

## Commission Initiates Investigation Of Lamb Imports

DENVER, Colo. — At the urging of the American Sheep Industry Association and members of Congress, the U.S. International Trade Commission has been requested by the office of the U.S. Trade Representative to investigate competitive conditions affecting the U.S. lamb market.

That investigation is under way and is expected to report on U.S. and foreign industry profiles and whether there is government assistance to the industries in Australia and New Zealand. If it is determined that there is assistance, the investigation will look into whether it constitutes a subsidy under U.S. countervailing duty law. In addition, the investigation will examine U.S. and foreign markets, U.S. imports and

exports, U.S. market penetration, price comparisons of domestic and imported lamb, and any other information relating to competitive factors that affect the U.S. lamb industry.

The report will focus on the period 1991-1994 and will be submitted to the USTR at the earliest possible date, but no later than Aug. 14, 1995.

In 1994, industry members have been heard discussing the "flood of foreign lamb" as they watched imports rise to near 1993 levels. In 1993 the market saw imported lamb at the highest levels since 1979, and at the second-highest levels in 20 years. This rise represented an annual increase of 46 percent, to bring the market share held by imports to about 11

percent of the total U.S. lamb supply.

A strong concern raised by these facts is that, despite the industry's intense promotion of domestic product to U.S. consumers, import levels continue to rise. So far in 1994, information compiled by ASI and federal agencies shows imports are near levels during the same period in 1993.

The primary cause for the increasing market share of imports can be summed-up in two words — cheap prices.

Spot checks this fall at the wholesale level of U.S. boxed cut prices compared with current import price quotes shows import pricing to be as low as half of domestic prices in some cases. For exam-

ple, U.S. loins averaged \$5.50 per pound compared to \$2.20 per pound for imported loins. U.S. French racks averaged \$8.30 a pound compared to \$5.50 for imported French racks. These unfair prices are further supplemented by advertising programs.

"Since July of this year, due mostly to a temporary short supply, the average price for American lamb reached historical high levels," said Cindy Siddoway, ASI's Legislative Council chair. "The increase in supply of foreign lamb, coupled with aggressive pricing, is cause for alarm and great concern."

The concern is twofold. When foreign lamb prices at the retail level are consistently \$1 to 50 cents a pound lower than the

domestic product, it makes it difficult for domestic producers to maintain their market share. In addition, it forces U.S. growers to lower their prices to below break-even levels for American growers, even though the U.S. product is clearly of superior quality.

"It's obvious that the pricing practices are a huge concern to domestic growers," said Siddoway. "The ITC study to be completed in 1995 will help set the stage for actions to address the lamb import problem either through legislation or action by the administration."

The U.S. International Trade Commission has scheduled a formal public hearing in connection with the investigation for Feb. 23, 1995 in Washington, D.C.

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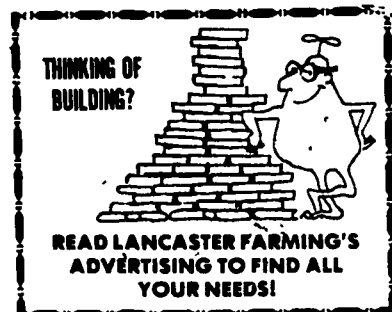
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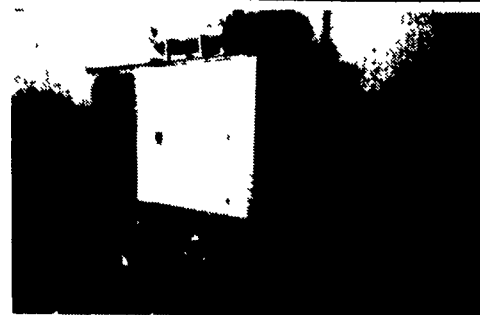
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