

WOOL TRUST REPORT

2018-19



American Sheep Industry Association

9785 Maroon Circle, Suite 360 • Englewood, CO 80112

303-771-3500 • Sheepusa.org

Table of Contents

- Executive Summary 2

- Program Expenditures 9

- I. Market Research and Promotion**
 - A. Market and Product Development..... 10
 - B. Market Research and New Uses 12
 - C. International Marketing..... 14

- II. Quality Improvement**
 - A. Market Information..... 20
 - B. Quality Improvement and New Technology 21
 - C. Quality Assurance..... 24
 - D. Wool Outreach and Make It With Wool..... 27

- III. Animal Welfare & Sustainability**
 - A. Animal Welfare 30
 - B. Sustainability..... 30

- IV. Producer Communications**
 - A. Producer Publications 31
 - B. Media/Public Relations/Promotional..... 33
 - C. Printing Materials 34
 - D. Website 36
 - E. Annual Convention 36

- V. Wool Producer Planning**
 - A. Industry Meetings..... 38

- VI. Wool Strategies and Program Development**
 - A. Wool Strategy 40
 - B. Let's Grow 40

- VII. Administration**..... 42

- Wool Foundation** 43

- Appendices** 44

Executive Summary

BACKGROUND INFORMATION

In 2000, the United States Congress established the Wool Research, Development and Promotion Trust Fund to support wool activities. Aimed at increasing the competitiveness of American wool, the American Sheep Industry Association established the American Wool Trust Foundation (501(c)5 corporation) to implement wool programs. The foundation delivers programs and services via a contract with ASI, which has the most extensive leadership, communications and program delivery infrastructure in the American 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 American wool. For the fiscal year Oct. 1, 2018, through Sept. 30, 2019 – the year covered in this report – the Wool Trust Foundation was awarded \$2.25 million.

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

- Assist American wool producers in the development and promotion of the wool market.
- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.
- Disseminate information on wool improvements to American wool producers.

Wool Market Situation

Wool is a fiber of choice year round, not just for cold weather. For example, companies such as Duckworth, Ramblers Way and Voormi have outdoor wool apparel lines, and many are also offering casual, lightweight wool products for everyday wear in summer months – including next-to-skin items such as underwear and undershirts. Additionally, many sock companies are selling popular American wool socks, such as Crescent, Kentwool, Wigwam and Nester Hosiery. The consumer demand for sustainable products that are environmentally friendly and come from renewable resources has continued to grow considerably. 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 continues to research new ways to meet the demand for a quality, safely grown and properly handled products.

The demand for fashion and sports clothing continues to gain market success as greater innovation is seen in the specialized sporting goods arena. There is a clear message that consumers will pay more for innovative products. Several outdoor apparel manufacturers continued to utilize American wool to meet consumer demands for a natural, high-performance fiber. Wool has moisture-managing, temperature-regulating, flame-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.

Domestic wool-apparel production in the United States during the past two decades has been relocated into other countries with lower cost production models, as is the trend with all textiles. Exports now account for more than 50 percent of domestic wool production, however, domestic consumption of wool has increased due in large part to the use of American wool in the hosiery market. In addition, because of the Berry Amendment – which requires the American armed forces to purchase goods domestically – the United States military has

traditionally been an important purchaser of American wool. Military wool demand declined in recent years, but clothing and textile forecasts indicate a moderate increase.

Flame-resistant wool apparel has become a popular product with the military, as synthetic materials are more likely to burn when exposed to heat – and can even melt onto a soldier’s skin – making those fabrics less desirable than flame-resistant wool in war zones. The United States Army implemented a “no melt, no drip” apparel campaign for its fighters, and is currently researching new dress and combat uniforms that will rely heavily on American wool. In 2018, the U.S. Army announced that it will bring back a World War II style dress uniform that will include a heavy dose of American wool. The uniform’s shirt, jacket and pants will all use wool in their construction.

The purchase of shrink-resistant treatment equipment in 2010 – and its subsequent production start in 2011 – allows a low-cost treatment to render wool machine washable and dryable in the field environment with little to no shrinkage. This has been of great interest to the military, and an asset to the wool industry as a whole. Survival for the domestic textile industry lies in the development, production and marketing of new products. The shrink-treatment equipment has gone a long way in its short time toward this goal, allowing the possibility for new washable wool products in the commercial sector.

In addition, leading manufacturers have introduced 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 flame resistant.

ASI programs have been successful in achieving significant interest and purchases from major wool-processing countries around the world.

The past several years have seen some significant changes in the wool market and fiscal year 2018-2019 was no exception. The major change in the world wool market situation has been the impact of changes in China during the last five years. Those changes include higher labor costs, radical changes in government legislation and regulations regarding effluent disposal introduced in 2014 (effective from Jan. 1, 2015) and tightening credit conditions that have significantly altered the landscape for many Chinese industries going forward – the textile and leather industries among them. The most immediate impact of these changes is to slow economic growth and reduce domestic retail demand. Add to this the United States-China Trade War and the uncertainties that has created and we are in the middle of some difficult economic times. This trade war has resulted in the imposition of 25 percent retaliatory tariffs on American raw wool products that effectively has reduced exports to China by 61 percent year-on-year. Sheepskin exports have been even more dramatically affected. If these retaliatory tariffs continue, as expected in 2020, then exports of both commodities are expected to drop to a fraction of what they were in the last 15 years.

Fiscal Year 2018-2019 was notable because:

- Wool price volatility. It was a difficult year because in the early part of the American wool season, strong price rises internationally made it difficult for exporters and buyers alike to manage market risk. Then in the middle to latter part of the American wool season prices dropped significantly and the rest of the season was marked by extreme volatility. Also, retail sales of wool garments in major world markets remained relatively weak, meaning tighter control of inventory in the supply chain was necessary.
- The dominance of China in the 2017-18 wool market meant that some other traditional markets for American wool (India and Europe, for example) reduced their purchases. Now the challenge is to reestablish those

markets to offset losses in the China market. Fortunately, the ASI policy of market diversification resulted in some previously lesser markets (Egypt, in particular) increasing their purchases.

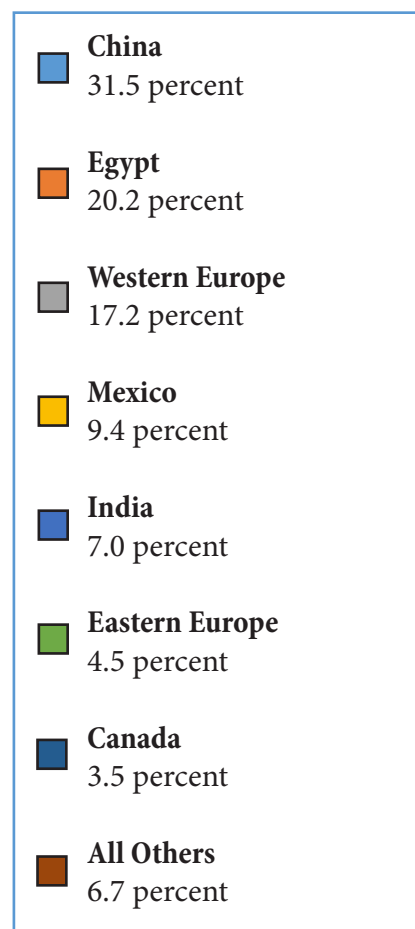
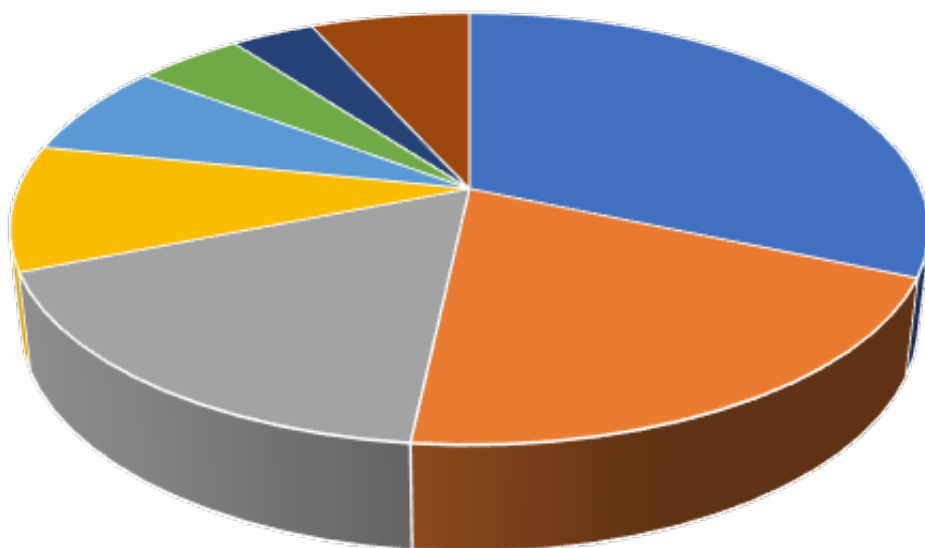
- Given the high market volatility, the domestic demand has been noticeably softer than it has in recent years. Hopefully the uncertainty in international markets combined with supply chain issues that have developed as a result, new domestic demand might be re-established, resulting in improvements in the domestic demand in the near to mid-term future.

