

WOOL TRUST REPORT

2019-20



American Sheep Industry Association

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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, 2019, through Sept. 30, 2020 – 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 all-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 60 to 75 percent of domestic wool production, however, domestic consumption of wool for hosiery has increased due to the suited attributes wool brings to foot comfort and sock performance. 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.

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. The U.S. Army continues to 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 hosiery industry, as well as being 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. Mercerization is a new process introduced by ASI to the American wool textile industry and not only allows wool to be machine washed, but makes the wool end product feel 1 to 2 microns softer.

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 2019-2020 was no exception. The COVID-19 pandemic and the subsequent global shutdown had a detrimental effect on nearly every industry. American wool was already suffering from the trade war with China – the top buyer of American wool for more than a decade. Some American wool producers either chose not to sell their wool (or were unable to sell it) in 2019 and the pandemic left few options for selling in 2020.

Fiscal Year 2019-2020 was notable because:

- COVID-19 restrictions and travel restraints affected the way all programs were executed. ASI had to assess the new needs of the wool and sheep industry and adjust programs accordingly.
- The impact of COVID-19 in 2020 on top of the China-United States trade war since the fall of 2019 has had a dramatic negative impact on the International Wool Market and American wool exports. The Australian Eastern Market Indicator was 321 USc/lb clean (-30.2 percent year-on-year) on Sept. 30, 2020, and while there was some improvement in the latter half of 2020, on Dec. 16, that EMI was at 396 USc/lb, (still - 18.1 percent). Fortunately, there have been signs of a continued improvement in this key market indicator in 2021, but prices are still below the prices of a year ago.

- In terms of American wool carryover, the best estimate ASI has been able to establish is that the combination of carryover from the 2019 and 2020 wool seasons is 10 to 12 million lbs clean (20 to 24 million lbs greasy), which is approximately a total of the American wool industry’s annual production. A significant proportion of that wool is being stored on-farm as well as in warehouses.

- Exports in 2019-20 dropped by 48.5 percent to 3,906 million lbs clean from 7,581 million lbs clean in 2018-19. Again in late 2020 and early 2021, there are early signs of an improvement in the export market.

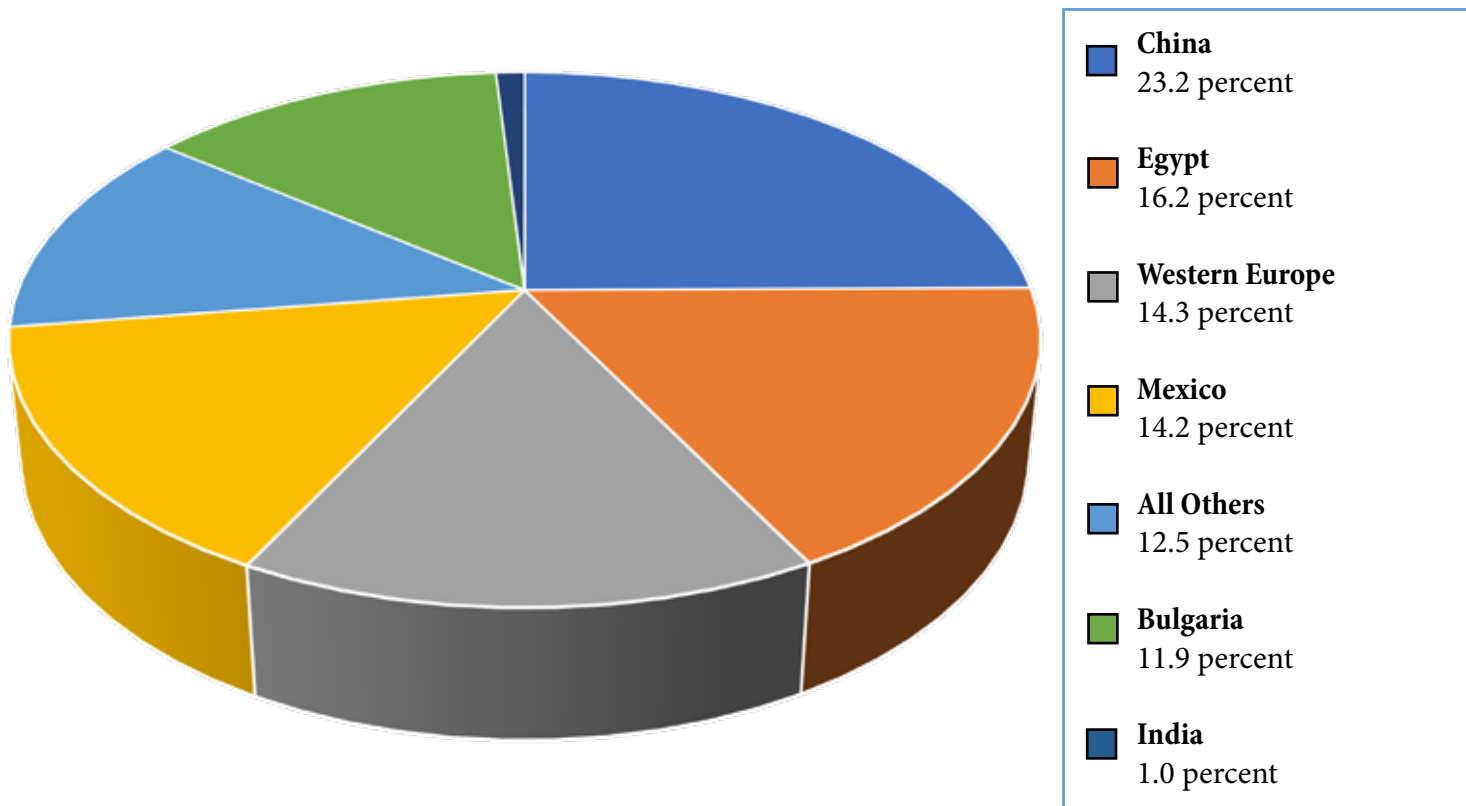
ASI has maintained diversity of markets as a fundamental strategy for its programs with a continued strong investment of resources in the domestic market (military and non-military) and the international market.

