



June 11, 2020

The Honorable Sonny Perdue  
Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, D.C., 20250

**RE: Docket ID: FSA-2020-0004; FR Vol. 85, No. 100, Friday, May 22, 2020, Page 31062**

Dear Secretary Perdue:

The American Sheep Industry Association (ASI) appreciates the opportunity to provide comments on the U.S. Department of Agriculture (USDA) request for information regarding funding availability for additional commodities to be considered eligible for the Coronavirus Food Assistance Program (CFAP) and requests that replacement ewe and slaughter ewes be deemed as eligible commodities under the CFAP to aid sheep producers who have suffered price declines due to COVID-19 and are facing additional significant market costs. The American sheep industry has been significantly impacted from the COVID-19 pandemic and continues to be in a state of heightened uncertainty and concern due the far-reaching impacts of this unprecedented situation.

The American sheep industry appreciates the inclusion of lambs and yearlings (two years and younger) and wool as eligible commodities under CFAP. This has provided a level of much needed relief to a vast number of producers who experienced significant price declines and additional marketing costs due to the impacts of COVID-19 on the lamb and wool markets this year. However, sheep producers have also experienced COVID-19 induced losses of more than five percent for both replacement ewes and slaughter ewes during the mid-January to mid-April 2020 period.

The COVID-19 pandemic severely damaged food service sales and consumer demand for American lamb as food service dine-in sales account for more than 50 percent of the value of American lamb. Processing plants drastically reduced or suspended slaughter operations and the second largest American lamb processing company filed for Chapter 11 bankruptcy. The overall impact resulted in substantial declines in slaughter and feeder lamb prices. These price declines have even greater impacts on the breeding sheep sector due to the loss in the value of the sheep flock. Slaughter ewes sold for less than pre-COVID-19 expectations which is another source of loss to sheep producers. The financial losses incurred by sheep producers and the economic impacts of this pandemic will have long-term implications on the sustainability of the American sheep industry.

### Replacement Ewe Prices

USDA's Agricultural Marketing Service (AMS) reports replacement ewe prices on a weekly and monthly basis. The weekly replacement ewe price data is reported in the state auction market reports with the monthly data derived from these weekly reports. Replacement ewe prices have been

reported by auction markets in both April and May. However, the monthly report has been absent of prices during this time. Therefore, the sheep industry has had to rely on weekly auction market prices to assess the damage of the pandemic on replacement ewe prices.

Since there is not a national weekly replacement ewe price, a three-market average is estimated. This is the approach utilized by the Livestock Marketing Information Center (LMIC) for estimating a national feeder lamb price.<sup>1</sup> The three markets are: Ft. Collins, Colorado, Sioux Falls, South Dakota, and San Angelo Texas.<sup>2</sup> These markets represent the key sheep production regions and are more reliable than other auction reports in that prices are consistently reported each week. The weekly three-market average replacement ewe price for young ewes, age 2 – 4 years, declined 20% from mid-January to mid-April 2020.

### Cull/Slaughter Ewe Prices

USDA-AMS reports slaughter ewe prices in the weekly auction market reports on a grade basis (e.g. Good, Utility, Cull). Slaughter ewes can be referred to as aged ewes which are 5-6 years and older.<sup>3</sup> Slaughter ewes are marketed to a niche consumer market that demands a more mutton-type meat product. This market is not immune to the economic impacts from COVID-19 being experienced by sheep producers and consumers.

Like replacement ewes, there is not a national slaughter ewe price reported by USDA-AMS. Therefore, the LMIC three-market average approach for the same markets (Ft. Collins, Colorado, Sioux Falls, South Dakota, and San Angelo Texas), is applied for slaughter ewes. The most utilized and consistent price series for these three markets is slaughter ewes graded good 2-3. From mid-January to mid-April 2020, the weekly three-market average slaughter ewe price declined 16 percent.

### Damages to Ewe Prices

Week <sup>1</sup>	Replacement Ewes - Young Ewes				Slaughter Ewes (Good 2-3)			
	Ft Collins, CO	Sioux Falls, SD	San Angelo, TX	3-Market Average	Ft Collins, CO	Sioux Falls, SD	San Angelo, TX	3-Market Average
	(\$/hd)	(\$/hd)	(\$/hd)	(\$/hd)	(\$/cwt.)	(\$/cwt.)	(\$/cwt.)	(\$/cwt.)
1/13-17/20	\$175.00	\$172.50	\$135.45	<b>\$160.98</b>	\$96.14	\$85.02	\$80.12	<b>\$87.09</b>
4/6-10/20	\$175.00	\$75.00	\$137.23	<b>\$129.08</b>	\$69.29	\$61.95	\$88.89	<b>\$73.38</b>
% Chg.	0%	<b>-57%</b>	1%	<b>-20%</b>	<b>-28%</b>	<b>-27%</b>	11%	<b>-16%</b>

<sup>1</sup>If a price for the corresponding week was not reported, the most recent price was used.

<sup>1</sup> Livestock Marketing Information Center, [www.lmic.info](http://www.lmic.info)

<sup>2</sup> USDA-AMS Centennial Livestock Sheep and Goat Auction - Fort Collins, CO, Producers Livestock Sheep and Goat Auction - San Angelo, TX, Sioux Falls Regional Livestock Auction - Worthing, SD

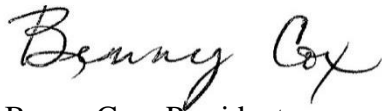
<sup>3</sup> <https://www.ams.usda.gov/market-news/livestock-poultry-and-grain-sheep-terms#S>

## Additional Comments

We take this opportunity to provide additional comments for consideration regarding the CFAP for lambs/yearlings and wool. While recognizing the limitations of the program, the one quarter of production from mid-January to mid-April does not accurately capture the full extent of the COVID-19 price declines and resulting impact on producer losses. The impacts of COVID-19 on the lamb market were prolonged well into May and continue to weigh on the American sheep industry. In late May, prices for slaughter lambs and yearlings had fallen to levels not seen in over a decade. Many producers did not have the opportunity to sell lambs and yearlings until after the mid-April date. As a result, these producers who experienced the worst of the price declines due to COVID-19 are not being fully compensated for their losses. Regarding wool, the production time period does not align well with the shearing season. The sheep shearing season continues well into May and June. For many sheep producers, particularly those located in the inter-mountain west, the mid-April date precludes many sheep producers being able to apply for assistance using their 2020 wool inventory and therefore are not being fully compensated for the losses on their wool clip due to COVID-19.

The American sheep industry is facing significant losses due to the COVID-19 pandemic. The unknowns facing the future of the sheep and wool industry because of the pandemic have negatively impacted the value for replacement ewes and slaughter ewes by more than five percent for the mid-January to mid-April period. Therefore, we request replacement ewe and slaughter ewes be deemed as eligible commodities under the CFAP to aid sheep producers who have suffered price declines due to COVID-19 and are facing additional significant marketing costs.

Sincerely,

A handwritten signature in cursive script that reads "Benny Cox".

Benny Cox, President  
American Sheep Industry Association