- Wool inventory carryover in the United States as of Sept. 30, 2019, was the highest it has been in recent memory. ASI has established that this carryover was at least as high as 20 percent of the 2019 annual clip and could be as high as 30 percent. Assuming no change in the American wool production of 24.7 million pounds greasy, exports amounted to approximately 62 percent. While this is a significant drop compared to 2017-2018 (83.4 percent), given the market circumstances and the trade war, it is quite a successful result of market diversification and, in fact, quite in line with the long term average of American wool exports.

ASI has maintained diversity of markets as a fundamental strategy for its programs with a continued strong investment of resources in the domestic market (military and non-military) and the international market.

ASI's international marketing program continued to be on the forefront of expanding foreign market access for American wool. The maintenance of a diverse market has been a key to minimizing the effects of financial conditions by keeping markets open in a variety of countries. This became even more important in 2018-19 as tariffs were introduced on American wool exported into China. New markets will need to be continually developed unless the United States-China Trade War eases in the months to come.

FY 2018 – 2019 WOOL EXPORT MARKET SHARES



The reporting year for ASI's international programs is Oct. 1, 2018 – Sept. 30, 2019 2018, therefore the 2018-2019 export numbers reported here reflect this period.

As far as production, there are absolutely no signs of a lift in world wool supply despite a two-plus-year run of higher prices for fine wool. Based on the survey results, global wool production is expected to be 1.154 million kilograms in 2018 – a decrease of 1.3 percent on 2017. Further declines in Australia and South Africa are expected to impact world production during the 2019-20 season. Seasonal conditions have been extremely dry in significant parts of both countries, causing a decline in the average wool cut per head and also forcing producers to sell sheep. Furthermore, the price of lambs and sheep for meat have been high in Australia, encouraging producers to off-load sheep rather than rebuild flocks. Given the disastrous fires in Australia in November 2019 through to January 2020, the expected loss from those being approximately 2.4 percent of the Australian total flock (1.5 million head) plus the further loss of pastoral feed lands, one can expect a further significant drop in Australian wool production in 2020.

Global wool production has remained at around a 70-year low since 2008, with small moves up and down depending on seasonal conditions in the major wool producing countries. This has come at the same time that the world sheep flock has increased steadily – if slowly – and reflects the shift away from sheep being kept to produce wool and toward sheep for meat. This continued low supply means that prices will be sustained, but represents a longer-term threat as the wool textile industry struggles with the low wool supply in the face of ever-rising volumes of competing fibers.

In the long term, prospects for wool are positive given the rekindled interest in wool among key sectors of the retail market, including the next-to-skin active leisure wear market.

The expectation for American wool production is that it will remain steady, and that exports will decrease significantly. ASI's international marketing program has continued to be on the forefront of expanding foreign market access for American wool as mill consumption in the United States has reduced greatly in the past four decades. While exports of wool and sheepskins to China were strong through the third quarter of 2018, they were strongly curtailed after 10 and then 25 percent additional duties were placed on United States exports to China. As long as this situation exists, it is expected that only a small volume of exports to Chinese duty free zones destined for report in semi-processed product or yarn/fabric form will occur.

Other fibers – particularly man-made and cellulosic fibers – continue to be a competitive threat to American wool.

Summary of Achievements

Objective: Assist American wool producers in the development and promotion of the domestic wool market.

- In fiscal year 2018-2019, ASI began moving forward on the American Wool Assurance Program, which the association believes is critical to the continued use of American wool by manufacturers both domestically and around the globe. A producer group working with researchers from Colorado State University will implement a program that satisfies the demands of manufacturers (and their consumers) to know the wool they are using has been humanely and sustainably harvested.
- ASI hosted a wool education seminar and ranch tour for United States military representatives responsible for designing and purchasing military clothing and accessories. The ranch tour was a follow-up to a successful mill tour (in 2017) for many of these same military representatives. The tours provided deci-

sion makers with information on the challenges involved in producing and processing American wool for end-use products such as uniforms, blankets and more.

- Developed additional video content, including an extensive video aimed at fashion design school students covering the benefits of using wool in their creations. Other videos included consumer-oriented social media videos that marry wool's all-natural benefits with sustainability at the ranch level.
- Wool's performance, wearability, durability and natural biodegradable features have expanded wool's acceptance and continues to create new opportunities for wool in the outdoor apparel industry.
- Support from the American wool industry continues to develop the ASI international programs. The United States industry's export expertise has been significantly improved. As a result of the expanded options and their own improved expertise, United States 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.
- Domestically, ASI continued to build its knowledge and work closely with the United States' largest domestic customer, the American military. In the past year, ASI worked with and expanded its contacts with military agencies, their textile suppliers and industry groups to develop new products, such as the use of mercerization of wool.
- The fact that the U.S. Army has embraced American wool in the design of its new dress uniforms means it will make a significant investment in the American wool industry in the years to come.
- ASI is continuously seeking new customers for American wool. In recent years, ASI has assisted several major sock and outdoor manufacturers with wool-sourcing needs to bring their production lines back to the United States from overseas locations.
- ASI provided technical assistance to American mills to improve efficiency, integrate new processes and develop new product ideas using American wool.

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

- Quality improvement activities continue to be on the fore-front of the work being done by ASI. Wool handling schools and certified classing schools are being used as a platform for increased wool quality education for producers and processors of wool fibers. ASI developed and printed updated manuals for wool shearing, wool classing and wool handling. These are necessary training aids that supplement hands-on education at schools around the country.
- The implementation of the national Sheep Safety Quality Assurance program for producers continued. 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. A new section addressing wool is in the draft process.
- Sheep research in the directions of genomic solutions to disease reduction, improved sheep production efficiency, nutrition advancements and improvements in wool quality were carried out.

- The Wool Outreach Program expanded the reach of ASI's wool improvement and marketing activities by spurring state entities to develop wool programs. It is notable that with this is the 18th 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.
- As part of its strategic plan, ASI has moved into the next phase of the Let's Grow Program. A revised mission statement was created, and the website and Facebook pages were updated. The sheep industry as a whole is now starting to see benefits from many of the long-range projects and programs funded through some 50 Let's Grow grants in the past three years.

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

- General areas of producer communications included wool quality improvement methods, new wool industry technology, animal health issues and their effect on wool, information on pricing 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 publications were routinely reprinted in livestock- and agricultural-oriented publications. In addition, this information was spread via the ASI website and the social media networks – Facebook, Twitter and Instagram – which were incorporated in the communication plan to further disseminate wool- and industry-related information.
- ASI's first mobile application continued to provide lamb and wool market information to anyone with a smartphone or tablet. Enhancements have been added to the ASI Market App that included a Wool Calculator, a Breakeven Calculator and a Gestation Calculator. More market information was also added. The association continues to look at ways to improve this valuable tool for sheep producers.

Program Expenditures

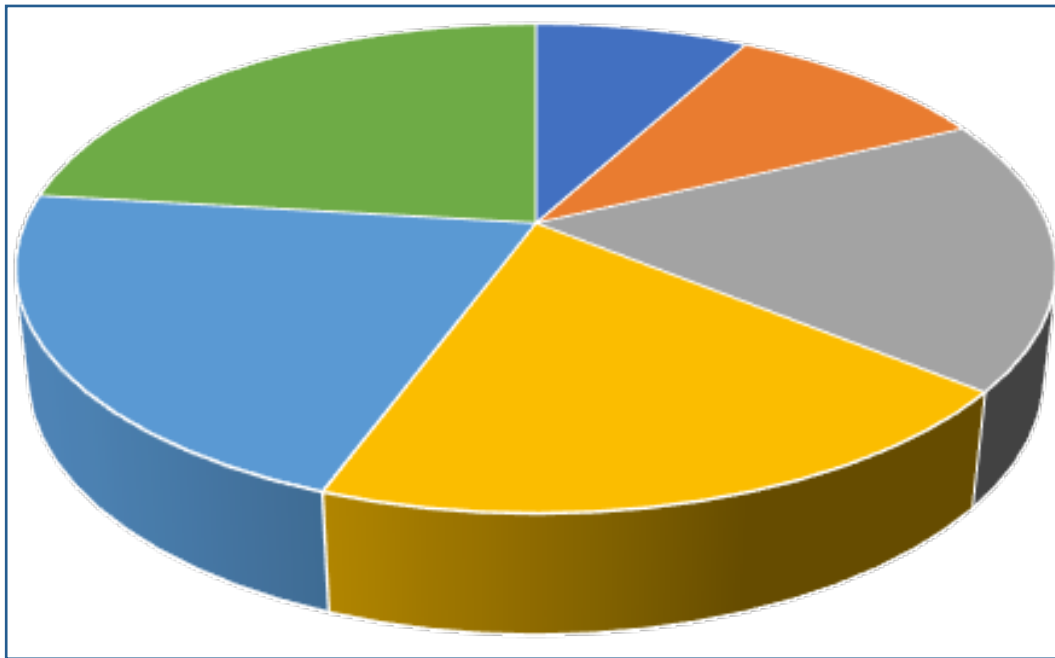
SUMMARY

As in prior years, the majority of funds were spent on programs that directly impacted American 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 strengthen market options for American wool growers and improve quality. Additional programs, such as production, 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

- Assist American wool producers in the development and promotion of the wool market.
- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.
- Disseminate information on wool improvements to American wool producers.

