



Testimony of

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On behalf of the

American Sheep Industry Association

On

The State of the Livestock Industry: Producer Perspectives

Before the

**Subcommittee on Livestock, Dairy & Poultry
Committee on Agriculture
of the U.S. House of Representatives**

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Introduction

Chairman Mann, Ranking Member Costa, and members of the subcommittee, thank you for the opportunity to speak with you today. I serve as the region III chair on the Executive Board of the American Sheep Industry Association (ASI), to represent the country's 100,000 lamb and wool producing farms and ranches. I also serve as the association's Legislative Action Chair and am pleased to relay the status of the sheep industry asks of the 119th Congress. We view the bipartisan version of the Farm Bill that was passed out of the committee in 2024, very favorably and share today those priorities to assist our industry.

Farm Bill Extension

ASI appreciates the one-year extension of the 2018 Farm Bill as provided late 2023 and the subsequent extension for 2024. We are greatly concerned that the "orphan programs" were not included in the recent extension attached to December's continuing resolution (CR) and ask every consideration to include the programs in this month's federal funding actions as the deadline for the current CR approaches March 14, 2025. The sheep and wool industry have two programs in that group and welcome an opportunity for those to be funded this year. Ultimately, the reauthorization of a new Farm Bill is paramount as we rely on these programs for infrastructure support particularly for our wool textile infrastructure including the wool clothing for America's service men and women.

The Chairman's 2024 version of the Farm Bill which includes the Agricultural Fiber Products Trust and serves both wool and cotton is very strongly supported by the sheep industry.

2025 Farm Bill

A large share of the mid-western and eastern wool clips did not receive a bid for purchase in 2024 and we are now in the shearing season for the 2025 clip. The trade war with China in 2018 blew up our single largest market for American wool. This loss was shortly followed by the pandemic that shuttered wool textile mills across the world and wiped-out demand for most wool garments. That demand has yet to return to full strength and buyers recognize the years of production that have been stockpiled since 2020.

We encourage this committee to support the increase ASI has requested in the wool marketing loan rate in the next Farm Bill. The current rates were set nearly 25 years ago, and I share for some producers, the loan is their only revenue for wool in today's market. Further, please consider wool in any market facilitation payment due to trade battles as this was not the case in 2018.

We encourage support of the USDA FAS programs as ASI is aggressively applying and implementing exploration of new markets and support of current exports to drive sales of American wool. To underscore the importance of securing markets, China has more wool textile processing equipment than the balance of the world combined.

This month's USDA inventory report revealed an increase in the nation's sheep herd. This is a notable report as sheep producers are dealing with record high input prices and non-existent, depressed, or flat markets for their sheep and wool. The lamb market at the wholesale level has been stagnant for the past year and any uptick is quickly dampened by the surge in imported lamb from Australia and New Zealand (portions of the trade have witnessed a one-third jump in volume of 2024 over 2023).

Importers are taking full advantage of the US currency exchange that favors imports, hurting our domestic prices and exports. ASI has engaged a legal firm specializing in international trade twice in four years and is discussing a third investigation with our board of directors this winter.

These market conditions highlight the volatility that sheep producers struggle with in sourcing and servicing financing. Neither of our commodities have a futures market or the ability to hedge against market turns. USDA Risk Management Agency investigated a risk management product for sheep producers and provided a report in the summer of 2024. The report discusses several approaches but does not recommend a product for USDA to develop. ASI believes the lone opportunity for USDA development of a risk management tool relies on direction in the new Farm Bill.

ASI reiterates our strong support in the bill for Livestock Mandatory Price reporting, conservation programming as well as the disaster/drought provisions.

Labor

One-third of America's sheep herd is under the watch of an H-2A shepherd. Mandatory and unnecessary overtime payments required by certain states and the mandated salary increase forced on sheep producers by the Department of Labor's use of the adverse effect wage rate (AEWR) methodology are literally driving ranchers out of the business.

Salary, program fees and the cost of food and housing (all paid for by the sheep rancher) have skyrocketed in the past eight years. Salary alone in California (the second largest sheep producing state) is nearly \$58,000 annually. This combined with food expenses for a shepherd plus board, clothes and the application and visa fees have driven costs to an untenable level and the state has lost nearly 15 percent of sheep production in two years as proof. Research by the Wyoming Wool Growers Association shows a similar result of H-2A salary and fee increases as not sustainable for sheep production in the third largest sheep producing state.

