



April 7, 2020

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

Dear Secretary Perdue,

On behalf of the American Sheep Industry Association (ASI), we write to request that the USDA consider damages to our industry as a result of the current COVID-19 pandemic, as originally submitted on March 27th. Specifically, we strongly support our inclusion in whatever vehicle you construct using the CARES Act provided \$14 billion increase in the CCC's spending authority and \$9.5 billion livestock relief fund.

We also request modifying or temporarily waiving USDA's Agricultural Marketing Service (AMS) Livestock Mandatory Price Reporting (LMR) confidentiality guideline for lamb. Slaughter lamb price data cannot be reported under LMR as a direct result of the COVID-19 pandemic on food service sales for American lamb and associated reductions in lamb processing.

Since the onset of the COVID-19 pandemic, auction prices for feeder and slaughter lambs have declined more than 40%. The number of slaughter lambs being processed this time of year has been reduced drastically due to lost food service sales. Food service dine-in sales account for more than 50 percent of the value of American lamb. According to the Livestock Marketing Information Center (LMIC), the loss in consumer demand is expected to result in a near 40% decline in annual slaughter and feeder lamb prices this year compared to 2019. Based on this significant year-to-year loss in slaughter lamb prices, the expected direct losses at the farm level is estimated at \$125 million with an estimated total economic impact to the American sheep and lamb industry in excess of \$350 million.

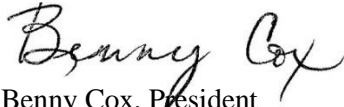
The American lamb industry has become increasingly concentrated at all levels of the production chain. The Chapter 11 bankruptcy filing of the industry's second largest lamb processing company coupled with suspension of operations at some processing plants and reductions in lamb slaughter due to lost consumer demand is preventing USDA-AMS from reporting market price data under LMR. The loss of this data has eliminated price discovery and is no longer providing a tool that is more vital than ever, one used by sheep and lamb producers, feeders, and packer-processors. The absence of information and decrease in market transparency available to sheep and lamb producers may lead to potential market manipulation.

The USDA Livestock Risk Protection Insurance Plan for Lamb Program (LRP-Lamb) is dependent on LMR market price data. Since USDA is unable to report market lamb prices under LMR, the LRP-Lamb program cannot be offered to sheep and lamb producers. The lamb industry does not have any other means to offset production risk during this heightened time of uncertainty. Not having LRP-Lamb further compounds the economic impact and sustainability of the American lamb industry.

The American sheep industry was already in a state of heightened uncertainty and economic pain due to the loss of exports to China, our most important wool and pelt market. Combine that with the COVID-19 losses in the lamb market and not having available market information or a risk management program, and the industry impacts are dire. We appreciate your efforts in these challenging times, particularly as they

result in providing the information and tools needed for America's sheep farmers and ranchers to survive these challenging times.

Sincerely,

A handwritten signature in cursive script that reads "Benny Cox". The signature is written in black ink and is positioned above the printed name and title.

Benny Cox, President
American Sheep Industry Association