OCTOBER 2018 – SEPTEMBER 2019 WOOL TRUST EXPENDITURES



- Strategy & Program Development**
\$187,137 (7.9 percent)
- Wool Producer Planning**
\$235,808 (10.0 percent)
- Administration**
\$426,002 (18.0 percent)
- Producer Communications**
\$464,025 (19.7 percent)
- Quality Improvement**
\$501,927 (21.3 percent)
- Market Research & Promotion**
\$546,155 (23.1 percent)

Market Research & Promotion

A. MARKET & PRODUCT DEVELOPMENT

B. MARKET RESEARCH & NEW USES

C. INTERNATIONAL AND DOMESTIC MARKETING PROGRAMS

A. MARKET & PRODUCT DEVELOPMENT

Wool Trust Goal Addressed by this Project

Assist American wool producers in the development and promotion of the wool market.

Project Goals

- Assist American wool companies with marketing, technical services and product development.
- Create higher demand for the use of the American 28 to 32 micron clip through new customers and end-item applications. Fine wools already have many existing markets.
- Increase American wool's visibility on the apparel insulation market.
- Product Development Initiatives, including: wool insulation batting plasma and development of Superwash through mercerization product development and technical services.

Top Achievements in Fiscal Year 2018 – 2019

- Developed broader use of Superwash by providing technical expertise and developed market with direct programs to American mills.
- Wool Mercerization. 'Mercerization' is an enhanced version of the chlorine-hercosett shrink treatment commonly referred to as Superwash, which reinvigorated domestic manufacturing with American wool. Mercerization treatment makes wool smooth to the touch – similar to cashmere – allowing coarser wools to be used in applications that traditionally use only fine wools. ASI, along with International Textile Group's Burlington Worldwide sponsored a mill trial of the process at Chargeurs Wool USA in March 2017. Additional trials are still on going.

Summary / Results

New techniques in wool processing along with an emphasis on education about the qualities of American wool are creating additional opportunities for this amazing fiber on a daily basis.

Recommendations for Fiscal Year 2019 – 2020

Projects will be carried out in collaboration with textile industry partners and their customers. These joint efforts provide rapid commercialization of new products and processes and extend their possible usage in civilian markets.

Previous product development activities focused on finer micron domestic wools. The success of these efforts resulted in a satisfactory market demand for 19.5 – 25.0 micron wools. Additional projects under constant consideration include:

- Wool non-woven development.
- Wool fiber property education at selected universities.
- Development of new applications for the SVC installed Superwash line.
- Other non-apparel developments.
- Exploitation of Eco-friendly treatment options for wool.

Wool Non-Woven Development

Wools such as those in the coarser end of the American wool clip are ideally suited to non-woven products which often rely upon the resiliency of the fiber to maintain their benefits. This creates two opportunities:

- Wool batting products for apparel: The natural breathability, thermal and inherently biodegradable features of wool offer market opportunities in the outdoor apparel market and will be explored.
- Wool batting products for non-apparel. The proposed program will investigate possible wool market in the air filtration market utilizing the unique property of wool to absorb air pollutants.

Goal: To develop a second domestic manufacturing resource for the apparel insulation market using coarser wools and to initiate development of wool and wool/microfiber blend with one air filter manufacturer.

Wool Education

The information about wool fiber properties needs to be strengthened through development and presentation of short courses at selected universities for textile engineering and design students. Both live participation and through webinar options will be explored.

Goal: To make presentations at two universities in the United States.

New Applications for SVC-installed Superwash Line

Recent wool mercerization trial at Chargeurs using the Superwash process line indicated that the process is commercially viable and offers new product opportunities for wool in hosiery, specialized apparel (Tuxedo market) and in accessories. Experiences from the mercerization trials also provide opportunities to improve the efficiency of the existing Superwash process.

Goal: To assist wool top producers in the optimization of the mercerization and the Superwash processes and to promote the mercerization option to industry partners.

Other Non-Apparel Developments

An opportunity exists for domestic wool in the gaming cloth market. This huge United States market is currently being satisfied through imported fabrics. Wool gaming cloth represents a 15 percent share of this market at the high end. American wools are also ideal for shoe lining materials in non-woven and in sliver knits – the latter being possible in machine washable wools. The market for high-quality theater curtains is dominated by wool (mostly imported from India and China), and is ideal for black-fiber contaminated American wools providing a possible cost advantage. Attempts will be made to find a suitable weaver/finisher in the United States for this market.

Goal: to select two domestic manufacturers of non-apparel products and offer technical assistance in their manufacture.

Exploitation of Eco-friendly Treatment (Plasma) Options for Wool

Plasma is the most active state of matter. It is a fourth state, which comes after the solid, liquid and gaseous states. Plasma comprises ions, electrons, excited atoms and molecules that modify the surfaces of textiles, but does not alter the textiles bulk properties. The energetic species break the covalent bonds of the fiber at its surface and etch or functionalize its surface. This environmentally friendly process has opened up a host of opportunities for textile applications, such as increasing wettability, dyeability, printability, improved adhesion for coating and laminating or for presenting a highly reactive surface for application of selective chemicals.

Goal: To find suitable plasma equipment in the United States that is available for trials and commission processing and to establish trial program.

Trade Shows and Mill Visits

Traveling to mills and various key industry trade shows is key in staying connected with the textile industry and customers. It is a crucial way to identify key trends and new innovations for wool. This includes the Outdoor Retail Show and other international trade shows, where appropriate. Also, since much of the development and costs are carried by the mills, visits to American mills are essential.

Goal: To visit one key trade show and selected industry partners over one 15-day period.

B. MARKET RESEARCH & NEW USES

Wool Trust Goal Addressed by this Project

Development and promotion of the wool market.

Project Goals

Educate the United States military on the benefits of American wool and how they can be applied to military products.

Top Achievements in Fiscal Year 2018 – 2019

- In 2018, ASI representatives were invited by the U.S. Army to provide a comprehensive briefing on domestic wool to the clothing and individual equipment development organization at Fort Belvoir. The briefing was well attended and resulted in ASI being awarded a new research and development contract for wool-based fabrics to be used in cold weather clothing. The new contract focuses on the use of mercerized wool in the Army's new cold weather clothing system. To date, wool has been mercerized, yarn spun and knitted into base layer fabric. ASI is coordinating the fabrication of base layer garments for winter testing beginning in January of 2020.
- ASI continued the development of the wool mercerization process in conjunction with the Army Research and Development contract. A mill trial was conducted in January of 2019 to provide the fiber needed for the prototype base layer fabric. Due to increasing interest in this wool process, ASI will be conducting another mill trial in February of 2020. The goal of this trial will be to complete the training and mill setup required to make mercerized wool commercially available from domestic sources.
- A Wool Education Seminar and Mill Tour for U.S. military representatives was held by ASI in October 2017. The event was attended by representatives from the U.S. Army, Navy and Air Force, as well as the Defense Logistics Agency. The event was so well received that the attendees asked ASI to continue this education series with another education seminar in conjunction with a tour of a working sheep ranch. The 2019 Wool Education Seminar and Ranch Tour was held in June 2019 in Colorado. As with the 2017 seminar and mill tour, this year's event was well attended by the military. In this seminar and tour, ASI provided information that educated the participants on American wool production, environmental challenges and the global wool market.

Summary / Results

The Department of Defense is American wool's single biggest customer. DOD consistently consumes 10 to 20 percent of the wool produced in the United States each year. While consumption varies slightly based on the total U.S. military population, it provides stability for the entire domestic wool industry from wool producer to garment maker. This allows the American wool industry to remain healthy and innovative as can be seen by the significant annual accomplishments outlined earlier. The stability of DOD's American wool consumption is guaranteed by the Berry Amendment.

ASI communicates regularly with the military services, as well as the Defense Logistics Agency, to provide pertinent wool information and assistance as requested. The information provided by ASI representatives to the military services during the 2019 ranch tour ensures American wool is always at the forefront of military clothing and textile development and procurement.

Wool is a significant portion of DOD's annual expenditures for Clothing and Textiles:

- DLA procurement in Fiscal Year 2019 for Clothing and Textile items totaled \$1.875 billion, up from \$1.5 billion in 2018. In FY 2020, that amount is forecast to decrease slightly to \$1.75 billion. Some examples of 2019 DOD purchases follow:
 - Wool Fabrics. In FY 2019, DLA purchased more than 5 million linear yards of wool and wool blend fabrics that cost more than \$100 million and required approximately 3 million pounds of American wool. In addition, several new five-year contracts were awarded that guarantee continued wool use by the U.S. military.
 - Blankets. DLA bought more than 47,000 wool blankets in FY 2019, costing \$2.3 million and using more

than 180,000 pounds of American wool. In addition, two new five-year blanket contracts were awarded for up to 160,000 blankets requiring more than 650,000 pounds of wool to complete.

