

Minnesota Lamb & Wool Producers

Shepherds'

Legislative Issue

Summer 2000

President's Column

By Mike Haubrich

I hope everyone is enjoying the nice summer weather. What started out looking like a drought has turned out to be a nice summer and good growing season for most of the state. Pastures look in good condition as we head into late summer.

Lamb carcass prices have held up well since the Easter season, and we are seeing some strength in the pelt market. Unfortunately, the worldwide wool market situation has not improved much. Sheep production should be a profitable agricultural venture in Minnesota again this year. More people should look at diversifying into sheep production as a way to add income to their operations. We need to promote the sheep industry as an economic benefit to Minnesota.

Now is a good time to plan for the future of your sheep operation. The 201 Trade Assistance package can provide a financial jumpstart. Consider making facility improvements to make your sheep farm more profitable and produce lambs that the industry finds desirable.

This issue of the MLWP newsletter contains many issues that are legislatively oriented. This should be of no surprise to anyone. Legislative issues certainly affect our ability to raise sheep.

Your state and national organization play a key role in these legislative issues. They represent you and protect your interests. Your dues paying membership in the MLWP covers some of the financial burdens for both the Minnesota Lamb and Wool Producers and the American Sheep Industry Association.

As you read through this issue and see all the legislative activity that your state and national organizations are involved in, be sure to tell your non-MLWP sheep friends. Without MLWP and ASI, there would be no 201 Assistance Package, no Wool Market Loss Assistance Payment, no funding for the American Wool Council for wool promotion, reduced ability to protect your private property from predators, and increased rules and regulations on how you can run your sheep operation.

Bottom line, if we don't get more dues paying members, our ability to function in the legislative area is limited. Everyone financially benefits from these legislative efforts.

If you have questions or concerns, please give me a call at (320) 826-2526 or e-mail: haum@midstate.tds.net.

Minnesota Lamb & Wool Producers Board of Directors Meeting
September 16, 2000

West Central Research & Outreach Center, Morris, MN

201 Industry Assistance Package

Information released by the US Department of Agriculture will help the domestic sheep industry to make improvements as part of the government's 3-year, \$100 million Lamb Industry Assistance Package.

The funding is part of President Clinton's decision July 7, 1999, on the industry's successful Section 201 trade action against the surge of cheap imports that led to the collapse of the domestic lamb market. President Clinton imposed tariffs and quotas on imports from Australia and New Zealand and pledged the \$100 million Lamb Industry Assistance Package. The American Sheep Industry Association, representing the nation's sheep producers, was the lead petitioner in the trade case. The \$100 million assistance package covered four broad areas: 1) direct payments for producers and feeders; 2) animal health; 3) marketing and promotion; and 4) government purchases of excess lamb meat.

Direct payments to individual operators — \$10 million a year for 3 years through the Farm Service Agency.
Year 1 begins July 21, 1999 and ends September 30, 2000. (Application deadline October 13, 2000.)

- A. **Ram payments** for breeding rams purchased during year 1. Payment of up to \$100/ram with maximum of \$2,500 per operation.
- B. **Sheep Improvement Payments**—pays \$0.50 per sheep enrolled in an authorized sheep improvement program, such as the National Sheep Improvement Program (NSIP). Maximum payment \$500 per operation.
- C. **Facility Improvement Payments**—up to 20 percent of total cost of sheep facilities improvement. Improvements must be made during Year 1 and used for 3 years. Local FSA committees will be responsible for determining qualifying projects. Maximum payment \$2,500 per operation.

Year 2 begins August 1, 2000 and ends July 31, 2001. Year 3 begins August 1, 2001 and ends July 31, 2002.

Feeder lambs would be eligible for a payment of \$3 per head if the lamb met the criteria outlined by the USDA:

1. Lambs must be marketed during Years 2 and 3
2. Lambs must be owned by the operation for at least 30 days
3. Lambs must be "thick-muscled and large framed"

Slaughter lambs* would be eligible for a payment of \$5 per head if the lamb met the following criteria, according to the USDA:

1. Lambs must be marketed during Years 2 and 3
2. Lambs must be held by the operation for at least 30 days prior to marketing
3. Lambs must be USDA Quality Choice or Prime, and USDA Yield Grade 2
4. Lambs must have a muscling conformation score of Average Choice or Better
5. Lambs must be within 55 – 75 pounds dressed hot carcass weight.

*A bonus payment of a total of \$8 per head for slaughter lambs would be available if those lambs are marketed during June – July in Years 2 and 3. This would be a total payment, **not** in addition to any other payment.

As the proposed rule has not been published, the following information is what was offered to industry leaders at the May meeting. Rules governing the final program may be different.

Sheep producers interested in participating in the program should contact their local FSA Office for participation forms and information about the program. Additional information on the direct payments to producers is available on ASI's web site at www.sheepusa.org.

More information on the other 201 programs and activities may also be found at the ASI website.

Domestic Lamb Assistance

Farm Service Agency has the authority under current regulations to assist qualified lamb producers through its farm loan programs. FSA offers both direct and guaranteed loans for operating and ownership purposes. Direct loans are made and serviced by FSA, and interest rates are based on the government's cost of funds. Currently, rates for direct loans are 7%. A limited resource rate of 5% is available to those unable to pay at the regular rate.