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 International Wool Textile Organization’s survey results, global wool production is expected to be 1,096,542 metric tonnes clean in 2019 – a decrease of 2.45 percent on 2018 production.

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. There has also been a shift to finer wool production. 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 interest in in regenerative and natural fibers among

FY 2019 – 2020 WOOL EXPORT MARKET SHARES



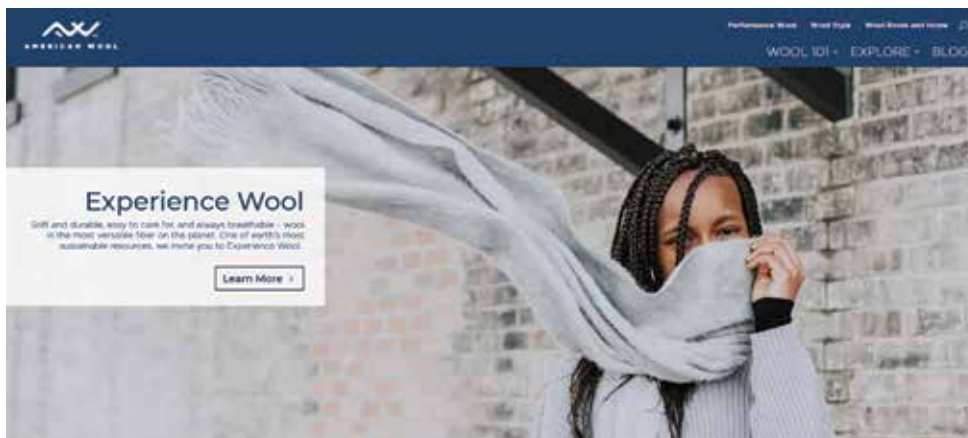
key sectors of the apparel market, including the high-performance active leisure wear market. The expectation for American wool production is that it will remain steady, and that exports will regain some of the drastic decreases of 2020. ASI's international marketing program has continued to be on the 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 much less American wool will be exported to China – the country that has for been the biggest importer of American wool for the past 15 to 20 years.

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 helps to show the continued commitment American wool growers have to animal welfare and best care practices. Such a program is critical to the continued use of American wool by manufacturers both domestically and around the globe. Consumers and brands are more interested in knowing the story and source of products they purchase. ASI and Colorado State University worked with a producer working group to draft AWA standards, which went through multiple reviews by sheep extension, Wool Council, warehouses, buyers and experts in animal welfare programs and others in the sheep/livestock industry. This program satisfies the demands of manufacturers (and their consumers) to know the wool they are using has been harvested using international standards and science-backed animal welfare methods.
- Other videos included consumer-oriented social media videos that marry wool's all-natural benefits with sustainability at the ranch level.



- The American wool online presence (AmericanWool.org, as well as social media channels on Facebook, Instagram and Twitter) continues to grow, generating awareness with consumers and increasing engagement with the brand. Unique content sharing the stories of the American wool industry and the unrivaled benefits of American wool are resonating with consumers. Content development included

production of 25 videos, 10 blog posts and more than 600 social media posts, resulting in more than 6 million impressions during the year. These efforts resulted in a more than 59 percent increase in followers and increasing traffic to the americanwool.org website by 32 percent. ASI continues to exceed expectation on social engagement with an average at 6.8 percent, which is seven times the industry average.

- An important and successful program for ASI are the Reverse Trade Missions where ASI brings international buyers to purchase American wool and learn about the American wool industry while touring

warehouses and meeting with exporters. These RTMs can result in more than 800,000 pounds of wool sold in just a week. Due to travel restrictions in 2020, ASI pivoted to developing a virtual RTM. An isolated film crew was hired to travel across 28 states in an RV, documenting the American wool industry and developing 13 videos that highlight the most important aspects of the American wool industry so that international buyers can understand how the industry operates and what wools are available for purchase. These videos included one eight-minute video that gives an overview of the American wool industry, eight videos highlighting American warehouses and exporters, and additional videos highlighting the importance of animal care by ranchers, shearers and university extension experts. In the absence of hosting the international buyers in person, this virtual program allows these buyers to still form a connection with the American industry and gather valuable information on the availability and types of wools in the United States and how the marketing system operates.

- 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 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 work with its largest customer in the United States to educate the military about the benefits of American wool, and worked on joint product development products. 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 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.

- American Wool Assurance Program – The American sheep industry has a rich history demonstrating a high level of proper animal care and was one of the first to develop a care guide for sheep. As consumers are more interested in the story behind the products they purchase, more apparel brands are staying competitive by demonstrating their responsibility in knowing about and certifying the goods they use in their products. As a result, a growing number of apparel companies and consumers around the world require verification of proper animal care (welfare) which meet international standards for the products they sell. A science-based program has been developed by ASI and Colorado State University, with input from many segments of the sheep industry, it will allow American wool producers to document their high-level sheep care and management practices. This program was reviewed by many segments in the sheep

industry, as well as experts in animal care and it will spotlight the fact that American sheep are some of the best managed in the world.

