On behalf of the sheep producers in Nebraska, I am very appreciative of this opportunity to discuss our nation's agricultural policy with the agriculture leadership of the United States Senate.

I am Dwight Tisdale, past president of the Nebraska Sheep & Goat Producers Association. I have been involved in farming and ranching in Western Nebraska for over 40 years. My operation included a Registered Polypay Sheep flock of over 600 ewes. I am currently involved in a project that raises highly maternal designer replacement ewe lambs for commercial sheep flocks.

I am pleased to provide my thoughts on the priorities in the next Farm bill that will assist the sheep business. I can report to the Committee, as well Mr. Chairman, that these priorities are shared by my fellow producers in our state association and the American Sheep Industry Association.

The sheep industry of the United States is comprised of 68,000 farm and ranch families producing lamb and wool in every state of the country. The industry provides half a billion dollars to the American economy and is a mainstay of many rural communities in which sheep grazing is a key use of grazing and pasture land.

Sheep producers have been aggressive and creative in their approach to national initiatives that strengthen the domestic industry.

In 2005, the sheep industry approved a national referendum to continue our American Lamb Board checkoff program. This lamb promotion program is entirely funded by the industry and I am pleased to say that of those who voted, 80 percent voted in favor of the referendum. We collect over $2 million annually from sheep sales with producers, feeders and lamb companies all paying a share of the checkoff.

The American Wool Council launched a wool production, information and marketing program for American wool in early 2001. Our national initiatives have improved competition for American wool. International marketing programs have exposed U.S. wools to the world and exports have grown rapidly to over 60 percent of our annual production today. Total exports represented less than a third of production prior to our programs. We now sell into eight or more international markets each year. In addition to expanding market opportunities for producers, the Wool Council has developed new fabrics and treatments for textiles with U.S. companies and America's armed services. We are proud to help provide clothing and uniforms for the men and women of our military. Fully one fourth of our wool production is consumed by the U.S. military.

2004 marked the first growth in U.S. sheep inventory since 1990. We grew our industry again in 2005, the first year on year increase in sheep numbers since 1987 - 1988. Industry growth improves competitiveness for all segments of the industry from lamb feeders to lamb meat companies, wool warehouses to wool mills, feed suppliers, trucking firms and shearing companies.

The Wool Loan Deficiency (LDP) program provides the only safety net for producers in our business. I encourage the Committee to re-authorize the wool LDP and at a base loan rate of $1.20 per pound in order to provide the benefit of the program as intended. While nine loan rates are available, essentially all wool LDP applications are in one non-graded rate category. The research and industry testimony provided in 2002 supported a $1.20 per pound base loan rate and authorization of the wool LDP at this rate should provide opportunity for all producers to participate in the program as intended.

Industry research by Food and Agriculture Policy Research Institute (FAPRI) and testimony by the American Sheep Industry Association documented a base loan rate of $1.20 per pound; however, the legislation lowered the base to $1.00 a pound with a cost score of $20 million annually. The total payments for each of the 2002 through 2005 crop years is $7.8 million, $7 million, $7.3 million, and $6.1 million respectively. The significant difference between the annual cost estimate and the actual payment total each year combined with the fact that nearly all participation has been in only one loan category out of nine total categories, supports the request that the program be authorized at the base rate of $1.20 per pound rather than $1.00 in the current legislation.

Additionally, the sheep industry actively participates in the USDA Foreign Market Development, Market Access Program and Quality Samples Program and encourage inclusion of these in the Farm bill.

I urge the Committee to support re-authorization of the National Sheep Industry Improvement Center.

As established in the 1996 Farm Bill in the Rural Development program of USDA, the National Sheep Industry Improvement Center provides loans and grants to business ventures for financing programs which normal commercial credit or funds were not available.

This program does not provide funds for individual producers nor purchase of sheep or land, but rather for projects to strengthen the sheep business including loans to wool warehouses, lamb slaughter and processing ventures, and wool processors. The Center has provided 56 loans to 38 entities in 21 states. The total volume of dollars that have been loaned since 2000 totals approximately $15.5 million. The Center has also made 58 grants equaling $20,754,529.

The United States has no barriers to lamb meat imports and as such has become the market of choice for lamb exporters from around the world. Lamb was never part of the Meat Import Law so other than the brief period of temporary restrictions in late 1999 - 2001, lamb meat has and is freely traded. However, the playing field is not equitable for U.S. sheep producers. The European Union continues to provide over $2 billion annually in government price support and subsidies to their sheep producers. The European Union maintains strict and effective tariff rate quotas on lamb imports. Our industry looks to both the Agriculture Committee's role in industry programs in the next Farm Bill and the Committee's role in pushing for aggressive reform of Europe's agriculture programs and barriers to assist the domestic sheep business.

As evident in the listening sessions on the Farm Bill that Secretary Johanns conducted last year, a number of comments were provided by producers in support of a retained ewe lamb program in the next Farm bill. The growth of the U.S. sheep industry can in part be credited to the USDA retained ewe lamb program that was in effect for 2002 - 2004. The incentive payment to producers to keep ewe lambs in their breeding herd rather than sell them for slaughter encouraged producers to expand breeding herds which, in the longer term, will provide increased market lambs to help U.S. producers maintain and increase their share of the American meat case.

Two key issues of the sheep industry under the authority of the Committee on Agriculture are Mandatory Price Reporting (MPR) for Livestock and Livestock Risk Program for Lamb (LRP). Our industry does not receive wholesale lamb cut prices for nearly half of the trade under the current stop gap voluntary reporting system nor do we have retail prices for lamb cuts. We strongly encourage the Committee to reauthorize Mandatory Price Reporting for our industry.

Our industry submitted a LRP proposal to USDA in December 2005, with strong support from the United States Senate. As the domestic lamb industry does not have any tools for price risk available, we encourage the Department to implement a pilot program for lambs as has been done for cattle and hogs.

The American sheep industry prefers both of these issues be addressed now rather than in the next Farm Bill.

Thank you for the opportunity to provide sheep industry priorities for the next Farm Bill.