- Berets. A new beret contract will be awarded in FY 2020. In 2019, DLA bought 156,000 berets that used 40,000 pounds of American wool and cost \$2.8 million.
- Peacoats. FY 2018 was the final year of peacoat procurement for inclusion in the U.S. Navy's clothing 'sea bag' issued to new recruits. However, in 2019, procurement continued to ensure Navy needs were met. DLA bought approximately 20,000 of the iconic coats requiring close to 100,000 pounds of American wool to produce.

Recommendations for Fiscal Year 2019 – 2020

- Support the United States military by continuing to seek opportunities for development of American wool based garments.
- Develop education programs using video and PowerPoint presentations that are readily available for military in-house training. These could be supplemented with computer-based conferencing or ASI attendance as requested.

C. INTERNATIONAL & DOMESTIC MARKETING PROGRAMS

Wool Trust Goal Addressed by this Project

- Assist American wool producers in the development and promotion of the wool market.

Project Goals

- Provide options for American wool growers to market American wool overseas.
- Identify new and maintain primary markets.
- Rebuild demand from United States textile mills for American wool.
- Use the branding platform (Experience Wool) to share the benefits of American wool while modernizing the image of wool for today's consumer.

Top Achievements in Fiscal Year 2018 – 2019

Despite strong economic growth for the last two years and strong consumer confidence in the United States, retail sales growth for the year to July 2019 was slower in the year to date than in 2018. All other major wool consuming countries (including China) except the United Kingdom also experienced poor or negative growth in clothing retail sales. Retail sales need to improve to help demand for wool through the supply chain, particularly given the increased purchases of Merino wool in the past 10 months.

Total American wool exports decreased by 26.4 percent by volume to 7.6 million pounds clean weight and 31.5

percent by value to \$18.1 million. With increased uncertainty now the norm for international trade, it is now even more important for ASI to continue to expand efforts to increase diversification of domestic and international markets for American wool.

ASI works in conjunction with the Foreign Agricultural Service on many international marketing activities.

Collateralized the introduction and expansion of the American wool brand by promoting use of the logo and the American wool website. The website helps to show customers that wool is a high performance fiber and relevant in today's marketplace. Particularly, we're showing that wool can be worn next to skin and is washable, as well as a fiber used in high fashion and the home furnishings market.

- **Marketing Programs** – Marketing programs for wool were carried out in Western Europe, Eastern Europe, China, India, Mexico, Southeast Asia, Taiwan, Egypt and Canada. The strategy was one of niche marketing. Due to the fact that the United States has limited volumes of wool available, the program sought to find buyers for specific wool types and match American supplies precisely to buyer needs. Tactics were as follows:

- o Arranged American wool suppliers' missions to target markets during the off season (September – March) to familiarize United States companies with market opportunities and requirements.

- o Organized international buyers' missions (Reverse Trade Missions) to major American wool centers during the season (March – June) to enable customers to see American wool potential for themselves and purchase wool.

- o Provided 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 American wool has unique characteristics and values, it is often used to blend with different types of wools or fibers from other sources in creating top, yarn, etc.

- o In key expanding markets – China, Western Europe and India – ASI has established an “on-ground” presence with a representative to assist American exporters and international buyers to expand American wool purchases. ASI has representatives in China, Europe and India.

- **Customer Retention** – 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.

- **Sales Volume** – American wool exports from October 2018 to September 2019 were 7,580 million pounds – a 26.4 percent decrease from the previous year. The major factor was the significant 60.4 percent decrease in demand from China. This decrease was offset to some degree by a significant increase in exports to Egypt.

- **Redistribution of Wool-Sales Base** – This ASI program is successfully achieving its objective of redistributing the American wool-sales base. There is now a diverse customer base from various countries. For instance:

- o China still remained the largest single international market for American wool – importing 31.5 percent of America's total exports. Greasy wool purchases continued to dominate with 84.8 percent of all exports to China in this form. However, with the trade war expected to continue for the foreseeable future and therefore exports to China expected to shrink even further, ASI must continue to increase efforts to further diver-

sify international markets for American wool as well as increase domestic markets for American wool.

o As part of the wool type diversification strategy, ASI continued a short-wool program for China to promote its use of woolen-system wools. Also, successful trials continued with both fine and coarse combing wools. Unfortunately these successes in China are on hold pending resolution of the trade dispute. This is a very disruptive situation as China has, in recent years, been the major market for American shorter wools and especially for the coarser micron types that are now accumulating in stores in the United States as there are very limited markets other than China.

o In 2018-2019, Egypt was the second largest international market for American wool, taking 1.5 million pounds of clean American wool. This is a significant increase from the 2017-2018 level of 0.235 million pounds and especially notable as it is a completely new market for American wool.

o Western Europe was the third largest market for American wool with a wide range of products exported there, including greasy and scoured wools, carded wools and noils and wastes.

- **Exports** – Support from the American wool industry continues to develop the ASI international programs. This constitutes the program’s major strength. The American industry’s export expertise has been significantly improved. As a result of the expanded options and their own improved expertise, United States 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.

Social media and Branding

- **Online Marketing** – Continued to develop the American wool website, as well as social media sites that can be leveraged to promote American wool. Visit AmericanWool.org or search for ExperienceWool on Facebook, Instagram, Pinterest and Twitter.

- Build a new brand for American wool to be used from growers to consumers. A brand that shares the benefits about American wool and helps to modernize it for today’s consumer.

o Promote Experience Wool on Facebook, Instagram, Pinterest and Twitter.

o Targeting 25 to 52-year old consumers with the message that wool is high performance, fashionable and an asset in the home

o New promotional videos were developed in 2018-19 showing that wool is natural, versatile and fashionable. These videos shared wool’s story with their inclusion on social media outlets the American wool website. They are available online at https://www.youtube.com/channel/UCFhONGmym_OM8ZWxPqw9Fag.

o Educate fashion design and textile students by conducting classroom education services and materials. A new video geared toward fashion design students was produced and shared with design schools, as well as online at https://www.youtube.com/channel/UCFhONGmym_OM8ZWxPqw9Fag.

Summary / Results

The overall objective for the international programs was to expand American 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 American 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 American wool exports have gone to a handful of customers. The goal was to locate new buyers in existing and new markets to diversify sales and reduce United States vulnerability to downturns.
- **Diversification of American wool types** – i.e., find buyers for types of American wool that do not have a good buyer base or have lost their domestic sales base, thus, enabling the United States 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, 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 customers and to create competition for American wool.

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

The international marketing program enables ASI to take wool-quality improvements and translate them into new sales for the American wool industry.

The American wool online presence (AmericanWool.org, as well as social media companion sites on Facebook, Instagram, Pinterest and Twitter) was developed in conjunction with a marketing message that paints a vivid picture of the “natural magic” of American wool. ASI has devoted resources to build the American wool brand with introduction of a new logo and website. The site highlights for consumers the benefits of American wool, sources of American wool products, the American sheep industry's commitment to animal care, and other relevant information for the consumer.

ASI has maintained diversity of markets as a fundamental strategy for its programs with a continued strong investment of resources in the domestic market (military and non-military) and the international market.

Total United States wool exports decreased by 26.4 percent by volume (to 7.6 million pounds clean) and 31.5 percent by value (to \$18.083 million).

ASI's programs have continued to be successful in achieving significant interest and purchases from major wool-processing countries around the world despite difficult economic conditions.

Especially with the uncertain international trade situation in China, ASI remains committed to continue further development of India and other potential markets as major alternative destinations. As well, China's labor rate has increased (25+ percent in the last three years) and environmental and other production costs also increased. India is becoming more competitive as a producer of wool-textile products for export, as well as having an expanding domestic market. As American wools become more internationally competitive, it is expected that American wool sales to India will improve again.

ASI is continuing to work with United States exporters to expand sales to recently added customers and new

customers in 2019-2020. Considerable work will be required to ensure that these new customers' understanding of American wool is improved and how best to utilize American wool. ASI's on-site representative in India and increased focus of other ASI resources will assist American wool exporters to expand American wool sales to India and other new international markets .

One other region that ASI is watching closely is the Southeast Asia region. With issues in China, there is already evidence that the country is losing textile production to countries such as Vietnam, Indonesia, the Philippines and Cambodia, as well as to India.

Another region that has changed and shows distinct promise going forward is Eastern Europe, particularly Bulgaria. With the establishment of a new combing mill that is expected to use significant quantities of American wool, there is reason to be optimistic in this new market.

- During the five years prior to 2018, China imported 70 to 90 percent of all American pelt exports, both by volume and value. One of the difficulties finding other markets is that processing capacities in alternative markets during this period of time have reduced and it will take time to rebuild. Such markets include Turkey, Russia, Mexico, Poland and Western Europe. China continues to be a major producer and importer of raw materials. Global price drops in all origins of pelts can be attributed to a number of things:

1. The United States enjoys a particularly strong economy when compared to the rest of the world. Retail demand in Europe and China is much weaker. The Russian economy is particularly poor, where many finished articles made from lambskin end up. Most of the rest of the world is in near recession thus reducing demand.

2. Much of the western world is turning away from leather in general for a variety of reasons:

- a. Animal welfare concerns.