- Quality improvement activities continue to be on the forefront 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. While many shearing and wool handling schools were cancelled in 2020 and into the first half of 2021 due to the pandemic, the schools will still play a vital role in the American wool industry as life returns to normal in the coming year.
- 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. ASI's new American Wool Assurance Program works hand-in-hand with the SSQA Program. An online, educational module is now in development for AWA and an updated module will be prepared for SSQA in the next year.
- 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 19th 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. Some programs were cancelled in 2020 due to the pandemic and states were given the option to put those funds toward programs in the years to come.

Objective: Disseminate information on wool improvements to American 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 magazine, the *Sheep Industry News*; the *ASI WEEKLY*, the association's weekly email 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 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

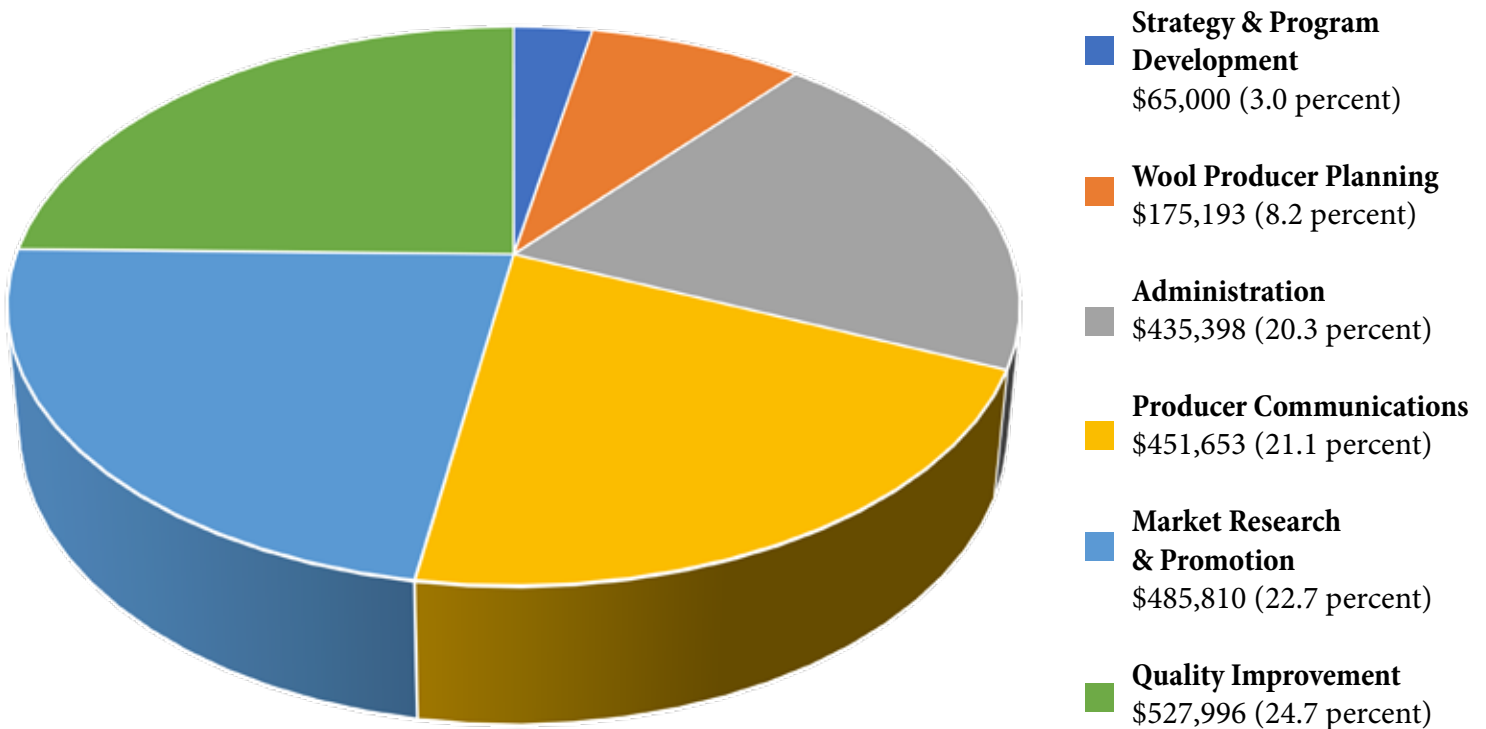
SUMMARY

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 diversity and increase competitiveness 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 2019 – SEPTEMBER 2020 WOOL TRUST EXPENDITURES



Market Research & Promotion

A. MARKET RESEARCH & NEW USES

B. MARKET & PRODUCT DEVELOPMENT

C. INTERNATIONAL AND DOMESTIC MARKETING PROGRAMS

A. MARKET RESEARCH & NEW USES

Wool Trust Goal Addressed by this Project

Development and promotion of the wool market.

Project Goals

Introduce new wool products and educate the United States military of American wool benefits and how they can be applied to military items.

Top Achievements in Fiscal Year 2019 – 2020

At the U.S. Army's request in 2018, ASI representatives presented 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 mercerized wool based fabrics to be used in cold weather clothing. The original contract was scheduled to end in March 2020. Due to the success of the work, the contract has been expanded and extended with additional funds added to accomplish more tasks. The Army is committed to including mercerized wool in its new cold weather clothing system. Another 2,000 pounds of 20.5-micron domestic top will be treated in October to support this effort.



