Opportunities for Value-added Wool Products

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NI - NO Shepherd's Symposium

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USDA Wool Marketing Loan

- Safety net when prices are low
- Weekly price fluctuations based on international (Australian) prices

- Are you getting the posted Graded Repayment Rate for your wool?
  - Why not?
  - What are you doing about it?

December 23, 2003 USDA Report

Posted USDA Repayment Rates:
- 23.6 – 25.9 Micron $1.99 clean
- 26.0 – 28.9 Micron $1.30 clean
- Over 29.0 Micron $1.05 clean

What are you getting for your wool?

Wool Mulch Project

University of Minnesota, MN
Dept of Ag, AURI and the American Wool Council collaborated on a project exploring adding value to low priced MN wool

USDA Ungraded Loan Rate price of 40 cents was the minimum price for wool

Wool Mulch Project

- U of M Research shows that the wool needle punch material is an effective weed barrier in a number of crops
- Price is too high for commercial application, but what about the home gardener?

Wool Mulch Project – 
(Weeds per square meter)

- Broadleaf
- Goosefoot
- Handlerweed
- Wild mustard
- weeds in general

250
200
150
100
50
0

Week 1 (y1)
Week 2 (y2)
Week 3 (y3)
Week 4 (y4)
Week 5 (y5)
Week 6 (y6)
Wool Mulch Project – Strawberry Yields (Mg per hectare)

Wool Mulch Project

- Manufacture the product with MN wool
  - Small Trial - Appleseed Woolen Corporation
  - 909 Lbs of raw wool from WC-ROC
  - Scouring at Faribault ($0.48 cents grease wt.)
  - Shipping to OH and Back to MN
  - Needle punching cost at Appleseed ($1.00/lb)

Wool Mulch Project

- Small scale project costs:
  - Scouring ($0.48 Faribault) $ 436.32
  - Shipping to Ohio $ 317.00
  - Needle Punching $ 630.00
  - Shipping to Minnesota $ 230.00
  - Cost with out wool $ 1623.32
    - (4125 sq feet of product)
  - 909 lbs of wool ($0.40) $ 1976.92

Wool Mulch Project

- Estimated Commercial Costs
  - (Hobbs Bonded Fiber in Texas)
  - 5,000 lbs scoured wool — minimum run
  - Needle Punching @ $1.50 lb
  - 60,000 Square Feet of Product
  - Shipping Costs ??? $1000 to $2500+???

Wool Mulch Project Commercial

- Estimated Costs
  - 9,000 lbs of raw wool $ 3600
  - Scouring @ 28 cents $ 2520
  - Needle Punching $ 7500
  - Shipping to Texas $ 1000
  - Shipping within Texas $ 500
  - Shipping Back $ 1000
  - $16,120 or ~27 cents per square foot (~ 21 cents without the wool cost)
Wool Mulch Project - Questions

- Can the product be marketed for 30 or 40 cents a square foot to home gardeners?
- Packaging, shipping & marketing costs?
- Only practical for low valued wool, can you find enough low priced wool?
- “Backlash” from current infrastructure?
- Does anyone want to pursue this?

What about other wool products?

- Blankets & Rugs
- Wool Bedding Products
  - pillows, mattress, comforters, quilt batting
- Some other wool based products / uses
  - Archery targets? Erosion control?
- Can you team up with someone else?
  - Ingeo (corn based textile fiber)
  - Special interest groups

Wool Blankets & Rugs

- It’s being done already
  - The Colorado Wool Growers Association is making blankets out of blackface wool
  - Cornell University
- Are there people doing this in your area?

Who is going to make the contacts with organizations and market the blankets or rugs made with your wool?

Wool for the Bedding Industry

- Are there people already doing this in your area, but not using your wool?
- Can you contract your wool to businesses currently using “imported” wool?
- Need wool without a lot of vegetable matter and meat breed sheep with “white” wool works – as long as it is clean!

Thinking Out-Side the Box

- Can you find a mill to make fabric, then have someone else cut & sew a garment?
- Maybe it’s a shirt, coat or sweater for the tobacco or turkey growers? Cotton?
  (Corn Growers with Ingeo and Wool)
- It’s no longer the sheep producer doing this alone when you team up with someone else to make it happen

USDA Wool Loan Program and Marketing Cooperatives

- It is legal to have a cooperative take out a loan on your wool on your behalf
- You sign over consent to the cooperative to make marketing decisions for you
- 9 month loan and the cooperative repays at either the loan rate or repayment rate – which ever is lower — before losing beneficial interest
USDA Wool Loan Program and Marketing Cooperatives

- Wool pools can be certified as marketing cooperatives for the USDA loan program
- Wool can be transported & scoured and you still maintain beneficial interest if it is in a marketing cooperative
- Private individuals or companies can not buy wool to participate in the USDA Wool Marketing Loan Program

USDA Wool Loan Program and Marketing Cooperatives

- 10,000 lbs of wool consigned to pool
- Core test indicates it is 28.5 micron and 55% yield
- Loan is taken out on 5,500 lbs at the USDA loan rate of $1.48 — $8,140 loan
- Filing fee is $45 and interest rate at <3%
- Ungraded loan rate is 40 cents a pound or $4,000 on 10,000 lbs of wool

Further Out of the Box Thinking

- Apply for a National Sheep Industry Improvement Center loan for remaining processing charges
- Better yet — apply for one of the grants!

Local people that can help

- Are there already businesses that can use your wool but have never been approached?
- Department of Agriculture
  - "Made in XX"
  - Value-added programs
- Special interest groups — do you have the connections to make something happen?

Do sheep producers in your state want to participate?

- Require producers to be part of your "group" in order to participate in the pool
- Use low valued wool (belly wool, skirtings, tags) black wool, defect wool and wool from hair sheep crosses for wool mulch
- Market the better wool (fleece wool) to the other applications for higher prices

Future of Wool Marketing

? 

It's up to you