- b. Climate change and the perceived greenhouse gas effect in livestock production.

- c. Environmental costs to produce leather.

- d. Low cost synthetic or "vegan" leather has made serious inroads in quality and costs.

- e. Poor marketing by industry of how natural and environmentally friendly leather actually is.

3. As can be seen from the above, global prices for all origins of pelts remain depressed. It is not solely because of the trade war.

- To underscore the magnitude of this task: during the six-month period since the penalty tariff of 10 percent began (09/18 – 03/19) as compared to the same six-month period the previous year (09/17 – 03/18), wool and sheepskins have been impacted in the following ways:

- o Total dollar value of sheepskins exported to China dropped 67 percent.

- o Total dollar value of raw wool exports to China dropped 85 percent.

- o The China market is considered nearly a complete loss now that the 25 percent penalty tariff applies to

both products.

- International Program Activities:

- An American delegation (10) attended the International Wool Textile Organization Congress in Venice in April 2019.
- The Target Countries for ASI International Programs in 2019-20 included China, Egypt, Western Europe, Eastern Europe, India and Mexico.
- 2019 Activities included Trade Missions to Europe (trade shows) and one Reverse Trade Mission to the United States from Italy. The usual Chinese delegation to the United States in early June was cancelled. In the latter half of this year, Trade Missions to China (NWM Conference - 3), Egypt, Mexico and Europe took place.

Recommendations for Fiscal Year 2019 - 2020

This program is an important part of the overall American wool marketing activities in that it is the final test that indicates whether American wool competitiveness has been improved. The ability to find new customers throughout the globe for American wool – to replace the lost domestic mill customers – hinges on the effectiveness of various other programs to create an American wool clip that is marketable to overseas customers.

More than even previously, 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 American wool internationally, which is what this program achieves – to broadcast American wool’s marketability. The guiding principle should continue to be diversification of markets and customers to create a full range of sales options for American growers.

Given the uncertain wool trading situation globally, ASI must continue to seek out opportunities in new markets. This adaptability to market changes is crucial for the survival of the American raw wool industry as textile production was one of the industry’s most affected by the fundamental realignment of international trade in 2000 and again with the Financial Crisis in 2008 and then again in 2018 with the uncertainty in international trade policies.

Continued development of ASI’s AmericanWool.org website and affiliated social media sites.

Quality Improvement

- A. MARKET INFORMATION
- B. QUALITY IMPROVEMENT & NEW TECHNOLOGY
- C. QUALITY ASSURANCE
- D. WOOL OUTREACH

A. MARKET INFORMATION

Wool Trust Goal Addressed by this Project

- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.

Project Goals

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

Top Achievements in Fiscal Year 2018 – 2019

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

- ASI maintained and expanded wool databases on production, prices, etc., built in the first years of the Wool Trust program. 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 federal agencies provide the sheep industry. ASI re-invigorated wool reporting in 2019 with wool traders, warehouses and reporters.
- ASI has also collaborated with the Livestock Marketing Information Center 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:

- 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 American wool packaging and testing, as these are areas where American wool is the weakest. It also helped ASI to pinpoint those international markets where American wool is likely to find a receptive customer base.

- The data also aided in the implementation of actual programs, assisting in quality improvement and market development.
- It improved producer information about the market situation for wool, helping them to maximize their competitiveness through more-informed market decisions.
- It assisted ASI in evaluating progress made during the past year, including monitoring the closing price gap between the United States and Australian/international prices and analyzing the growth of American exports.

Information collected covered wool, pelts and lamb because profitability in the lamb market is crucial to the continuation of wool production. Wool, lamb and pelts are the three centers of profit that bring revenue to producers. Producers must break even on their lamb or they will not produce wool. Because of this, the lamb and pelt markets are intrinsically tied to the profitability of the American wool grower. Also, the United States sheep industry wants one source of information and analysis for multiple areas, which eliminates searching and ensures consistency of data.

Summary / Results

In its efforts to become more competitive, the United States sheep industry faces many challenges. To overcome them, a clear understanding of both the domestic and global situation is necessary. Effective programs require knowledge of the strengths and weaknesses of American wool 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.

Recommendations for Fiscal Year 2019 – 2020

Knowledge is the first step toward effective action. Thus, this program forms a valuable base for ASI and the American sheep 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.

B. QUALITY IMPROVEMENT & NEW TECHNOLOGY

Wool Trust Goal Addressed by this Project

- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.

Project Goals

- To improve the quality of American wool through coordinated educational efforts supporting market development.
- To increase the use and adoption of new wool technology in wool-fiber testing and marketing of wool.

- To enhance the market infrastructure for American wool to facilitate domestic and international wool marketing opportunities.
- To look at ways to increase efficiencies and make American wools more easily available.

Top Achievements in Fiscal Year 2018 – 2019

American Wool Assurance Program – In an effort to assist consumers and textile manufacturers in their desire to know where their products are coming from and to assure them that their wool is being produced in a responsible, caring manner, ASI and the American Wool Council are working to create an American Wool Assurance Program. Work in creating this complex program began in 2018 and the anticipated release date is 2020. A producer working group was established and Colorado State University has been contracted to write the program. It will be an extension of the Sheep Safety and Quality Assurance program already in place at ASI, and will educate, show operation implementation and highlight practices already being used on the farm or ranch. It will also have the option to be audited by a third party.

Shearing Programs – ASI provides support for shearing in numerous capacities. In the United States, a shortage of sheep shearing professionals is becoming a consideration for those wanting to expand wool and sheep production. With sheep numbers slowly declining in the country, there is significantly less interest in becoming a trained shearer. Finding foreign labor during the Australian off-season has also become problematic because of delays in obtaining work visas and because there is a worldwide shortage of shearers. There is a critical need for skilled wool harvesting professionals, and there are very limited opportunities for traditional on-the-job training to meet this need.

New in 2018-2019, ASI offered a grant totaling \$25,000 to five shearers seeking to buy a wool press. Wool presses are extremely important to the operation of a shearing crew and standard sized wool presses are becoming increasingly important to wool being transported most efficiently. Thus, the presses purchased in this program must create standard size and weight wool bales and the presses must be made in the United States. Another goal, in addition to aiding shearers and thus producers, is also to encourage more presses to be made in the United States for easier purchasing, less shipping costs and easier repairs. Five shearing crews and individual shearers completed this grant; thereby affecting an expected 500,000 sheep annually.

A benefit of wool harvesting schools is the education and outreach provided by the curriculum from ASI's Wool Council on proper shearing technique, methodology and animal welfare. Providing producers with skilled professionals enhances the wool clip value in domestic and international marketing. ASI provides a comprehensive shearing manual to serve the needs of shearing schools across the United States.

Several educational materials related to wool harvesting were updated and printed. A Shearing Pattern Poster was reorganized and printed, depicting the most efficient steps to shearing a sheep. This poster was specially printed so that shearers might be able to use it on the farm, truly aiding them in the shearing process. Additionally, Wool Press Record logs were updated and printed for the use of shearing crews and growers in keeping track of the wool packaged during shearing. As proper sorting and identification of wool is vital to increasing the value of a wool clip, these Press Records are an important tool.

Support for shearing contests helps to improve on-farm shearing. This educational effort reduces wool contamination, reduces second cuts and ultimately improves overall wool quality because shearers are training and practicing skills.

Wool Classer Programs – The American Wool Council created a Wool Classer Program in 1992 to provide the

American sheep industry with trained wool classers who can assist in improving the quality of the domestic wool clip, which is imperative for American wool to compete in the international as well as domestic markets. In 2019, ASI worked to update this program to assist all areas of the country in proper handling and classing. Specifically, the levels of the program were changed slightly to make advancement attainable in all regions, while still keeping a high standard and the integrity of the program.

Additionally, ASI offered three-day Certified Wool Classing Schools. Participants represented a wide diversity across the United States sheep industry including sheep and wool producers, sheep shearers, professional wool handlers, fiber artisans and small-scale fiber processors. The focus of wool classing schools is to train wool classers, as part of the above mentioned program. In addition to commercial wool operation interest, there is increasing interest in wool education programming with small farm flock producers and fiber enthusiasts. In 2019, a new section was added to the classing schools to include a portion directly targeted toward producing for fiber artists. This program meets their basic needs by providing information and educational materials to improve their specific operations. On an annual basis, an anticipated 30 to 40 students are expected to attend these schools.

Fiber Measurement Equipment Training, Testing and Outreach for Genetic Wool Improvement – The current value for all wool grades of raw wool provides a unique opportunity to educate producers about the value of properly harvesting and marketing wool, to demonstrate the economic value of this commodity, and provide additional incentives to not only continue sheep production but to expand their flocks. If American producers are to compete in an increasing global and technical wool market, they must continue to evolve their selection and wool preparation methods. This particularly is an issue for the American producer because of the shrinking resource base for wool education in underserved states.