Throughout 2020, ASI has continued commercial development of the wool mercerization process in conjunction with the Army Research and Development contract. The association's success in the Army contract has generated the first commercial orders for mercerized wool. Low Rate Initial Production began in July 2020 to satisfy the growing commercial demand. LRIP was scheduled for October 2020 to satisfy two new commercial accounts as well as to process more wool for the Army project. To date, three fabrics have been produced for the Army project. The first was tested in cold weather conditions early in 2020. Subject feedback from the test was very positive, resulting in

a second round of wear testing for that fabric to be scheduled for January 2021. The second fabric is slightly heavier than the first and was also scheduled for testing in January 2021. It is possible that the Army will reach a production decision during FY 2021.

ASI began a project to manufacture point of sale kits using mercerized wool this year. The kits will contain samples of mercerized wool top along with socks and selected garments made from the wool. The kits will be made available to commercial brands allowing them to see first-hand the benefits of mercerized wool.

Summary / Results

The Department of Defense continues to be American wool's biggest customer using 10 to 15 percent of the wool produced in the United States each year. Annual consumption varies slightly based on the U.S. military recruiting and total population, however, the general consistency of DOD consumption 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 demonstrated 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 and the Defense Logistics Agency to provide accurate wool information and assistance as requested. It must be noted that face-to-face meetings with DLA and service representatives were virtually impossible in 2020 due to the pandemic. However, maximum use has been made of electronic and digital communication to stay in touch with our contacts.

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

- DLA procurement in Fiscal Year 2020 for Clothing and Textile items totaled \$1.75 billion. The dollar value of the forecast FY 2021 procurements is expected to increase slightly from 2020. In past years, this information was presented at the Joint Advanced Planning Briefing to Industry held in early November. Due to the pandemic, there was not an in person JAPBI held in 2020. The information normally presented in the three-day meeting was presented by a series of webinars. In 2021, DLA will procure 501 line items. Wool and wool blend items make up 14 percent of these.

Some examples of the planned 2021 contracting actions follow:

- Wool Fabrics: In FY 2021, DLA plans to procure 1.5 million linear yards of wool and wool blend fabrics for use in recruit issue uniforms.
- Wool Berets: More than 40,000 of these will be bought during the year.
- Disaster Blankets: While these blankets use only 30 percent wool by weight and the wool is usually post-consumer recycled fiber, this procurement still represents a significant use of wool as 600,000 of these blankets will be bought in 2021. Each blanket weighs approximately 3.5 pounds with wool making up slightly more than 1 pound in each blanket.

Recommendations for Fiscal Year 2020 – 2021

- 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.

B. MARKET & PRODUCT DEVELOPMENT

Wool Trust Goal Addressed by this Project

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

Projects described in this section were carried out in collaboration with textile industry partners and their customers. These joint efforts provided education, the sharing of technology and commercial implementation of new products and processes. However, in the year with COVID-19, travel was prohibited for much of the year and communication continued with Zoom calls and emails.

Project Goals

- Assist American wool companies with marketing, technical services and product development.
- Create higher demand for the use of the American medium to coarse micron wools through new customers and end-item applications. Fine wools already have many existing markets.
- Product Development Initiatives, including: wool insulation batting, development of Superwash through mercerization product development and technical services.

Top Achievements in Fiscal Year 2019 – 2020

- Commercialization of the mercerized wool process at the one combing mill in the United States – Chargeurs – enhanced the version of the chlorine hercosett shrink resistant treatment of American wools, making the end wool product feel softer by 1 to 2 microns while the fabric remained machine washable.
- ASI, along with the U.S. Department of Defense, Nester Hosiery and Polartech have collaborated to process almost 10,000 pounds of American wools for new developments to be used in the consumer market and the U.S. military.

Summary / Results

New techniques in wool processing along with an emphasis on education about the inherent qualities of American wool – such as being fire-resistant and thermo-regulating, as well as washable – are creating additional opportunities for this amazing fiber on a daily basis.

Recommendations for Fiscal Year 2020 – 2021

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- to 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 ASI/Sheep Venture Company installed Superwash line.
- Other non-apparel developments.

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.

Design competitions using new mercerized wools will be developed.

Goals

To make presentations at two universities in the United States.

Create opportunities for students to work with the new mercerized American wool yarns and fabrics.

New Applications for ASI/SVC-installed Superwash Line

Given that the mercerization process is now commercially viable, the opportunities to expand the range of products for coarser American wools needs to be demonstrated. In order to achieve this, a promotion kit containing examples of the new mercerized products is to be created and distributed to interested parties throughout the United States.

Goals

To assist wool top producers in the technical marketing of mercerization and the Superwash processes and to promote the mercerization option to industry partners.

Upgrade/Renovation of the American Wools Superwash Line

The existing Superwash line has been running for a decade and recent mercerizing trials have revealed some issues with the efficiency and reliability of the equipment and systems. It is recommended that key components such as the chlorination bowl, squeeze heads, pH and other control systems be replaced or upgraded.

Goals

To assist American wools in their Superwash line upgrade and renovation with advice on the optimal

types of equipment and sourcing thereof.

Trade Shows and Mill Visits

Traveling to mills and various key industry trade shows is key to 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.

Goals

Notwithstanding the impact of COVID-19 on travel, the goal would be to visit one key trade show and selected industry partners.

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

- Market and promote American wool domestically and internationally. ASI matches funds from the USDA/ Foreign Agricultural Service program to promote American wool and sheepskins.
- Increase competition for American wool growers by providing options to market American wool overseas.
- Identify new and maintain primary U.S. and International markets.
- Assist in rebuilding demand from United States textile mills for American wool.
- Utilize the branding platform (Experience Wool) across website and social media to educate consumers about American wool. Continue to develop original content for consumer promotion via video, articles and graphics that share the benefits of American wool while telling unique and engaging stories about the American Wool industry to engage with consumers.

