Summary of the Protect American Lamb Petition

Sheep industry is economic cornerstone for rural communities in the West.

Sheep help reduce undesirable weeds and serve to both minimize and suppress forest and range fires.

Decline of U.S. Sheep Industry

U.S. sheep inventory at 5 million head is the lowest in history.

In just four decades the sheep inventory declined nearly 62% and the number of full-time sheep producers declined 60 percent. There are only 6,843 sheep operations with a flock size of 100 head or more left in the U.S.

Explosion of Imports

Most imports originate in Australia while New Zealand is second largest import source.

In less than 30 years, imports increased by 543% in quantity and 2,363% in dollar value.

Injuries Caused by Excessive Imports

In less than 30 years, domestic production of lamb and mutton declined 60% and imports have now captured 74% of the U.S. lamb and mutton market.

During the past decade the consumption of lamb has increased significantly, but all the increase has been captured by imports and domestic production continually declines.

Causes of Excessive Imports

In a 2013 report, the U.S. Department of Agriculture (USDA) stated that low-cost imports were likely the most important factor in the ongoing decline of the U.S. Sheep Industry.

Australian Imports are duty free under the 2005 U.S. Australia Free Trade Agreement.

New Zealand imports are subject to a negligible tariff ranging from .7 cents to 2.8 cents per kilogram. The effective tariff has been only 0.4 cents per pound.

In 2014 the USDA stated Australian lamb carcasses were $55 cheaper than domestic carcasses.

USDA data shows that Australian racks of lamb are over $1,200 per cwt cheaper than domestic racks of lamb.

In the global marketplace, Australian lamb prices have remained considerably cheaper than U.S. lamb prices since 2010.

Australian sheep producers are not required to meet U.S. production standards. For example, compound 1080 is widely used for predator control in Australia but it has been all but banned in the United States beginning with restrictions implemented in the 70s.

The global market is distorted by industry concentration, which research has found was a highly concentrated market for half the 2003-2013 decade. JBS, considered the world's largest meatpacker, owns Australia's largest meat and food processing company.

The domestic sheep market is distorted by currency misalignment which conveys a distinct advantage to Australia due to Australia's weaker dollar. Recently, the Australian dollar was valued at only $0.703 of a U.S. dollar, which significantly lowers the price of imported Australian lamb.

Relief Requested

The petition first requests the U.S. Trade Ambassador to request the U.S. International Trade Commission to conduct a Global Safeguard Investigation (Sect. 201 investigation) on the grounds that the sheer volume of imports from Australia and New Zealand are causing serious injury to the U.S. sheep industry.

Second, the petition requests that Congress establish a phased-in tariff rate quota system over ten years. The group states that during the ten-year phase-in period, the TRQ would be used to encourage the growth in production of the U.S. sheep industry to achieve a 50% market share in the United States by year 10. Achieving a 50% market share for the domestic industry would restore the share realized in the mid-2000s.

Heightened Urgency for Relief

Inflation, which hit a 40-year high in 2022, continues hitting the sheep industry hard by greatly increasing input costs such as fuel and feed, thus creating an untenable economic cost/price squeeze for sheep producers. The USDA is predicting a negative average net cash income for sheep producers in 2023.

The Administration and Congress must act swiftly to preserve those who remain in the United States sheep and lamb industry.