The OFDA 2000 machines continue to provide quick, accurate and relatively inexpensive methods of testing wool and providing information on wool characteristics to all segments of the wool industry, particularly, the production segment. It is mainly used to sort wools during shearing and for genetic selection, not for core results for commercial sales. Increased demand for information by sheep producers when purchasing rams and replacement ewes can be provided by these machines. Objective wool measurements are a part of the National Sheep Improvement Program database. Quality improvement programming provides testing for the objective measures of wool for producers that participate in this program. This allows more rapid genetic improvement of wool traits as the data provided via NSIP is being used in several leading ram and ewe sales in the industry. In the purebred segment, this data allows more accurate selection of animals at a younger age, which results in more efficiency and more rapid progress in the genetic selection process.

The instrument is portable and used on ranches for on-farm testing, provides instant reports on individual sheep, and can be used for immediate selection of breeding sheep. However, this service is limited because the instrument is expensive, delicate and must be transported by automobile. Samples can also be sent to those contracted to operate and use the OFDA 2000 instruments (primarily universities and ASI). Wool may be sent to these universities/ASI to have wool tested for a minimum charge – rates may vary. These tests are for information and not to be used in place of an approved core-test report or for commercial sales. Data provided via the OFDA 2000 allows both buyers and sellers to make more accurate and timely decisions in the genetics of their animals.

ASI also offered the use of a FibreLux Micron Meter. This hand-held unit can be used in the field or shearing shed to measure wool and other fibers, allowing wool and/or sheep to be sorted at the time of shearing, and thus increasing revenue and value in breeding programs. Whereas the OFDA must be transported by automobile and must be used by a trained professional, the FibreLux Micron Meter is a relatively small, easy to operate

instrument that has been borrowed and easily shipped to several producers to aid in producing a higher quality, more valuable flock and wool clip.

Summary / Results

- Cooperative meetings and dialog between ASI's Wool Council and shearers continue to address challenges with the wool industry today and in the future.
- A grant totaling \$25,000 was given to five shearing firms to aid in purchasing new wool presses, ultimately impacting nearly 500,000 sheep annually.
- Materials were updated and printed, including a Shearing Pattern Poster and Wool Press Record.
- The Wool Classing Program was updated to make the program more suitable for all regions of the country.
- Certified Wool Classing program and schools continue to be well attended in the United States providing wool education. As, the participant profile has changed from predominantly growers to wool artisans and small-scale fiber processors, a new section was added to address producing wool for niche markets.
- Wool testing on the OFDA continues to be an important method of improving wool clips and their value. The FibreLux is being borrowed by producers to assist in fiber diameter measurement and wool and sheep sorting.

Recommendations for Fiscal Year 2019 – 2020

- Completion of the Secure Sheep and Wool Supply Plan.
- Completion of the American Wool Assurance program in addition to creating an online module and gaining producer support and use of the program.
- Update, print and distribute important educational materials including: wool grades brochure, sheep breeds poster, preparation steps to a quality clip, shearing videos, and fiber-to-fabric sample cards.
- Continuation of the Wool Press Grant.
- Support of a commercial wool testing lab as the industry changes and transitions.

C. QUALITY ASSURANCE

Wool Trust Goal Addressed by this Project

- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.

Project Goals

- Improving and ensuring the highest American quality wool and improving American wool competitiveness.

Top Achievements in Fiscal Year 2018 – 2019

The importance of animal health, animal production and risk management in wool and lamb marketing cannot be overemphasized. The 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 and the devastation caused by HPAI in the poultry 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 American 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 American 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 fiscal year 2018-2019:

- **Secure Sheep and Wool Supply Plan** – In 2019, ASI launched the development of a Secure Sheep and Wool Supply plan to have a business strategy to address a catastrophic disease outbreak in the United States. This plan – at a cost of \$100,000 – will be finalized in 2020 and will help locate sheep and sheep products at any time of the year and reflect seasonal patterns of production and transportation.
- **Quality Assurance** – Continued the implementation of the national Sheep Safety and Quality Assurance 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.
- **Animal ID** – Participated in the National Animal Disease Traceability development. ASI continued to work with USDA and industry partners to help build a functional animal identification system that will augment the scrapie identification program for sheep.
- **Scrapie** – Worked with APHIS on implementing the accelerated National Scrapie Eradication Program via meetings, monthly and other periodic communications to producers and state animal health officials, informal advisory communications and provided leadership in developing proposed changes. This was especially important in 2019 as USDA/APHIS released a new scrapie rule.
- **Surveillance** – ASI cooperated actively with APHIS to increase the number of slaughter surveillance samples submitted for diagnostic evaluation from small processing plants.
- **Education** – ASI, through APHIS, provided funding to state sheep associations to implement educational programs on scrapie eradication.
- **Research** – Worked with USDA's Agricultural Research Service both at the national program staff level and at various research stations, including the Animal Disease Research Unit, Meat Animal Research Center and the U.S. Sheep Experiment Station on appropriate sheep-research direction and funding levels including genomic solutions to disease reduction, improved sheep production efficiency, nutrition advancements and improvements in wool quality.

- **Emergency Response** – 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.
- **FMD** – Participated in a cross-species Foot and Mouth Disease team to prepare steps for disease containment and communications in the event of an outbreak.
- **Emergency Response** – Assisted with the ongoing development and enhancement of USDA’s Emergency Response Plans.
- **New Drugs** – 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. Also supported funding in the new Farm Bill for developing new drugs for minor species.
- **Genomics** – Worked with industry and academic representatives from Australia, New Zealand and the United States on the prioritization and implementation of sheep genomics research.
- **Involvement** – Participated in several formal and informal coalitions and allied industry organizations relating to animal health. The formal ones include:
 - o American Veterinary Medical Association’s Food Animal Medicine Consortium
 - o Animal Agriculture Coalition
 - o National Institute for Animal Agriculture
 - o United States Animal Health Association
 - o Council on Agriculture, Science and Technology
 - o Animal Agriculture Alliance

Summary / Results

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 and production 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 biological production cycle of sheep present more risk than others. For example, nutritional and other stress can cause breaks in the wool fiber, in-

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 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. Unlike other livestock species, few, if any, financial marketing or price-risk management tools are available to sheep producers, to date. During the past nine years, ASI has worked with other industry and academic partners to investigate, develop and implement price-risk management tools.

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 Disease Traceability System (and assisted in enhancing national Emergency Response Plans), aided USDA in its cooperation with the Department of Homeland Security and worked with USDA to implement the accelerated National Scrapie Eradication Program with the goal of eradicating this disease from the United States.

Recommendations for Fiscal Year 2019– 2020

- 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, Department of Homeland Security 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.
- ASI will continue to implement and use the new industry-wide emergency management and communications plan whereby the American sheep and wool industry can more effectively partner with federal, state and local responders should an industry emergency occur.
- A bilingual video on sheep handling has been produced and is being distributed to sheep producers, lamb feeders, livestock markets and lamb and wool processors to educate workers and managers at all levels of the supply chain on the importance of proper sheep handling. It is designed to help assure high-quality lamb and wool, as well as give proper attention to the care and welfare of the animals. In addition, the popular *Sheep Care Guide* has been updated and published.
- An updated web-based SSQA training program has been implemented, which makes training much more convenient and cost effective for producers. Additional changes will be made to this training program as a result of a national quality audit completed in 2016. A new print version of the SSQA will be available in 2018.

D. WOOL OUTREACH

Wool Trust Goal Addressed by this Project

- Assist American wool producers in the development and promotion of the wool market.
- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.
- Disseminate information on wool improvements to American wool producers.

Project Goals

- Enlist the aid of producer states and state programs in achieving the three goals determined by the Wool Trust.
- Engage younger producers in the growth of the American sheep industry.

Top Achievements in Fiscal Year 2018 – 2019

The Wool Outreach program funds local wool projects administered by state sheep associations and affiliated organizations to support the overall Wool Trust program. A total of 43 associations participated in Round 19 of ASI’s Wool Outreach Program, which began Oct. 1, 2018, and ended on Aug. 31, 2019.

A total of \$174,000 was allocated for this program. The amount each organization received was based on its number of stock ewes one-year old and older, according to numbers compiled by USDA’s National Agricultural Statistics Service. The minimum amount awarded was \$1,000.

Alabama.....\$1,000	Iowa\$6,170	Nevada\$2,235	Texas.....\$27,204
Arizona\$3,935	Kansas\$2,429	New Jersey.....\$1,000	Utah.....\$11,125
Arkansas\$1,000	Kentucky.....\$1,312	New Mexico.....\$4,275	Vermont.....\$1,000
California.....\$14,574	Maine\$1,000	New York\$2,089	Virginia\$2,478
Colorado.....\$8,307	Maryland\$1,000	North Carolina.....\$1,000	Washington\$1,797
Connecticut.....\$1,000	Massachusetts\$1,000	North Dakota.....\$2,769	West Virginia.....\$1,166
Florida.....\$1,000	Michigan.....\$2,429	Ohio.....\$3,984	Wisconsin\$2,769
Georgia.....\$1,000	Minnesota.....\$4,275	Oregon\$6,218	Wyoming\$13,116
Idaho\$7,433	Missouri.....\$3,012	Pennsylvania\$3,401	NLFA\$1,000
Illinois\$1,846	Montana.....\$9,084	South Carolina\$1,000	
Indiana\$1,773	Nebraska\$2,380	South Dakota\$10,347	

The funding was directed 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).
- Conducting wool seminars, wool pools, shearing schools, etc.
- Supporting a value-added program, such as making wool blankets or sponsoring use of wool fabric.