Top Achievements in Fiscal Year 2019 – 2020

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 2020 was slower in the year to date than in 2019. Due to the COVID-19 pandemic in the last six months of the budget year, all other major wool consuming countries (including China) also experienced poor or negative growth in clothing retail sales. Retail sales will need to improve to help demand for wool through the supply chain.

Total American wool exports decreased by 48.5 percent by volume to 3.9 million pounds clean weight and 49 percent by value to \$9.2 million. With increased uncertainty being a norm for international trade, it will be increasingly important for ASI to continue to expand efforts to increase diversification of domestic and interna-

tional markets for American wool.

ASI matches funds and 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 American wool with social media, creating videos and apropos messaging, logo and the American wool website. Through various platforms – such as Instagram, Facebook, Vimeo and the American wool website – the goal is to show customers that wool is a high-performance fiber and relevant in today’s marketplace. Particularly, ASI is 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 have in recent years been carried out in Western Europe, Eastern Europe, China, India, Mexico, Southeast Asia, Taiwan, Egypt and Canada. Of course, such programs were limited in 2020 by the COVID-19 pandemic and ASI pivoted the strategy to perform best in the conditions and continue to connect with buyers of American wool. Due to the fact that the United States has limited volumes of wool available, the program finds buyers for specific wool types and matches American supplies precisely to the buyer’s needs. In a normal year, marketing tactics would include:

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

- o Organizing 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. With reverse trade missions not an option due to travel restrictions in 2020 (and possibly again in spring of 2021), ASI worked to develop a video series for 2021 that offers international buyers a look at the wool warehouses they would have toured in the past.

- o Providing 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 for 2020 were just more than 3.9 million pounds – a 48.5-percent decrease from 7.58 million pounds the previous year. The major factor was the COVID-19 pandemic that led to a nearly global-wide economic shutdown. The trade war with China – beginning in the fall of 2018 and escalating in 2019 – led to significant drops in that country’s purchases of American wool, and ASI has worked to develop new customers to fill that void. American wool saw a 62.1-percent decrease in demand from China. This decrease was offset somewhat by an increase in exports to other markets.

• **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 was the largest single international market for American wool – importing 23.2 percent of America’s total exports. But at 23.2 percent, China was not as dominant as previous years and the total export volume was much lower in 2020. With the trade war expected to continue, exports to China are will shrink even further. ASI will continue to increase efforts to further diversify international 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 2019-2020, Egypt was the second largest international market for American wool, taking .6 million pounds of clean American wool. This is a significant decrease from the 2018-19 level of 1.5 million pounds, largely due to the COVID-19 issues in Europe overall (Egypt’s major market).

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

• In sheepskin exports, ASI traditionally finds the most success by providing American exporters with direct contact with buyers at international trade shows. Due to travel restrictions, all international pelt shows were cancelled. This issue, along with an unprecedented drop in sheepskin prices, resulted in low exports for American sheepskins.

• The international market for sheepskins remained complicated in first quarter of 2021. On the one hand, prices for better quality skins are up approximately 20 percent compared to November 2020, but it is not a strong market due to heavy competition from skins from other origins. This is particularly the case in Europe – especially the United Kingdom and Ireland. Concerns in China regarding the trade disputes between Australia and China have buyers there more interested in American skins than they have been for quite a while, but the price issue and the availability of cheaper sources still remains. Additionally, the issues of cheaper synthetics – especially for shearling trims for coats. Overall, it is a mixed market situation, but better than it was at the low point in September 2020.

Consumer Promotion and Education

• Continued to improve 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 and Twitter.

- The American wool (Experience Wool) brand is used to generate awareness with consumers about the benefits of American wool.
 - Promoted Experience Wool on Facebook, Instagram and Twitter.
 - Targeting 25- to 52-year-old consumers with the message that wool is high-performance, fashionable and an asset in the home.
 - New promotional content – including videos, blogs and messaging that tells the story of American wool and its producers – is in constant development throughout the year. In 2019-20, 12 consumer videos were developed, sharing the importance of animal care, the science behind the unique benefits of wool and spotlighting interesting people across the wool industry.

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.

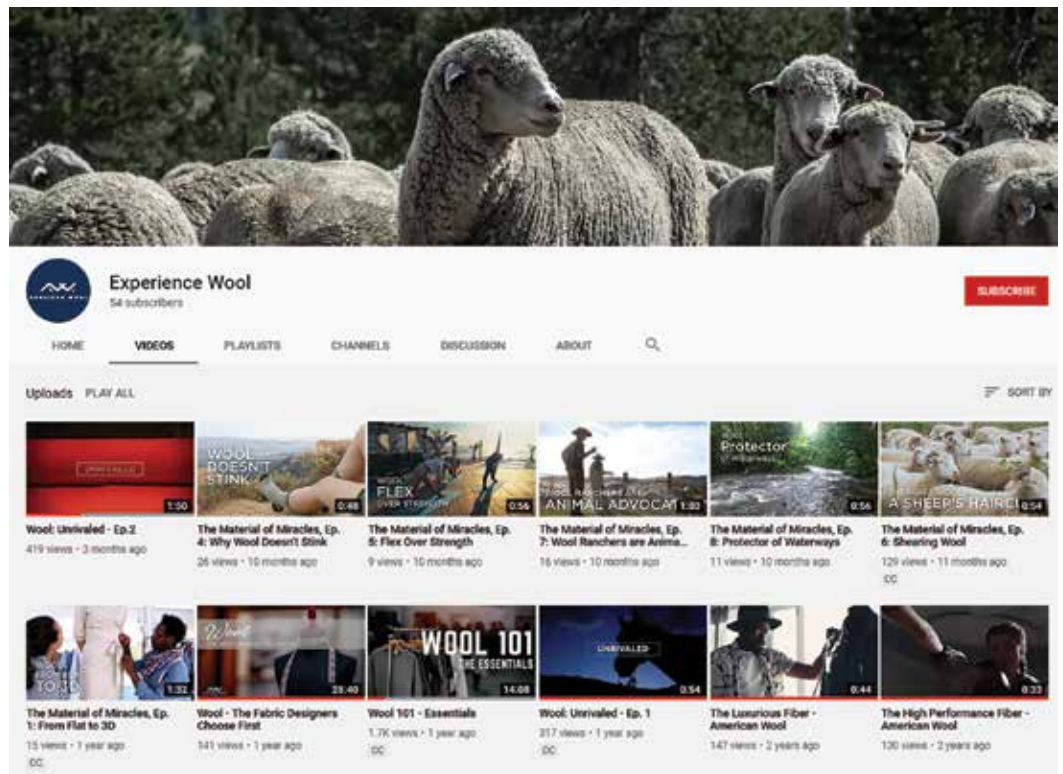
ASI partnered with USDA's Foreign Agricultural Service, American wool growers and warehouses to seek out new export opportunities for American wool.