Under the guarantee program, conventional lenders make and service the loans and FSA guarantees a portion of each loan (usually 90%) against loss. Interest rates for guaranteed loans are negotiated between the lender and borrower, but cannot exceed the rate charged to the lender's average farm loan customer. Farm Operating Loans can be used to cover flock and farm improvements, equipment, and operating expenses such as pasture fertilization, fencing, feedlot development or improvement, market transportation and genetic improvement. Operating loans can also be used to refinance debts under certain circumstances. Terms for operating loans can be one to seven years.

Farm Ownership Loans are available for acquiring or enlarging a farm or ranch, making capital improvements to buildings, dwellings and facilities, and for refinancing. Terms can be up to 40 years. To be eligible for FSA assistance, producers must meet the "test for credit". Direct loan applicants must demonstrate that they cannot get credit elsewhere, while lenders applying for a loan guarantee must certify that the producer cannot obtain the needed credit without the government guarantee. All applicants must have a positive cash flow, adequate collateral for the loan, and meet certain other qualifying criteria to receive FSA financing.

FSA currently has \$467 million available for direct operating loans. A total of \$1.7 billion is available for guaranteed operating loans, \$5 million of which has been earmarked to lamb producers. (Funding available to qualified lamb producers is not limited to \$5 million). Approximately \$454 million is available for Guaranteed Farm Ownership Loans. Direct Farm Ownership funds are more limited—\$51 million is currently available under this program.

ASI's Wool Council Receives MAP Funding

The American Sheep Industry Association's Wool Council learned recently that it will receive \$144,952 in Market Access Program (MAP) funding from the U.S. Department of Agriculture for FY 2000. The American Wool Council will use the funding to promote American wool and American wool products overseas. ASI will utilize the MAP funding for important trade missions, participation in international apparel and textile trade shows and face-to-face meetings with potential buyers. A total of \$90 million was earmarked for 65 U.S. trade organizations for export promotion activities under the MAP. The amount allotted to ASI was comparable to last year's amount.

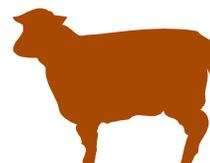
Wool Included in Economic Loss Payments

Wool producers struggling to survive the lowest wool prices in history will receive some much needed help from the federal government under the Market Loss Assistance Program. The assistance was provided in the Agricultural Risk Protection Act of 2000, which includes \$7.1 billion in emergency spending for commodities. The legislation directs payments for wool producers be available after October 1, 2000 for the 1999 wool clip. About \$11 million is expected to be available for wool and mohair.

In 1999, the average U.S. price of wool was just 38 cents per pound, the lowest price in history when adjusted for inflation. About one-third of the 1999 clip (which totaled 46.5 million pounds) remains unsold due to low prices nationally and internationally. More than 26,000 sheep producers have been forced out of the industry since 1993 because of cheap lamb imports and low wool prices.

WCROC SHEEP AND GRAZING DAY

September 16, 2000 - Morris, MN



- 9:30 am Registration
- 9:50 am Welcome
- 10:00 am to 12 Noon Legislative Update and 201 Rules
 - Filling Out the Application for 201 Payments
 - Year 1 of 201 Payments – Ram Purchases, NSIP, Facility Improvements
 - Years 2 and 3 of 201 Payments – Feeder Lamb & Market Lamb Payments
- 12:00 Noon Lamb Burger Lunch in the WCROC All American Selection Garden and Tour of Wool Mulch Research Area.
- 1:00 pm to 3:30 p.m. Finishing Lamb Nitrogen Balance Trial
 - Animal Mortality Composting
 - Managing Forage for Stockpiled Grazing
 - Pasture Finishing and Supplementation

Membership Benefits of MLWP

1. **Communication of Current News:** Shepherds' Bulletin (state wide); Sheep Industry News (national); Member of Sheep Industry Journal (regional newspaper)
2. **Producer Education:** Shepherds' Holiday; Shepherds' Harvest Festival; University of Minnesota Extension Service programs.
3. **Discounted Prices:** Shepherds' Holiday Registration; Sheep Supplies (Livestock Concepts & Wooltique); Sheep Equipment (Sydell & ForMost Equipment Company); Sheep Novelty Items (The Sheep Station)
4. **Public Image Promotion:** State Fair - Sheep Barn Baa Booth, Sheep Shearing Contest, Commercial Sales Booth (aligned with the business sector); Shepherds' Harvest Festival; MLWP Lamb Cookout & Information Booth; Events include: Sheep related booths, educational seminars, displays
5. **Youth Programs:** Minnesota Ag Ambassador Institute (includes animal rights training sessions, tour to grain exchange for ag youth); 4-H State Fair Awards
6. **Legislative Activity:** Minnesota's ASI dues fund national legislative activity; state legislative activity (1999/2000 issues - feedlot rules, timber wolf management)
7. **Membership Directory**
8. **Free Listing for Direct Marketers or Lamb & Wool Products:** to be distributed at the Minnesota State Fair Baa Booth

PLEASE JOIN OUR FLOCK – BECOME A MEMBER

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ County _____

Farm Name _____

Description of Flock & Breed(s) _____

Make \$25 check payable to MLWP & Mail to:
Sheryl Hoffman, 22005 County Road 7, Hutchinson, MN 55350

