Wool Identification Products
- Utilizing the Wool LDP
- 2009 American Sheep Industry Association Council and Committee Members
- U.S. Wool Season Begins
- Military Awards Contract
- Pendleton Wool Mill Celebrates a Century
- Wool Payment Provisions, Repayment Rate Methods
- Wool Season Rolls Out
- April Wool Prices Show Promise
- IWTO Releases Wool Film
- Wool Education Program in Maryland
- Using Objective Wool Measurements
- April Demand Gives International Wool Market a Boost
- Darn Tough wins \$8.5 Million Sock Contract
- Wool: A Natural Fiber Making a Difference
- U.S. Wool Prices Firming
- Australian use Registered Classer
- Wool LDP and Loan Requirements
- Minnesota Woolen Mill Supporting Industry for 141 Years
- U.S. Wool Prices Stronger Most of May
- Texas Tech Opens News Fabric Lab
- MIWW Ambassadors
- Win Hearts in the West
- Breeding for Fine Wool and Production Value a Reality
- Endurance Shearing Records Set in U.S.
- School Attracts Array of Sheep Producers
- Wool Market Poised for Lift
- Wool Industry Unites to Face Future
- Re-Building the U.S. Sheep Inventory
- Using Wool Fiber Diameter Testing for Flock Improvement
- ASI Talks American Wool at Outdoor Retailer Show
- 2009 Wool Seminar and Tour Takes Wool Back to the Ranch
- Wool Education Highlight at Executive Board Meeting
- Ramblers Way Farm Embarks on Wool Enterprise
- ASI Commends Air Force Heroes

The *Sheep Industry News* is accessible from the home page of ASI's industry/consumer Web site,



www.sheepusa.org, as well as from its own site, www.sheepindustrynews.org. All the information published in the hard copy of the *Sheep Industry News* is also available to a much wider audience through this medium.

ASI Weekly Newsletter

ASI produced 49 issues of the *ASI Weekly* newsletter. This newsletter contains a wide variety of articles of interest to the wool and sheep industries, including developments in the United States, as well as worldwide market information for the wool and textile industries. The publication updates producers about the availability of wool programs coordinated by the U.S. Department of Agriculture (USDA). It also provides updates on Wool Trust Fund programs and how they benefit the sheep and wool industries. *ASI Weekly* is distributed to more than 5,000 producer and industry affiliates via e-mail and is also accessible from ASI's industry/consumer Web site, www.sheepusa.org.

ASI Weekly is the industry's most timely publication in that information is dispersed in the same week it occurs.

Press Releases

Press releases are an important way for the industry to communicate with multiple media outlets. The program included the distribution of press releases on a variety of topics, including those related to the wool industry and to the proceedings at the annual wool convention.

Media Coverage/Public Relations

- **Radio Spots**

An annual event that ASI participates in is the National Association of Farm Broadcasters convention. Through this event, many radio spots concerning the issues relevant to the sheep industry are taped and utilized throughout the year across all U.S. markets. At the 2009 annual meeting, ASI recorded more than 18 interviews that were later aired.

ASI also continued its outreach in 2008-2009 to use more regionally based radio to provide coverage on the programs vital to the industry. An effort to build relationships with the broadcasters resulted in more complete coverage of the wool and lamb industries. These radio spots were heard monthly in multiple regions of the United States.

- **Ag Week Participation**

National Ag Week is a time to celebrate American agriculture and honor the people who work within this diverse and vast industry. ASI joined the many other agricultural groups in educating Americans about how food, fuel and fiber products are produced and about the essential role agriculture plays in maintaining a strong economy. Supporting National Ag Week helps to provide tools for National Ag Day celebrations across the country.

Large and small, urban and rural, this program has been commemorating the important role of America's producers and agriculture for more than 35 years.