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.

The American Wool online presence (AmericanWool.org, as well as social media channels on Facebook, Insta-

gram and Twitter) continues to grow, generating awareness with consumers and increasing engagement with the brand. Unique content sharing stories of the American wool industry and the unrivaled benefits of American wool is resonating with consumers. Content development included production of 25 videos, 10 blog posts, and more than 600 social media posts, resulting in more than 6 million impressions during the year. These efforts resulted in more than a 59 percent increase in followers and increasing traffic to the americanwool.org website by 32 percent.



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

ASI remains committed to continue further development of other potential markets as major alternative destinations.

International Program Insights:

The target countries for ASI International Programs in 2019-20 included China, Egypt, Western Europe, Eastern Europe, India and Mexico.

Overseas trade fairs generally provide an excellent instrument to gain a broad overview of many business sectors from across several countries. With the trend of an increased number of presentations, fairs have also attracted a wider range of companies from the industry. The variety of fairs offers access to different manufacturing and product categories. Several topmakers and spinners have become regular visitors. The collective appearance strengthens the messages and provides a choice by national differences for the different origins of wool. In certain presentation/theme areas it has been possible for American wool to exhibit. The repeatability of such activities is quite important to connect for the longer term with industry representatives and cement American wool as a recognized part of the fiber industry. Overall, the number of relevant fairs for wool has grown through the years due to an increasing specialization by brands and with the cross-over of application in outdoor to fashion, as well as for more technical use. Of course, all trade fairs in 2020 were virtual due to the pandemic.

World wool production continues to be in decline, particularly in Australia. However, certain micron categories are becoming of limited availability. Strongly affected is the 23-micron range. This could provide a sales opportunities for American wool, especially of the better styles.

With the available printed promotional material and website there is great value to inform international buyers in detail, as well as initiate discussions and deliver presentable facts. The story of American wool is great. However, in times of trade conflicts, it is harder to sell. Ideally more American brands would take up the story for marketing purposes.

With COVID-19, the industry is going through massive challenges and changes. It is obvious that consumption will retract for a while with spending money less available and an overflow of produced product needs to be consumed before more orders will be placed. Chapter 11 or bankruptcies will accompany markets for some time and change the face of the textile industry with probably even more concentration by fewer companies. Wool will certainly remain a fiber being sourced. How ambitious special brands and their customers are to keep buying is unclear. One possible positive outcome of this crisis might be a focus on more durable, higher-value products for a longer use period instead of super-fast fashion items. Shoppers have turned more and more to the internet, with less actual live shopping experiences. For wool, this could be an advantage.

Recommendations for Fiscal Year 2020 - 2021

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, in 2018 with the uncertainty in international trade policies and again in 2020 with the pandemic.

ASI should continue to develop new promotional assets and leverage its existing branding, promotion and marketing channels to continue to build its image, increase consumer awareness of the benefits of wool, and educate international and domestic audiences of the unique benefits of American wool.

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 2019 – 2020

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 2020 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 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.

Recommendations for Fiscal Year 2020 – 2021

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 maintain access to internationally accepted wool washing and new wool technology.
- 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 created the American Wool Assurance Program. Work in creating this complex program began in 2018 and the program standards were released in early 2021 after a producer working group was established and Colorado State University was contracted to write the program. AWA 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, not to mention travel restrictions put in place during the COVID-19 pandemic in 2020. 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.

For the past three years, ASI has offered \$5,000 grants to select shearers, producers and wool warehouses



seeking to buy or build 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.

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 have been updated and printed in recent years. 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.

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.

Unfortunately, a number of shearing and classing schools were cancelled in 2020 due to the COVID-19 pandemic. ASI envisions the return of in-person schools in the months ahead.

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 under-served 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.
- 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.
- Secured commercial wool testing options through the New Zealand Wool Testing Authority until a new commercial lab in San Angelo, Texas – supported by the American sheep industry – is fully operational in 2022.

Recommendations for Fiscal Year 2020 – 2021

- Implementation of the Secure Sheep and Wool Supply Plan.
- Implementation 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 2019 – 2020

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 2019-2020:

- **American Wool Assurance Program** – While the program will focus on the time period around shearing, it includes standards for year-round care of the flock. Standards for the program were written in 2020 and released to the American sheep industry in early 2021. Continued development of the program and an online educational module are still in the works.
 - **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. The plan was 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. Education on the new plan will be an ongoing endeavor for years to come
- 
- **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. Updates to the SSQA program are in the works as the program works hand-in-hand with the newly developed American Wool Assurance Program.
 - **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. ASI is currently developing a pilot program – as part of a cooperative agreement with APHIS – to test animal identification in American sale barns.
 - **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, infor-

mal advisory communications and provided leadership in developing proposed changes.

