Sheep Industry Deplores Imports, Files Petition

DENVER - Worried about the devastating impact of lamb meat imports flooding the U.S. marketplace, the American Sheep Industry Association, sheep producers, feeders, processors and packers filed a petition for import relief with the U.S. International Trade Commission on Wednesday, Sept. 30.

The petition triggers a six-month investigation by the ITC, to be followed by a Presidential decision as to the form and duration of the relief. The investigation, with information gathered from importers and all segments of the U.S. sheep industry, will begin immediately. A hearing on the "Section 201" trade action is expected in January 1999.

"We are confident the results of the investigation will show imports have caused serious harm to the American lamb industry," said Lorin Moench Jr., President of the American Sheep Industry Association. "All parts of the chain - from gate to plate - need to focus on seeking relief or risk losing their businesses."

In the last five years, imported lamb has skyrocketed from 15 percent of the American market to nearly one-third of all lamb consumed in the United States during the first half of 1998. More than 95 percent of the imports come from Australia and New Zealand. Imports increased by nearly 50 percent during 1993-97 and continued to rise by another 12 percent between January-June 1997 and January-June 1998. Prices paid to American producers plummeted during the 1998 Easter/Passover season, the market's traditional peak, reaching a 4-year low of 60 cents per pound for slaughter lambs.

Industry leaders blame the import surge on the Asian financial crisis and the openness of the U.S. market. That, coupled with the European Union's quota on lamb imports has turned the U.S. market into "a relief valve for excess lamb from major lamb-producing countries," said Moench.

Support for the petition has come from all segments of the U.S. sheep industry. Nine companies or associations have signed on as co-petitioners and hundreds of people or groups have contributed financial backing to the effort.

"The imports are having such an impact that you have to speak up, voice your disapproval and put your name on the dotted line. We're losing too many of our producers," said Bill Brennan, plant manager for Iowa Lamb Corporation, one of the co-petitioners. Based in Hawarden, Iowa, Iowa Lamb Corporation is the largest packing house in the nation dedicated solely to lamb meat.

The petition asks the Commission to recommend to the White House a four-year period of relief in the form of an increased tariff on imported lamb coupled with a quota, above which an additional tariff would be levied. This would allow imports to continue, but at prices that will not drive U.S. producers out of business, said Peter Orwick, Executive Director of the American Sheep Industry Association.

On Wednesday, Sept. 30, 1998, the American Sheep Industry Association and industry supporters filed a Section 201 trade action petition with the U.S. International Trade Commission in order to stem the flood of imported lamb meat into the American marketplace that has endangered thesurvival of U.S. sheep producers, feeders, processors and packers.

What is a Section 201 trade action and how does it work?

The U.S. Trade Act of 1974 allows temporary action to be taken to protect American industry. A Section 201 petition asks the U.S. International Trade Commission to investigate whether a U.S. industry is seriously injured because of increased imports. The process involves a six-month investigation by the Commission, then a hearing (expected in January) and a recommendation to the White House. Upon a recommendation for import relief, the White House has 60 days to approve, modify or deny it.

Why did ASI file the petition?

A financial crisis is facing the lamb industry and the petition was filed at the request of industry leaders and with the unanimous support of ASI's 11-member elected Executive Board. During the 1998 Easter/Passover season, U.S. slaughter lamb prices were at a 4-year low, 60 cents per pound. Between 1993 and 1998, imports rocketed from 15 percent to 30 percent of all lamb consumption in the U.S. American industry leaders believe lamb producers and packers will go out of business if something isn't done to stem the rising tide of imported lamb flooding the U.S. marketplace. Approval of the petition should buy the U.S. lamb industry time to complete a number of national efforts to make it more competitive.

Who supports the petition?

The 11-member Executive Board for the American Sheep Industry Association, a confederation of 50 state organizations representing 75,000 producers, voted unanimously to pursue the trade action on July 18. Co-petitioners are. the Harper Livestock Company, based in Eaton, Colo., and one of the largest commercial feeders in the country; Winters Ranch Partnership, a lamb grower and feeder with a ranch in Del Rio, Texas, and a feedlot in Windsor, Co.; Godby Sheep Company, a commercial feeder in Eaton, Co., Talbott Sheep Company, a lamb grower, feeder and broker based in Los Banos, Calif.; Iowa Lamb Corporation, based in Hawarden, Iowa, and the largest packing house in the nation dedicated solely to the slaughter of lamb meat; Chicago Lamb & Veal Company, a processor of lamb and veal based in Chicago; Rancher's Lamb, a major lamb packer based in San Angelo,Texas; and the National Lamb Feeders Association.

What can the International Trade Commission do?

After the investigation and hearing, the Commission can deny the petition or recommend that the White House impose an import quota, increase the existing minimal tariff (less than a half-penny per pound), or impose a combination of quotas and tariffs. Such relief typically lasts 4 years. The petition asks the Commission to increase the tariff and use a tariff-rate quota on all imports of lamb meat for 4 years. It also asks the Commission to urge the President to talk to the Australian and New Zealand governments to address the underlying causes of the import surge.

What's the goal of the petition?

To implement a trade remedy this winter that would allow lamb imports into the U.S but prevent them from flooding the market. Not only would the large surges in imports that we have experienced be prevented, but an increased tariff would bring prices that will not drive U.S. producers out of business.

Why did imports grow so rapidly?

The American lamb market grew more attractive to foreign producers because of the financial crisis in Asia, currency devaluation in Australia and New Zealand, and the lack of safeguards for the U.S. market. Also, Europe's

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