- **Print Media**

Throughout the year, ASI monitors the pick-up of industry stories. Several publications re-print and publish stories about the industry and the programs important to wool and sheep. ASI works with various writers and publications around the country to comment on issues and assist with final stories. With the increased visibility of ASI, each year, more and more reporters contact the office for information ranging from story background or history to modern trends, as well as to get industry perspectives and quotes.

- **TV Feature Segment Featuring Targeted Grazing and ASI**

ASI teamed up with the Profile Series to produce an eight-minute feature segment describing the positive impact of targeted grazing with sheep to the environment. A storyline was developed and video for the program was shot on location in both Georgia and Montana to show that targeted grazing is utilized all across the country. This project is intended to educate the general public that targeted grazing is an ecological-friendly tool to help manage invasive weeds in addition to teaching them about the activities of ASI and the wool industry. This show aired on the Discovery Channel on Nov. 30, 2009.

The Profile Series is a television program hosted by Lou Gosset Jr. and is aired on major cable networks (as paid educational programming) to 80 million television households.

Other distribution methods include:

- Broadcast to an additional 30 million households via independent syndication to the top 50 designated market areas.
- Aired on the Voice of America, a division of the U.S. Government News and Information Series, known as the International CNN and will be seen in over 200 cities and 127 countries reaching hundreds of television broadcast systems worldwide as well as international embassies and cultural centers around the world (approximately 96 million television households).
- A one-minute segment will be produced and broadcast on CNN, FAMILY NET, FOX NEWS or MSNBC to millions of households. These segments will target morning, afternoon and evening news programs, airing five times in the city or cities of choice and an additional five times in cities in various top 30 markets nationwide as selected by the Profile Series.
- The full segment is viewable at www.sheepusa.org and be linked for internet broadcast on YouTube, Google Video, AOL Video and Yahoo Video and sent via e-mail as a private screening to an e-mail distribution list of ASI's specific target market.

Printed Materials

- **Brochures**

In FY 2008-2009, ASI produced and revised a number of its industry brochures to inform the wool and sheep industry about the success of its programs.

- **Fast Facts**

The one-page wool and lamb *Fast Facts* were revised to incorporate the most current information as reported by USDA. These seven wool-related and five lamb-related, consumer-oriented informational pieces give the general public useful industry information. The current fact sheets are posted on the ASI Web site for wide accessibility.

- **State-Specific Newsletters and Presentations**

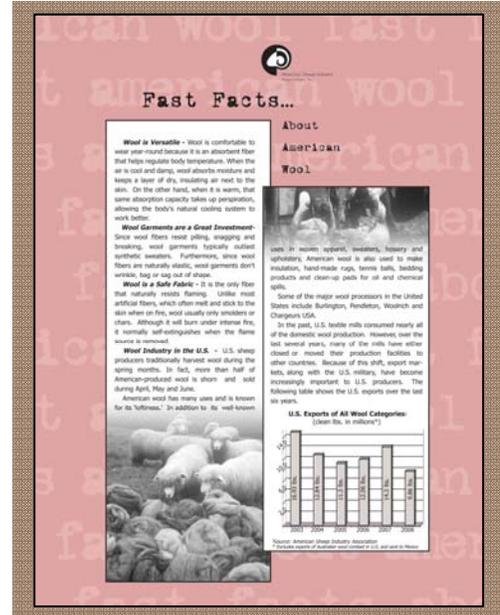
Also continued this year were industry newsletters geared toward each state association. ASI produced a state specific, low-cost, two-page newsletter designed to be utilized at state association meetings to inform producers in that state of the current wool and lamb programs and the benefits received by producers in that state. These state-specific newsletters were individually produced for more than 40 states. Presentations were also produced to address the topics that most affect each state. ASI annual highlights and current issues were included in the presentation.

- **Material Distribution**

ASI continued to disseminate educational materials to industry groups. Groups that requested information ranged from state and breed associations to youth groups, such as school programs and FFA and 4-H groups. Materials sent included the *Sheep Reporter*, wool and lamb fast facts, wool information packets and state-specific program brochures.