- **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. Continues to support the use of funds designated in the 2018 Farm Bill for the development of new drugs to be used in the sheep industry.
- **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 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, 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.

Recommendations for Fiscal Year 2020– 2021

- 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.
- Continued education and implementation of the new American Wool Assurance Program, as well as the Secure Sheep and Wool Supply Plan and the soon-to-be-updated Sheep Safety and Quality Assurance program.

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 2019 – 2020

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 \$181,000 was allocated for this program. The amount each organization received was based on its number of stock ewes 1 year old and older, according to numbers compiled by USDA’s National Agricultural Statistics Service. The minimum amount awarded was \$1,000. ASI awarded \$148,756 in FY 2020, with \$21,145 being carried over as programs were greatly affected by the COVID-19 pandemic.

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).

Arizona	\$3,935	Kansas	\$2,429	Nevada	\$2,235	South Dakota	\$10,347
Arkansas	\$1,000	Kentucky.....	\$1,312	New Mexico.....	\$4,275	Texas.....	\$27,204
California.....	\$14,574	Massachusetts	\$1,000	New York	\$2,089	Utah.....	\$11,125
Colorado.....	\$1,000	Michigan.....	\$2,429	North Dakota	\$2,769	Vermont.....	\$1,000
Georgia.....	\$500	Minnesota.....	\$4,275	Ohio.....	\$3,984	Washington	\$1,797
Idaho	\$7,433	Missouri.....	\$3,012	Oregon	\$3,681	Wisconsin	\$2,769
Illinois	\$1,846	Montana.....	\$9,084	Pennsylvania	\$3,401	Wyoming	\$13,116
Indiana	\$1,755	Nebraska	\$2,380	South Carolina	\$1,000		

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. 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.

Recommendations for Fiscal Year 2020 – 2021

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.



Producer Communications

- A. PRODUCER PUBLICATIONS
- B. MEDIA/PUBLIC RELATIONS/PROMOTIONAL
- C. PRINTED MATERIALS
- 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 2019 – 2020

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.

- In 2020, the *Sheep Industry News* devoted quite a bit of space to informing America's wool producers of the USDA programs they might benefit from during the COVID-19 pandemic. This included the Coronavirus Food Assistance Program, as well as USDA's Marketing Assistance Loans and Loan Deficiency Program.

- The July 2020 issue of the magazine took a look at ongoing wool sales and the steady decline in wool prices in the first half of the calendar year. The issue also offered a look at how wool manufacturers stepped up to produce masks for consumers at a time when these items were difficult to come by in the United States.
- A story in the August issue of the magazine alerted wool producers to the possible concerns that might arise from storing wool instead of selling it right away. The trade war with China and then the COVID-19 pandemic left many producers with few options for selling their wool at a desirable price in the past two years. While wool will hold up well in storage – under the right conditions – there are other factors for producers to consider when deciding whether to store their wool in hopes of selling at higher prices down the road.
- The September 2020 issue of the *Sheep Industry News* carried an update on progress being made in the National Scrapie Eradication Program – overseen by USDA/APHIS – since implementation of the new final rule in 2019.
- Wool handling tips were provided in an easy-to-use, one-page outline in a spring issue of the magazine.
- Through the magazine (and email newsletter), ASI called upon those in the American wool industry to report wool sales to the USDA's Agricultural Marketing Service. The reporting of sales plays the same important role in the wool industry as it does in all agricultural commodities. Prices from reported sales are used in calculating rates for Marketing Assistance Loans and the Loan Deficiency Program.
- The April 2020 issue updated producers on the next steps in commercial wool testing of American wool after the closing of the country's only commercial lab in 2020. While industry stakeholders worked to build up the capabilities of the wool lab in San Angelo, Texas, all commercial testing is being handled by the New Zealand Wool Testing Authority.
- While travel was limited for much of 2020 due to the pandemic, the magazine still featured profiles on sheep and wool producers from Alabama, Minnesota, Washington and Wyoming.
- 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 2020 – 2021

As the sheep industry recovers from the challenges of COVID-19, 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 2019– 2020

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 2020 virtual meeting, ASI recorded more than 20 interviews with ASI President Benny Cox and Executive Director Peter Orwick.
- 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 10,600 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. Due to the COVID-19 pandemic, most state meetings in 2020 were held virtually, and ASI staff and volunteer leaders appeared remotely in most cases.

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 2020 – 2021

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 2019 – 2020

Printed materials are one way ASI uses to disseminate general materials about the American sheep and wool industries and specific information about American wool quality improvement programs. Obviously, in 2020 there was less demand for printed materials as many of the events that they would normally be distributed at were cancelled or held in a virtual format.

- **Brochures** – In fiscal year 2019-2020, 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. Fact sheets covering American wool, lamb, ecology, predator losses and sheep by products were all updated and posted online in 2020.

- **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 2020 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.



In 2019, there were 101,387 sheep farms and ranches in the United States¹.

Through genetics, sheep producers in the United States tend to produce a dual-purpose animal - one that is valued for both its meat and its wool. Sheep are also raised for producing milk, some of which is processed into cheese.

