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## **R-CALF USA**

# **Submission for America First Trade Policy Memorandum**

March 17, 2025

The Honorable Howard Lutnick  
Secretary of Commerce  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Washington, DC 20230

TRANSMITTED ELECTRONICALLY

**Re: Submission for America First Trade Policy Memorandum – Request for Import Relief due to the effects on the national security of the United States of imports of lamb and mutton.**

Dear Secretary Lutnick:

The Ranchers–Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA), the largest national non-profit trade association exclusively representing United States cattle and sheep producers, writes to you regarding Section 4(a) of President Trump’s America First Trade Policy memorandum. Section 4(a) of the memorandum directed the Secretary of Commerce to “conduct a full economic and security review of the United States’ industrial and manufacturing base to assess whether it is necessary to initiate investigations to adjust imports that threaten the national security of the United States” under Section 232 of the Trade Expansion Act of 1962, 19 U.S.C. § 1862 (hereinafter, “Section 232”).

For this Section 232 investigation, R-CALF USA encourages examination of the effects on the national security of the United States of imports of lamb and mutton that have historically been predominantly produced from sheep raised by United States sheep producers.

## **I. Executive Summary**

On January 20, 2025, President Trump issued his America First Trade Policy memorandum. Section 4(a) of the memorandum directed the Secretary of Commerce to “conduct a full economic and security review of the United States’ industrial and manufacturing base to assess whether it is necessary to initiate investigations to adjust imports that threaten the national security of the United States” under Section 232 of the Trade Expansion Act of 1962, 19 U.S.C. § 1862 (hereinafter, “Section 232”).

The U.S. sheep industry should be a priority in this review, as it has been decimated by decades of misguided U.S. trade policy. Sheep are a dual-purpose livestock species, producing both protein-rich meat and one of nature’s most versatile textiles – wool. Both sheep products have proven invaluable to the nation’s security and economic wellbeing for well over a century.

Sheep production, predominantly carried out by independent, family-scale farmers and ranchers throughout the United States, was instrumental in the development and maintenance of rural communities, particularly in the West. Providing jobs, supporting service industries, and marketing infrastructures, the sheep industry provided the economic vigor and resiliency that facilitated the growth and expansion of America’s rural society.

Their adaptation to arid and semi-arid regions makes sheep particularly important to the western landscape as they help control noxious weeds and suppress range and forest fires.

But the sheep industry’s contributions to the economy, environment, infrastructure, national security, and to America’s overall society and culture are now in imminent danger of being vanquished by excessive imports.

In just the past few decades, imported lamb and mutton has displaced more than 60 percent of the nation’s full-time sheep farmers and ranchers, and more than 60 percent of the sheep inventories they once shepherded. The number of sheep operations and sheep are now at historical lows and while domestic lamb and mutton consumption has been increasing substantially for over a decade, domestic production is in a continual state of decline. During each of the past five years on average, imports have captured 70 percent of the domestic lamb and mutton market from domestic producers.

The U.S. sheep industry stands at the point-of-no-return’s threshold. As revealed by the most recent agriculture censuses, sheep producers have been exiting the industry at the rate of over 2,500 farming and ranching operations per year from 2017-2022, and these losses include hundreds of full-time, commercial sheep operations. Hundreds, if not thousands more sheep operations are certain to soon exit the industry, causing further dismantlement of the industry’s already precarious marketing channels.

By providing import relief for the products covered in this letter, the United States will reverse the alarming contraction of the U.S. sheep industry and will again enjoy a healthy,

robust, and competitive food-producing industry, which in turn will promote not only U.S. national security, but also economic vigor throughout rural America.

Without relief, however, imports of lamb and mutton will certainly continue to rise, driving domestic production even lower, resulting in the further dismantlement of the industry's critical marketing infrastructure and loss of its participants, inventory and related service sectors. This, of course, will weaken our internal economy and national security.

## **II. The United States Sheep Industry**

### **A. Industry Description and Scope**

The U.S. sheep industry produces two distinct products derived from sheep: edible protein in the form of lamb and mutton, and wool for clothing. The sheep industry's domestic supply chain consists of three distinct segments: 1) breeding/rearing; 2) feeding; and 3) processing and manufacturing. The breeding/rearing segment involves tens of thousands of family-scale farming and ranching operations widely dispersed across every state of the Union, with the highest density of such farming and ranching operations located in the 17 western states. Lambs birthed from sheep are then aggregated into the feeding segment to be fed to market weight and this segment likewise consists predominantly of family-scale lamb feeding operations, also predominantly located in the 17 western states. The processing and manufacturing segment is dominated by four meatpackers that slaughter 42% of sheep and lambs.<sup>1</sup> The U.S. Department of Agriculture describes this multi-segmented domestic supply chain as the mainstream market that supplies most of the domestic sheep and lamb to supermarkets and food service outlets.<sup>2</sup>

### **B. Industry Importance to America's Economy, Environment, and Infrastructure**

The U.S. sheep industry is vitally important to America's economy and its economic contributions are quantifiable. A recent analysis conducted by the American Sheep Industry Association of the economic contributions made by the U.S. sheep industry reveals the total contributions of the breeding/rearing and feeding sectors of the domestic sheep industry (including direct, indirect, and induced effect), are estimated at \$1.4 billion, while total contributions of the processing and manufacturing sector are estimated at \$3.7 billion.<sup>3</sup> Though these sectoral estimates are not additive due to inter-industry linkages, they each include estimates of industry related jobs (8,492 and 14,153 jobs, respectively), output, labor income

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<sup>1</sup> Packers and Stockyards Division: Annual Report 2021 & 2022, USDA-AMS, March 2024, at 13, available at [Packers and Stockyards 2021-2022 Report to Congress](#).