- **Convention Materials**

Convention materials were produced and distributed to support the convention's goal of bringing wool industry leaders together to define strategies to strengthen U.S. wool competitiveness.



Annual Wool Convention

Each year, an annual convention is organized to bring sheep industry leaders together to discuss industry issues, elect leadership and create/modify the policies that serve as the foundation for ASI and the American Wool Council.

Also, a major part of the convention is the opportunity for producers to hear from guest speakers about relevant topics to the industry as well as a chance to tour industry-related sites around the area where the convention is being held. Workshop opportunities exist for producers to stay current on programs. Council and committee meetings are scheduled for producers to attend

and learn more about specific areas of the industry and the board of directors holds its annual business meeting during this event.

More than 420 sheep producers, feeders and affiliated businesses from across the nation gathered in San Diego, Calif., to celebrate ASI's 20th Anniversary ~ Transition from Tradition. The annual meeting included participants from wool suppliers and distributors to lamb feeders and producers, all interacting and working to improve the industry. Attendance once again surpassed that of the previous year as multiple sectors of the industry gathered during this event.

Some of the information coming out of the 2009 ASI Annual Convention included:

- The sheep industry demonstrated a unified front with participation from seven national associations including ASI, the National Lamb Feeders Association, the American Lamb Board, the American Sheep and Goat Center, the Western Range Association and the National Livestock Producers Association along with ASI Women and the National Make It With Wool contestants.
- The trade show has become a welcome addition to the convention. It gave attendees an opportunity to learn about new programs and products available to them. Displays arranged from pharmaceutical and animal identification companies to breed associations. Grazing land programs as well as USDA were represented.
- A research symposium was added to this year's events. Eight researchers from universities across the country had the opportunity to present research findings and interact with the very producers who utilize the information. Breeding objectives, nutritional strategies, enhanced techniques of artificial insemination, effective ked control and enhancing the competitiveness of wool were just a few of the topics discussed at this half-day event.
- A bright spot for the U.S. wool market is the military. The government continues to fill a pipeline that had gotten low during this time of war. Between changing the colors of uniforms to an additional emphasis on dress uniforms, the military business has increased considerably over the last five years, and it is purchasing a large quantity of wools that range from 19 micron to 22 micron.
- The international financial crisis has caused great fluctuation in the value of currencies and since much of the wool worldwide is purchased in U.S. currency, wool buyers seem to be slower to purchase wools until currencies are more stable and additional orders from retail and apparel manufacturers are committed. The lower worldwide raw-wool production, however, does help to offset some of the downturn in purchasing.
- Paint and hair remain the top concerns among buyers of the U.S. wool clip. The question was raised in regard to the existence of a completely scourable paint since more paint is being seen after scouring. Paint contamination can be minimized by following the directions on the paint can and not changing the composition of the paint with heat and other additives. Also, keeping all hair separate from wool is imperative. Producers can give themselves a marketing advantage by taking the time to properly prepare their clip. Quality clip care will be important in this tight wool market as buyers have several options.

- As part of a legislative panel, senate staff from the offices of Sens. Baucus (Mont.), Enzi (Wyo.) and Johnson (S.D.) shared the progress of the new Farm Bill implementation. The USDA has made programs available such as the forage disaster program and the livestock indemnity program, both priorities of ASI. The success of the Foot and Mouth Disease Prevention Act, which is intended to prohibit the importation of meat and livestock from the Patagonia region in Argentina, was hailed. ASI's support of this important legislation helped to bring this result, and ASI is committed to support this act in the new Congress.
- Two members of the U.S. wool industry were recognized for their years of service during the Wool Excellence Awards breakfast. This award was developed to recognize those that have made a lasting impact on the U.S. wool industry and paved the way for those in the wool industry today.

Web Site: www.sheepusa.org

The ASI Web site continues to be the conduit for state associations, wholesalers, producers, consumers and the media to gather information about the wool, pelt and lamb industries. It remains a goal of ASI to keep the site a vital source of industry information.