ASI has re-formed an industry H-2A working group with plans to present our industry's recommended changes to regulation and statute of the program during our spring fly-in the last week of March 2025.

Regulations

The 2024 decision of USDA to discontinue the use and supply of spring-loaded ejection devices (sled) for coyote control is a regulatory issue that we ask the committee to promptly support at USDA.

Predator management expense and the lost value of sheep killed by predators represents the second largest expense for many sheep farm and ranches in America. Removing any tool from our livestock protection options has major ramifications. The sled is critical to livestock protection in states including Texas, North Dakota, and West Virginia. As a fully approved device for rodenticide by the EPA, we support USDA promptly restoring the use and supply of this livestock protection tool.

ASI and our state sheep producer affiliate organizations appreciate the prompt reaction of the Administration with great support from members of Congress, to bring USDA APHIS Wildlife Services personnel back online this month. The alarm of ranchers to the loss of pilots, arial support staff and livestock protection specialists cannot be understated. Millions of head of livestock are protected via the industry, state and federal cooperative agreements of Wildlife Servies.

Animal Health

ASI appreciates the committee's efforts to authorize and fund the foreign animal disease preparation of the 2018 Farm Bill and we fully support this in the next Farm Bill. ASI and partners continue to build out the plans for a disease event with support of the USDA personnel and funds on private and federal land livestock operations. We further appreciate the USDA APHIS staff and expertise regarding the New World Screwworm and Highly Pathogenic Avian Influenza and relay the federal officials are in regular contact with our association on these threats. To add to the disease and animal health front, we are nearing the scrapie free designation that ASI and USDA jointly sought fully two decades ago with the launch of the Scrapie Eradication Program. While the disease and pest threats are heightened today, the Agriculture Committee leadership has dramatically improved the livestock industry preparedness to address via tracking animal movement, research, and vaccination.

Minor Use Minor Species Animal Drug Program

America's sheep producers have limited means to protect and prevent disease in their animals as animal health and welfare are critical aspects for ensuring a sustainable sheep industry. The cost of bringing a new animal drug to market is rising and many pharmaceutical companies are not investing in developing products for sheep. USDA established the Minor Use Animal Drug Program to address the shortage of animal drugs for minor species and uses by funding and overseeing the efficacy, animal safety, and human food safety research and environmental assessment required for Food and Drug Administration (FDA) drug approval. Funding for this program ceased in 2016, and as a result the program lacks the staff and expertise to meet its mission of increasing the number of therapeutic drugs approved for minor animal species. To remedy this, ASI supports an annual allocation to USDA's National Institute of Food and Agriculture (NIFA) Minor Use Animal Drug Program (MUADP) of \$5 million to fund research and development to support the approval of new drug products for sheep.

Access to Animal Drugs

With 5 million sheep, animal drug manufacturers often find that securing FDA approval for new, innovative, and even older products is not cost effective for this market. While the Minor Use and Minor Species Animal Health Act of 2004 (MUMS Act) is intended to make more products legally available for minor animal species, the current FDA animal drug-approval process is unworkable for the sheep industry. It is prohibitively expensive, which is discouraging the development of products for the prevention and treatment of sheep diseases in the United States. The lack of access to these products which are used by our competitors in other countries, places the United States sheep producers at a disadvantage, not to mention limiting their ability to ensure the welfare of their animals and the safety of the national food supply. While imported lamb may be treated with a product that has a USDA/Food Safety Inspection Service accepted residue level, that same product often is not approved for use in the United States by the FDA. The General Accountability Office (GAO) has recently begun a study on the MUMS Act to evaluate if the objectives are being met with respect to sheep, the effectiveness of the incentives to address the high development costs, the cost and duration to bring a new animal drug product to market versus other countries, and to review the number of products for sheep in the United States relative to those available in our competing markets.

Summary

The American Sheep Industry Association pledges our full support to secure these requests and believes the Farm Bill is pivotal to thousands of operations being able to finance their business.