



Testimony of

Ben Lehfeltdt

On behalf of the

American Sheep Industry Association

On

**Perspectives From the Field: Farmer and Rancher Views on the
Agricultural Economy, Part 2**

Before the

**Committee on Agriculture
of the United States Senate**

February 13, 2025

Washington, D.C.

Introduction

Chairman Boozman, Ranking Member Klobachar, and members of the committee, thank you for the opportunity to speak with you today. I am honored as the recently elected President of the American Sheep Industry Association (ASI), to represent the national trade association for the United States sheep industry and country's 100,000 lamb and wool producing farms and ranches. I complement your timing of this hearing with the start of a new Administration, the 119th Congress and the small break at the Lefeldt sheep ranch in Lavina, Montana between winter feeding and spring work of our livestock. We look at 2025 as a key point in the direction of our industry given all the federal impacts of regulations, taxes, and trade.

American Lamb and Wool Industries

This month's USDA inventory report revealed an increase in the nation's sheep herd. This is a notable report as sheep producers are dealing with record high input prices and non-existent, depressed or flat markets for their sheep and wool. The lamb market at the wholesale level has been stagnant for the past year and any uptick is quickly dampened by the surge in imported lamb from Australia and New Zealand (portions of the trade have witnessed a one-third jump in volume of 2024 over 2023). Importers are taking full advantage of the US currency exchange that favors imports and hurts our exports. ASI has engaged a legal firm specializing in international trade twice in four years and is discussing a third investigation with our board of directors this winter.

We ask the committees support of our efforts with trade officials of the Trump Administration to gain a measure to counter act the surge in foreign meat. Secondly, we ask for support in the new Farm Bill for directions to USDA to produce a risk management tool for sheep producers. The volatility of the markets and input costs are not met with any sheep-oriented risk management tool at USDA. We share the lamb insurance product ASI developed with USDA in 2007 did not survive company bankruptcies during the pandemic and the absence is sorely missed as demonstrated by a 2024 USDA Risk Management report on the sheep industry.

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

We encourage this committee to support the increase ASI has requested in the wool marketing loan rate in the next farm bill. The current rates were set nearly 25 years ago, and I share for some producers, the loan is their only revenue for wool in today's market. Further, please consider wool in any market facilitation payment due to trade battles as this was not the case in 2018. We encourage support of the USDA FAS programs as ASI is aggressively applying and implementing exploration of new markets and support of current exports to drive sales of American wool. To underscore the importance of securing markets, China has more wool textile processing equipment than the balance of the world combined. Lastly, we encourage the committee to support the Berry Amendment and our military procurement source only American wool in the future. The US military is the single largest customer domestically of American wool and our producers are proud of clothing our American service men and women. Support for the wool growers and the wool processing textile chain in America is paramount to continue this effort.

Labor and Regulations

One-third of America's sheep herd is under the watch of an H-2A shepherd.

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

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

A 2024 decision of USDA to discontinue the use and supply of spring-loaded ejection devices (sled) for coyote control is another regulatory issue that we ask the committee to address.

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

Animal Health

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

Farm Bill

We have shared our priorities for the past two years of deliberations including Mandatory Price reporting, conservation, disaster/drought, crop insurance, disease and risk management and added urgency to several those in today's statement. A final request of the committee we share is funding of the orphan programs of the 2018 Farm Bill. We greatly appreciate the one-year extension in 2023 of these programs, two of which are very important to sheep producers and encourage your support of funding in 2025 via continuing resolution if possible but certainly in the authorization of the next farm bill. These programs were not included in the 2024 extension of the Farm Bill.

Summary

The American Sheep Industry Association pledges our full support to secure these requests and believe 2025 is pivotal to thousands of operations being able to finance the business this year.

A bright spot to share is the growth in the sheep inventory is widely thought to be the use of sheep for agrivoltaics such as vegetation management of solar fields.

Minor Use Minor Species Animal Drug Program

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

Access to Animal Drugs

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