Each state sheep association submitted an application for approval prior to receiving its funding – 45 states and two organizations participated in this round of funding. All organizations also submitted a final written report detailing their Wool Outreach Program activities and associated costs.

In addition, some organizations used their own funding to supplement ASI funds for Wool Outreach.

Summary / Achievements / Results

The Wool Outreach Program enlisted support at the state level to maximize Wool Trust funding and create greater participation in Wool Trust goals. State sheep and other industry organizations were encouraged to develop their own programs for improving American wool quality and competitiveness. Funding was supplied to groups on the condition that the program addressed the three specific goals of the Wool Trust. As a result, this year, 43 organizations carried out programs that worked to meet one or more of the three goals, and all submitted reports on each of their programs. It should be noted that in the 19th year of this program, states have steadily expanded their wool activities creating a greater synergy for achieving Wool Trust goals.

Recommendations for Fiscal Year 2019 – 2020

It is recommended that these programs continue in the next fiscal year, and that we continue to show the benefits of the program to those states and other affiliated organizations who haven't participated in the past.

Animal Welfare & Sustainability ---

SUMMARY

The American Sheep Industry Association and American Wool Council have remained engaged in the International Wool Textile Organization, working cooperatively to ensure sheep welfare standards across wool producing nations promote the benefits of wool, and quantifying the environmental footprint of wool production.

ANIMAL WELFARE

With engagement from the American Sheep Industry Association, the IWTO continues to visit with corporate social responsibility managers at global apparel companies – many headquartered in the United States – stressing wool's benefits to consumers, responsible land use and the stringent animal care and welfare standards of producing nations.

In 2019, ASI began work on the American Wool Assurance Program. The program is being developed through the partnership of a working producer group and researchers at Colorado State University, and will ensure that American wool producers are in line with World Organization for Animal Health OIE Animal Welfare Standards, as well as the established five freedoms of animal welfare: freedom from hunger or thirst; freedom from discomfort; freedom from pain, injury or disease; freedom to express normal behavior; and freedom from fear and distress.

SUSTAINABILITY

The industry continues to move forward on developing a full life cycle analysis for wool and sheep meat, taking into account land and water use, as well as the durability and use of garments. Since 2013-14, the IWTO Technical Advisory Group has been working on a life cycle analysis focused on benchmarking impacts from the farm, processing, use phase and end-of-life stages of wool. The use phase was published, showing wool garments were washed less frequently and at a lower wash temperature than other fibers. This is significant, because the use phase of a garment is the largest contributor that garment's perceived environmental footprint. Absent this data, consumers can be misled to believe that wool is less sustainable than synthetic fibers, despite the fact that wool is naturally regenerative and biodegradable.

- **Wool Wellness**

A number of studies are being done on wool as it relates to health. Following the publication of *Debunking the Myth of Wool Allergy*, the working group recently submitted a paper to be peer reviewed on the beneficial effects on atopic dermatitis of wearing fine wool base layers for adults and children suffering from eczema. The study conducted in Louisville, Ky., found statistically significant improvement in participants' symptoms when they wore fine wool base layers. A new global study will look to replicate these results in Europe and Asia. A companion study looking at sleep quality comparing wool, cotton and polyester sleepwear in summer conditions has also yielded positive results. That study found major benefits for wool; showing earlier sleep onset for older participants, less fragmented sleep and reports of overall improved sleep and quality of life.

Producer Communications

- A. PRODUCER PUBLICATIONS
- B. MEDIA/PUBLIC RELATIONS/PROMOTIONAL
- C. PRINTING
- D. WEBSITE
- E. CONVENTION

A. PRODUCER PUBLICATIONS

Wool Trust Goal Addressed by this Project

Disseminate information on wool improvements to American wool producers.

Project Goals

- Keep American 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.
- Provide producers with new ideas and expose them to new methods of growing sheep in efficient and cost-effective ways.
- Collaborate with producers, industry partners and government agencies to enhance communication on topics of mutual interest, including accomplishments and challenges facing the sheep industry.
- Maintain ASI as the chief source of information during an emergency with continued updating and testing of a Crisis Management Plan that can be accessed in the event an industry issue arises.

Top Achievements in Fiscal Year 2018 – 2019

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 and changes in the wool industry. Articles also were published updating readers on the status of programs being conducted through the Wool Trust. The *Sheep Industry News* is mailed to approximately 7,000 individuals and businesses combined each month, with the main audience consisting of American sheep producers.

The communications team covered various field assignments throughout the year. The covered stories and photographs were then reported within the *Sheep Industry News*.

- The *Sheep Industry News* reported on ASI's Wool Military Tour in late June 2019 in the August issue of the magazine. The tour included a visit with Colorado producer Julie Hansmire and her flock on a hillside outside Eagle, Colo., as well as a classroom session on the many traits that make American wool well-suited for use by the American military. Representatives of each branch of the U.S. military were on hand for the tour.

- There were several articles during the period that involved examples of businesses in the wool industry making improvements to enhance business opportunities. In addition to feature articles on wool, each edition contained a wool market update consisting of current situations and projections for wool market prices, supplies and/or trends.
- The October 2018 issue included a story on the Livestock Conservancy's new Shave 'Em to Save 'Em campaign, which encouraged fiber artists to purchase wool from small producers of heritage livestock. The program has since proven to be wildly popular and developed a strong, regional market for producers of heritage breed sheep.
- The March 2019 issue included extensive coverage of the National Sheep Shearing Contest in Rapid City, S.D. It was an important year as the contest qualified individuals to represent the United States at the world championships in France in July. Coverage of the world championships was included in the August 2019 issue of the magazine.
- The May 2019 issue included coverage of the new scrapie rule from USDA/APHIS. Education on eradicating the United States of this deadly disease is of utmost importance for the entire industry as becoming scrapie-free will open additional doors for international trade. The May issue also included a story on solar grazing – an emerging profit center for sheep flocks all across the country.
- The August 2019 issue included a story on ASI's wool press grants, which provided \$5,000 to grant recipients toward the purchase or production of a wool press. The story showed the success of the program that was instituted by the ASI Wool Council.
- Issues throughout the year included stories on sheep producers and their unique operations. These producers were located in California, Colorado, Idaho, Ohio and Washington state.
- The *Sheep Industry News* is accessible from the home page of ASI's website, www.sheepusa.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 continued the digital PDF format of the *Sheep Industry News* for its readers. This file is emailed to approximately 4,500 producers monthly as another vehicle to access the information found in the magazine. A digital version of the magazine is also available and can be accessed from the association's website, www.sheepusa.org.

- ASI produced 49 issues of the *ASI Weekly* newsletter. This newsletter contained a wide variety of articles of interest to the wool and sheep industries, including developments in the United States and worldwide market for the wool and textile industries. The publication updates producers about the availability of wool programs coordinated by USDA. It also provides updates on Wool Trust programs and how they benefit the wool and sheep industries. *ASI Weekly* is distributed to more than 8,000 producer and industry affiliates via e-mail and is also accessible from ASI's industry/consumer website, www.sheepusa.org.

ASI Weekly is the industry's most timely publication in that information is disseminated in the same week it occurs. Producers, industry affiliates and educational facilities utilize and disseminate this current information to make production decisions as well as for teaching tools. Other agriculture publications frequently reprint the information from the *ASI Weekly* as it is considered to be the voice of the sheep industry.

- Press Releases remain an important way for the industry to communicate with multiple media outlets. This

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. Multiple lists are used in an effort to get the widest distribution of sheep industry news.

Summary / Results

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, 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. Communications included production of ASI's monthly magazine, *Sheep Industry News*, ASI's weekly newsletter, *ASI Weekly*, and press releases.

Recommendations for Fiscal Year 2019 – 2020

As the sheep industry meets new challenges, ASI's producer publications will continue to provide education and communication. The primary goal of the Wool Trust and producer publications is to disseminate information to its membership. New story ideas for the *Sheep Industry News* are always being reviewed for relevancy and currency. New technologies, such as a mobile smartphone app, social media, etc., are also being utilized as they become available.

B. MEDIA/PUBLIC RELATIONS/PROMOTIONAL

Wool Trust Goal Addressed by this Project

Disseminate information on wool improvements to American wool producers.

Project Goals

Disseminate information to producers on programs and improvements in the wool industry.

Top Achievements in Fiscal Year 2018– 2019

Media work garnered higher visibility for the American wool industry in agriculture and the general population, thus contributing to market development.

- **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 United States markets. At the 2019 annual meeting, ASI recorded more than 20 radio interviews and a couple of television spots.
- **Print Media** – Getting the wool and sheep industry story out to the nation continues to be an important step in maintaining the infrastructure of this industry. 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. Daily, ASI monitors the pick-up of industry stories. Several

publications reprint articles about the industry and the programs important to wool and sheep.

- **Social Media** – To more efficiently communicate with members and the media, ASI is active on Facebook with more than 9,000 likes and on Twitter with more than 1,000 followers. These mediums allow for two-way communication providing sheep industry members a way to directly interact with ASI. It is also a tool for producers to interact with each other. ASI's Facebook page is at www.facebook.com/sheepusa and the Twitter page is at www.twitter.com/sheepusa. The association also maintains a growing Instagram account.