The site took on a new look in this fiscal year. What started out to be a small, re-skinning project resulted in a major modification providing updated navigation and a more intuitive homepage. The appropriate pages of the site are now FAS compliant. Constant updates, improvements and enhancements continue on the site.



As part of the constant updates that are being done to keep the site current, a new online course was also developed in the 2008-2009 fiscal year. The Sheep Safety and Quality Assurance course that has historically only been taught in classroom sessions is being converted into an online educational course. The content and layout of the online course has been completed. The final edits and audio are all that are yet to be finalized.

Web Site: www.sheepindustrynews.org

The *Sheep Industry News* Web site that was designed in the 2006/2007 fiscal year has had a positive impact on the distribution of industry information. Each month, the new edition of the *Sheep Industry News* is posted to this site allowing for more-expanded coverage of the material that is important to wool, pelts and lamb.

This easy-to-navigate site allows visitors a way to view the top stories and pictures for each edition. Visitors are able to navigate between this site and the www.sheepusa.org site with ease.

Digitization of *The Wool Grower Magazine*

In 1865, the National Wool Growers Association was formed. From its inception, one of the major goals of the association was that of communication. After several attempts to make this goal a reality, in March 1911, the first *National Wool Grower* magazine rolled off the press. This monthly publication continued through February 1997.

The *National Wool Grower* covers 86 years of sheep industry history - history that is currently only available in hardcopy format and, as time progresses, continues to deteriorate.

It was recommended that as many as possible of these 1,020 editions of the publication be converted from their current paper version into an electronic format in an effort to preserve the past.

It is anticipated that the final editions of the *National Wool Grower* will be scanned in the next fiscal year. The final product will be a full set of the *National Wool Grower* magazines available on a CD. ASI is well on its way to achieving this goal but will continue the necessary work to accomplish it in the next fiscal year.

Appendices

Samples of *Sheep Industry News*

Samples of *ASI Weekly* newsletter

Copies of Newly Created and Updated Brochures and Flyers

-Wool and Lamb Fast Facts

Sample of State Association PowerPoint Presentation and Brochures (individually produced for more than 40 states)

ASI 2009 Convention Material

-Press releases

-*Sheep Industry News* report (March 2009 issue)

-Registration brochure

Profile Series Targeted Grazing Video



Wool Producer Plan

Summary

The U.S. wool industry is the driving force behind all Wool Trust-funded programs. Its input is essential in all planning and to ensure that programs work toward achievement of the three goals of the Wool Trust Act. Under the Wool Producer Planning program, industry representatives from all sectors helped create and oversee programs. This is an ongoing need, due to the evolving nature of strategic planning. This program ensures regular reassessment of the direction of all programs to evaluate whether results are being achieved and to refine efforts. This past year, wool producer planning ensured that the Wool Trust plan's vision continued to reflect industry needs and capabilities and that the program continued to achieve measurable results.

Project Description/Results

The primary strength of ASI's wool competitiveness program continues to be the synergy of the individual components – i.e., the fact that individual projects are strategically designed to work together to attain the goals of the Wool Trust. The fact that the United States has been successful in obtaining and maintaining new customers for its wool – and helping to make U.S. wool more competitive against other foreign wool – speaks to the success of this approach.

Under this project, funds were used to cost-share strategic planning meetings that enabled ASI to review the appropriateness of its current strategic direction, given changing market conditions. These included:

- ASI Board of Directors meeting
- Meetings of the executive board
- ASI officer travel

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Improve the quality of wool produced in the United States, including wool production methods

Disseminate information on wool improvements to U.S. wool producers

Project Goals

- ✓ *Provide strategic direction to programs carried out under the Wool Trust*
- ✓ *Solicit input for programs to better meet industry needs*
- ✓ *Keep U.S. wool growers informed of program direction, development and results*

- Meetings of councils (such as the American Wool Council and Wool Foundation Board), committees and task forces
- Volunteer travel

Recommendations

Strategic planning is perhaps the most important part of any major industry initiative. Only a well-planned strategy will be able to bring the results that are hoped for under the Wool Trust. Thus, wool producer planning needs to remain part of the overall program package.