Following is a ranking of the **total sheep operations per state** based on 2019 data² (most current data):

1. Texas	14,672	26. Montana	1,383
2. Arizona	7,509	27. South Dakota	1,337
3. Ohio	4,123	28. Kansas	1,234
4. New Mexico	4,047	29. West Virginia	1,226
5. California	3,807	30. Georgia	1,208
6. Pennsylvania	3,749	31. Nebraska	1,153
7. Oregon	3,263	32. Alabama	1,062
8. Missouri	3,103	33. Arkansas	1,053
9. Wisconsin	2,845	34. New Jersey	1,047
10. Kentucky	2,818	35. Maryland	925
11. Iowa	2,801	36. Wyoming	859
12. Virginia	2,646	37. Louisiana	785
13. Tennessee	2,503	38. Mississippi	748
14. Michigan	2,483	39. Maine	738
15. Indiana	2,316	39. South Carolina	738
16. Washington	2,281	41. Massachusetts	728
17. Minnesota	2,248	42. Vermont	704
18. Oklahoma	2,216	43. North Dakota	573
19. New York	2,113	44. Hawaii	548
20. Utah	1,898	45. New Hampshire	502
21. Illinois	1,870	46. Connecticut	428
22. Colorado	1,731	47. Nevada	328
23. North Carolina	1,679	48. Rhode Island	108
24. Florida	1,666	49. Delaware	89
25. Idaho	1,447	50. Alaska	49

¹Source: USDA, NASS, 2017 Census of Agriculture, April 11, 2019.

²Source: USDA, NASS, Sheep & Goats, Jan. 29, 2021.

As of Jan. 1, 2021, there were 5.17 million head of sheep in the United States³.

Sheep are produced in all 50 states. However, the highest sheep-producing states are located west of the Mississippi River, where most of the larger sheep ranches reside. The eastern part of the country supports a greater number of smaller, pasture-based operations.

Following is a state ranking of the **total number of sheep and lambs** as of Jan. 1, 2021:

1. Texas	730,000	18. New Mexico	85,000
2. California	555,000	19. New York	79,000
3. Colorado	445,000	20. Virginia	78,000
4. Wyoming	340,000	21. Nebraska	74,000
5. Utah	285,000	22. North Dakota	73,000
6. South Dakota	245,000	23. Kansas	70,000
7. Idaho	230,000	24. Indiana	60,000
8. Montana	200,000	25. Nevada	59,000
9. Iowa	160,000	26. Kentucky	58,000
10. Oregon	155,000	27. Illinois	53,000
11. Ohio	126,000	27. Tennessee	53,000
12. Minnesota	113,000	29. Oklahoma	51,000
13. Arizona	110,000	30. Washington	50,000
14. Missouri	100,000	31. West Virginia	30,000
15. Pennsylvania	97,000	32. North Carolina	28,000
16. Michigan	87,000	33. Other States*	150,000
17. Wisconsin	86,000	34. New England**	55,000

* Other States include Alabama, Alaska, Arkansas, Delaware, Florida, Georgia, Hawaii, Louisiana, Maryland (number of sheep and lambs listing only), Mississippi, New Jersey and South Carolina. NASS does not report individual numbers for these states.

** New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

www.theepsusa.org - 303.771.3500

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 2020 – 2021

Continued production of printed materials is encouraged. Keeping current displays is a key target for this next fiscal year. ASI also plans to update several printed brochures that the association no longer has in stock.

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 2019 – 2020

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 2020 – 2021

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 2019 – 2020

ASI held its 2020 Annual Meeting in Scottsdale, Ariz., where under the motto Reverence for the Past, Innovation for the Future, 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 2020 – 2021

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. By summer of 2020 it became obvious that ASI would have to transition its 2021 Annual Convention to a virtual format, and so the association staff set about that task.

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 2019 – 2020

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 2020 – 2021

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 has continue to move forward on goals in that strategic plan since that time.

Wool Strategies & Program Development

• American Wool Assurance Program

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

- Continue development of the American Wool Assurance Program.

Top Achievements in Fiscal Year 2019 – 2020

- Developed standards for the American Wool Assurance Program, which will allow American wool producers to assure their customers that sheep are being raised humanely and that all precautions are taken when harvesting wool from the sheep.

The core of the AWA program is a set of science-based standards developed by American sheep producers, animal scientists, veterinarians, and industry professionals that continually strive for best practices. In addition, these standards are intended to inform interested parties and address consumer concerns related to overall sheep management and care, and specifically address concerns related to wool production and harvesting.

Summary / Achievements / Results

With input from all aspects of the American wool industry – producers, shearers, academia and wool warehouses – produced the operating standards of the new American Wool Assurance Program. The standards were introduced to the industry in January 2021.

Recommendations for Fiscal Year 2020 – 2021

Continue to develop the American Wool Assurance Program. While the standards have been established, ASI is in the process of developing an educational module that will be the first step for producers looking to be certified in the program. ASI is also developing plans for second-party evaluations and third-party audits that will be required for certification at the second and third levels of the program.

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 2019 – 2020

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. The COVID-19 pandemic presented unique challenges for the staff in 2020 as ASI shifted to a mostly virtual office for several months. As state and local regulations allowed, staff has returned to the office on a staggered schedule to keep personal interaction at a minimum while still carrying out the necessary functions of the association.

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 2020 – 2021

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.

Quality Improvement

Wool Outreach Grants

Producer Communications

Sheep Industry News, September 2020

Sheep Industry News, July 2020

Sheep Industry News, June 2020

Sheep Industry News, March 2020

State Brochure

Convention Registration Form

Convention Brochure

2020 Calendar

Wool Producer Planning

Wool Council Meeting Minutes

Oct. 31, 2019

Jan. 23, 2020

June 24, 2020

Wool Strategies & Program Development

American Wool Assurance Standards