ASI launched separate social media accounts and a website devoted strictly to promoting wool to American consumers three years ago. Consumers can find valuable information on wool and how to care for it at www.americanwool.org. In addition, companion social media sites using the moniker ExperienceWool are available on Facebook, Instagram, Pinterest and Twitter.

- **State Association Annual Meetings** – A primary goal of ASI continues to be the education and outreach to its members and others involved in the sheep industry. One of the many ways this is accomplished is through participation at member state association meetings. To provide the most concise and organized approach to the dissemination of ASI's activities, a PowerPoint presentation was developed containing a brief description of the programs, accomplishments and future goals of the organization. This presentation is designed to be utilized by leadership and staff alike. ASI also prints and distributes a state brochure for the annual meetings of each state association member. This brochure updates members at the state level on national programs and issues that ASI is working on throughout the year.

Summary / Results

Media – print, audio and video – plays an important part in getting the news of the sheep industry out to the masses. Conventional strategies, as well as social media, play a part in the dissemination of information. ASI also utilizes state association meetings and partner conventions to share current events.

Recommendations for Fiscal Year 2019 – 2020

It is recommended that the current programs be continued into the next fiscal year and that as new opportunities arise for ASI to reach out to the media, that opportunity be seized.

C. PRINTED MATERIALS

Wool Trust Goal Addressed by this Project

Disseminate information on wool improvements to American wool producers.

Project Goals

- Keep American 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.

Top Achievements in Fiscal Year 2018 – 2019

Printed materials were the venue that ASI used to disseminate general materials about the American sheep and

wool industries and specific information about American wool quality improvement programs.

- **Brochures** – In fiscal year 2018-2019, 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 industry Fast Facts – Sheep Production in the United States was updated to incorporate the most current information as reported by USDA and other reliable sources. The current fact sheets are posted on the ASI website for wider 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, four-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. PowerPoint 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.
- **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 American wool competitiveness. Comprehensive preparation is completed prior to the annual convention to provide attendees with the most current information and data as it relates to the specific areas of the industry affected by each council and committee.
- **Calendar** – A 2019 calendar was produced with photos from ASI's annual photo contest. The calendar highlights a variety of sheep breeds and wool types that showcase the industry as a whole.
- **Displays** – Displays were created this year to be taken to various tradeshows and industry meetings. The displays depict the multiple aspects of the industry and provide great visuals for meeting attendees.

Summary / Results

Printed materials provide a way for producers and the general public to have a take-away that can be read and reviewed at a later time. These materials are also sent to allied industry meeting and conventions to share the communication of the sheep industry.

Recommendations for Fiscal Year 2018 – 2019

Continued production of printed materials is encouraged. Keeping current displays is a key target for this next fiscal year.

D. WEBSITE

Wool Trust Goal Addressed by this Project

Disseminate information on wool improvements to American wool producers.

Project Goals

- Maintain ASI as the chief source of information for the industry and consumers looking for information about wool and sheep.

Top Achievements in Fiscal Year 2018 – 2019

In early 2013, ASI launched its first mobile application providing lamb and wool market information to anyone with a smartphone or tablet. The free market app is available for both Apple and Android operating systems. The app boasts many downloads. This app provides the industry with the convenience of valuable market data anywhere, anytime. This partnership between USDA and the sheep industry is a critical component to supporting American producers. ASI continues to maintain the app.

www.sheepusa.org – The ASI website 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. Continuous updates are made keeping the content fresh and current. Contact information for industry leaders and council and committee memberships offer reliable sources for obtaining information. In 2019, the website was switched to a new Wordpress platform, allowing for easier content management for ASI staff.

www.americanwool.org – A consumer-oriented site that focuses on the key attributes of American wool launched in summer 2017. The site includes references and information to answer any questions consumers might have about wool, including how it is produced and how end products should be cared for after they are purchased.

Summary / Results

Providing industry information via the internet is an essential part of business today. The websites of ASI are designed to be a one-stop shop for all things wool, lamb and sheep. Building platforms that are user friendly, intuitive and appealing are important aspect to keep people returning to these informative sites.

Recommendations for Fiscal Year 2019 – 2020

Continued updates of the industry's website and the ASI Market App are encouraged for the next fiscal year.

E. CONVENTION

Wool Trust Goal Addressed by this Project

- Disseminate information on wool improvements to American wool producers.

Project Goals

- Keep American 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.

Top Achievements in Fiscal Year 2018 – 2019

ASI held its 2019 Annual Meeting in New Orleans, Louisiana. Under the motto *When the Sheep Go Marching In*, each committee and council worked to improve the future of the American sheep industry.

Summary / Results

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.

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.

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 in 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.

Recommendations for Fiscal Year 2019 – 2020

The annual industry-wide convention is the only venue for participants from all segments of the industry to gather for educational sessions, policy approval and net-working opportunities. It is recommended that funding for this budget item be continued.

Wool Producer Planning

A. INDUSTRY MEETINGS

- a. Board Meetings
- b. Executive Board
- c. Officer Travel
- d. Council / Volunteer Travel

A. INDUSTRY MEETINGS

Wool Trust Goal Addressed by this Project

- Assist American wool producers in the development and promotion of the wool market.
- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.
- Disseminate information on wool improvements to American 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 American wool growers informed of program direction, development and results.

Top Achievements in Fiscal Year 2018 – 2019

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 American 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:

- Volunteer leaders to approve and oversee budgets, financials and audits.
- Industry-wide meeting once per year to allow for industry input to Wool Trust programming.

Summary / Results

The American 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. 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 a 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.

Recommendations for Fiscal Year 2019 – 2020

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.

The ASI Executive Board began addressing a strategic planning concept in the 2018-19 fiscal year, and will continue to move this direction in the year to come.

Wool Strategies & Program Development

- Wool Strategy
- Let's Grow

Wool Trust Goal Addressed by this Project

- Assist American wool producers in the development and promotion of the wool market.
- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.
- Disseminate information on wool improvements to American wool producers.

Project Goals

- Move the Let's Grow Program into its next phase of maintaining existing grants and following up on the results of awarded grants.
- Communicate Let's Grow activities to sheep producers nationwide.

Top Achievements in Fiscal Year 2018 – 2019

• Let's Grow Committee Goals

- o Develop a long-term plan for American sheep research and producer education.
- o Promote widespread producer use of quantitative genetic selection.
- o Supported the use of free webinars to promote education within the American sheep industry.

• Communicated Let's Grow Activities to Sheep Producers Nationwide

- o Internalized Let's Grow webpage within www.sheepusa.org with webpage link: http://www.sheepusa.org/Growourflock_Home.
- o Maintained Let's Grow page on Facebook: <http://www.Facebook.com/LetsGrowASI>.
- o Published articles about Let's Grow in the *Sheep Industry News*.
- o Presented to national and state producer groups.

o Created a comprehensive list of resources developed through Let's Grow grants. The resource list can be accessed at http://sheepusa.org/Growourflock_Resources.

Summary / Achievements / Results

Fiscal year 2018-2019 saw the Let's Grow Program move into a new phase of focusing on what the industry learned from the funded projects. The program continues to support a series of sheep-industry related webinars that have proven to be popular with producers.

One ongoing project of the Let's Grow Program continues to be industry-related webinars that draw sheep producers from all across the United States (and even a few from Canada). There were four webinars during the calendar year of 2019, with more than 557 total attendees. The webinars included: Nuts and Bolts of Wool, Preventing and Controlling Footrot in Sheep, How to Start a Family Farm on Limited Acreage and Highlights from the Leading Edge Project (a Let's Grow grant recipient).

Recommendations for Fiscal Year 2019 – 2020

Continue to support the popular webinar series that uses industry experts to address a wide variety of topics ranging from sheep health to wool marketing and everything in between.

Administration

Wool Trust Goal Addressed by This Project

- Assist American wool producers in the development and promotion of the wool market.
- Assist American wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.
- Disseminate information on wool improvements to American wool producers.

Project Goals

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

Top Achievements in Fiscal Year 2018 – 2019

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 Agriculture Service and independent auditors. Monthly financial statements complete with all 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. 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.

Summary / Achievements / Results

This covers the basic organizational costs necessary to carry out programs.

Recommendations for Fiscal Year 2019 – 2020

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. It is recommended that this line-item be continued.

Wool Foundation

Summary

The American Wool Foundation is a separate 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. 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 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.

Appendices

Files are all electronic.

Market Research and Promotion

ASI's Unified Export Strategy
ASI's Country Progress Report
Evaluative Surveys by Reverse Trade Mission Participants

Quality Improvement

Shearing Pattern Poster

Producer Communications

Sheep Industry News, August 2019
Sheep Industry News, June 2019
Sheep Industry News, May 2019
Sheep Industry News, March 2019
State Brochure
Convention Registration Form
Convention Onsite Brochure
2019 Calendar

Wool Producer Planning

Wool Council Meeting Minutes
October 11, 2018
January 24, 2019
June 20-21, 2019

Wool Strategies & Program Development

Let's Grow Webinar Report