Appendices

Wool Council Minutes
Program Update for Wool Council



Wool Strategies and Business Development

Summary

The basis of solid strategic planning is information. A clear and objective understanding of where the U.S. wool industry is now, what its strengths are and what areas need to be enhanced is a crucial requirement. Under this program, ASI initiated a comprehensive analysis and assessment of the needs of the U.S. wool industry heading into 2009 and beyond. This is expected to aid in the development of future programs that will improve U.S. wool's competitiveness.

Project Description/Results

The U.S. wool industry has changed dramatically over the past decade, with huge shifts in the production level, service industries and customer base. For instance, the U.S. wool processing industry has shrunk, and the continued closing of U.S. textile mills has caused the U.S. industry to lose most of its prior customer base.

To ensure that the U.S. industry is equipped to face the challenges of the future, ASI introduced the wool strategies and business development program years ago. The objective of this program was first to identify in the current U.S. wool system, weaknesses that will hold it back from achieving its full potential or strengths that could serve as a springboard to overcome the challenges it faces. Armed with this

information, the program's objective is to identify services or businesses that ASI could invest in to improve the U.S. industry competitiveness and create long-term viability for a challenged industry.

For the last number of years, this program focused on research and needs assessment.

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Improve the quality of wool produced in the United States, including wool production methods

Disseminate information on wool improvements to U.S. wool producers

Project Goals

- ✓ *Provide comprehensive direction for the future of American wool production, marketing and quality improvement*
- ✓ *Assess additional needs in the wool industry*
- ✓ *Coordinate with the rapidly changing domestic and international textile sector, wool producers and handlers*

ASI formed various committees, which met to analyze and review the current state of the industry – assessing the strengths and weaknesses of current U.S. production practices, processing capabilities and marketing methods. The groups heavily utilized information from other aspects of Wool Trust programming, such as information gathered while making decisions on New Technology investments. The primary result of this initial stage has been the identification of holes in the processing area and in the marketing area. The next step will be to analyze whether ASI can develop programs to address these holes. As part of this, ASI developed a strategic plan.

Recommendations

Like the Wool Producer Planning Program, it serves a crucial function for ensuring that any programs adopted under the Wool Trust Fund are the result of careful strategic planning. Strategic planning is the key to obtaining the best possible results from investments. This program, however, carries strategic planning a step further by looking at the long-term survival potential of the industry and determining key ways to enhance the industry's survival. It is recommended to retain this program for the upcoming year and to move the program into the next step of identifying what role ASI can play in shoring up holes in the current wool production and marketing chain.

Appendices

ASI Long Range Strategic Plan 2004-2009



Wool Foundation

Summary

The American Wool Foundation is a non-profit organization that manages the Wool Trust Funds, ensuring accountability and program appropriateness. The American Wool Foundation makes sure all of the authorized funds are delivered for programs on behalf of U.S. wool producers and that producers will fully reap the benefits intended by the Wool Trust Act. Its oversight ensures that programs adhere to federal regulations and that program results are commensurate with program investments.

Project Description/Results

The Wool Foundation is the legal entity that manages the Wool Trust program. This ensures that trust funds are managed separately and also effectively. Thus, Wool Trust funds are allocated by the USDA's Agricultural Marketing Service (AMS) to ASI, which maintains a contract with AMS. ASI then obligates those funds to the Wool Trust Foundation, which contracts with ASI to carry out the programs. The oversight by the Foundation's Board of Directors, who are chosen for their ability to represent wool interests, helps to ensure U.S. wool interests are well served. Three key things are achieved with this:

- The establishment of a foundation isolates and identifies the organization

responsible for implementing the program.

- It also isolates the accounting function for the funds.
- It allows a wool organization to manage the Wool Trust program.

Recommendations

The recommendation is to continue to manage funds through this separate entity to allow for the most responsible use of the funds.

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Improve the quality of wool produced in the United States, including wool production methods

Disseminate information on wool improvements to U.S. wool producers

Project Goals

- ✓ *Support Wool Trust programs by managing the funds and ensuring federal regulations are appropriately observed in ASI's programming*



Administration

Summary

This covers the basic organizational costs necessary to carry out programs. Thanks to Wool Trust funding, ASI was able to maintain staff and appropriate resources to support all Wool Trust-funded programs.

Project Description/Results

Without this activity, none of the programs described in this report could have been carried out. ASI maintains a small, highly trained staff and a Denver office. Staff works hand-in-hand with industry leaders and others to develop the most effective strategies and plan and implement programs that best meet the goals of the Wool Trust Fund. Thus, the administrative infrastructure provides the base from which all the programs are launched.

It should be noted that ASI undergoes external audits by both the USDA's Foreign Agricultural Service (FAS) and independent auditors. Monthly financial statements complete with all cash disbursements, time records and budget variance explanations are reviewed by USDA and the executive committee of ASI.

Independent auditors, as well as FAS, review management practices and internal controls related to the financial statements and compliance with the laws, regulations and the provisions of contracts or grant

agreements. Noncompliance could have a material effect on the financial statements in accordance with the *Government Auditing Standards (GAS)*. As well, there are internal controls related to major programs, negative assurances on lobbying activities and an opinion on compliance with laws, regulations and the provisions of contracts or agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Wool Trust Goal Addressed by This Project:

Development and promotion of the wool market

Improve the quality of wool produced in the United States, including wool production methods

Disseminate information on wool improvements to U.S. wool producers

Project Goals

- ✓ *Provide appropriate administrative support necessary to carry out programs to meet the goals of the Wool Trust Fund*

Recommendations

Administrative costs are an intrinsic aspect of program implementation. They provide the personnel and resources necessary to not only carry out activities but also to carry them out effectively.



Appendices

* Denotes Electronic File on Included CD

International Market Development

ASI's Unified Export Strategy, October 2008 – September 2009*
ASI's Country Progress Report, October 2008 – September 2009
(on file after 3/31/10)
Report on U.S. Marketing Year Exports by Northwest Statistics*
Representative Trip Reports
Evaluative Surveys by Reverse Trade Mission Participants

New Technology/Market Accessibility

OFDA2000 Progress Reports*
NIRS Report*
Grab Sampling Equipment Reports*

Raw Wool Quality Improvement

Wool Labeling Brochure
Wool Micron Card
Wool Press Summary
NWSS Results*
State Shearing Contest Reports*

Quality Assurance

Copy of article in ASI's *Sheep Industry News* on Scrapie Eradication plan (November 2008 issue)*
Copy of LRP-Lamb article in ASI Weekly*
RMA/FCIC: LRP-Lamb Business Report/Table*
Council for Agricultural Science and Technology (CAST): *Pasteurellosis Transmission Risks between Domestic and Wild Sheep**
State Association Scrapie Eradication Reports

Wool Outreach

Sample of Application for Wool Outreach Program*
Summary of all Nine Rounds of Wool Outreach Program*

Producer Communication

Samples of *Sheep Industry News*
Samples of *ASI Weekly* newsletter*
Copies of Newly Created and Updated Brochures and Flyers
-Wool and Lamb Fast Facts
Sample of State Association PowerPoint Presentation* and Brochures (individually produced for more than 40 states)
ASI 2009 Convention Material
-Press releases*
-*Sheep Industry News* report (March 2009 issue)
-Registration brochure
Profile Series Targeted Grazing Video: <http://profileseries.com/Americansheep.htm>.

Wool Producer Planning

Wool Council Minutes*
Program Update for Wool Council*

Wool Strategies and Business Development

ASI Long Range Strategic Plan 2004-2009*