<sup>2</sup> *Id.*, at 21.

<sup>3</sup> U.S. Sheep Industry Economic Contribution Analysis, prepared for the American Sheep Industry Association, Deborah Marsh, Knob Economics, LLC, November 2023, available at [U.S. Sheep Industry](#).

(\$494.0 and \$854.3 million in labor income, respectively), value added, and local, state, and federal taxes.<sup>4</sup>

Though more difficult to quantify but no less important to the nation's rural infrastructure are the U.S. sheep industry's societal and environmental contributions that provide overall stability of rural economies, particularly in the West. Much of the West was settled and developed by sheep, which are uniquely adapted to thrive in arid and semi-arid climates unsuitable for most other agricultural pursuits. Many western communities were either established by or supported by the sheep industry. The economic contributions discussed above identify an economic ripple effect resulting from the many support industries linked to the profitable production of sheep, such as feed, veterinary services, equipment, and transportation, all of which continue to support Main Street businesses, churches, schools, hospitals, civic organizations, and an irreplaceable western rural culture. When these rural communities thrive, the local economy strengthens, reducing the need for government aid and improving overall societal well-being.

For nearly two centuries, sheep grazing in the West represented a sustainable and regenerative economic and cultural endeavor that not only provided the economic underpinnings for rural western communities; but also, helped control invasive weeds and suppress catastrophic environmental harm by reducing undergrowth and other vegetative fuel that increases the severity of wildfires. It is unsurprising that the upward trending scope of U.S. wildfire damage since the early 1980s correlates strongly with the drastic, downward trending reduction in domestic sheep and lamb inventories since that time.<sup>5</sup>

### **C. Industry Importance to National Security**

That the number of sheep in the U.S. inventory increased dramatically in the wake of the Civil War<sup>6</sup> and reached a record high of 56 million during the middle of World War II (1942)<sup>7</sup> is a testament to the sheep industry's dual-purpose importance to the defensive readiness of the United States. The United States' need for wool for such military applications as uniforms and blankets prompted the initial sheep inventory expansion during the Civil War,<sup>8</sup> and the heightened need for protein to feed U.S. troops during World War II prompted the record sheep expansion that occurred in 1942.<sup>9</sup>

For well over a century wool has been vital to the U.S. military and the U.S. military is presently the largest purchaser of U.S. wool, due in part to the Berry Amendment that recognized the importance of ensuring that U.S. soldiers be dressed in wool sourced exclusively

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<sup>4</sup> *Id.*

<sup>5</sup> For historical wildfire trends see [Wildfires and Acres | National Interagency Fire Center](#).

<sup>6</sup> See A Brief History of the Sheep Industry in the United States, at 129.

<sup>7</sup> Changes in the Sheep Industry in the United States: Making the Transition from Tradition (2008), at 1, available at [Download: Changes in the Sheep Industry in the United States: Making the Transition from Tradition | The National Academies Press](#).

<sup>8</sup> See *supra*, note 5, at 129.

<sup>9</sup> See *supra*, note 6, at 17.

from the domestic sheep industry.<sup>10</sup> Four decades ago, the United States was nearly self-sufficient in the production of sheep's primary purpose – the production of protein-rich lamb and mutton. In 1985, over 92 percent of the lamb and mutton consumed in the United States was produced domestically.<sup>11</sup> Thus, in the mid-1980s the domestic sheep industry was instrumental in ensuring the United States' readiness in times of crisis and it contributed to the nation's food security by reducing dependence on imports from foreign nations, particularly from regions that could prove unstable in times of geopolitical unrest.

In sum, the dual-purpose sheep industry is critical to the nation's security and resilience, especially in case of natural disasters, trade disruptions, international disease outbreaks, or international conflicts that might affect food and textile supply chains.

#### **D. Competitive Landscape**

In the early to mid-1980s the United States had a robustly competitive domestic sheep industry, replete with a supporting competitive market infrastructure, with about 120,000 total sheep operations including over 17,000 operations with a flock size of at least 100 head), and a sheep and lamb inventory of nearly 13 million head.<sup>12</sup> During this time, the United States sheep industry held roughly a 90 percent share of the domestic market with a production level of about 359 million pounds (carcass weight) and imported lamb and mutton, primarily from Australia and New Zealand, held roughly a 10 percent share.<sup>13</sup>

Beginning in the 1990s, the domestic sheep industry was impacted by the GATT Uruguay Round's emphasis on expanding world agricultural trade and the formation of and U.S. entry into the World Trade Organization. These events resulted in the U.S. making significant domestic food safety concessions for the purpose of attracting more imports into the U.S. market and included discontinuation of monthly meat packing inspections of foreign meat packing plants<sup>14</sup> and repeal of the requirement that foreign countries have food safety systems that are "at least equal" to the food safety systems in the United States.<sup>15</sup> Consequently, the

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<sup>10</sup> Wool in the Military, Mitch Driggers, American Wool Council Military Consultant, American Sheep Industry Association, available at [American Sheep Industry | Wool in the Military](#).

<sup>11</sup> See Lamb and mutton: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), USDA-ERS, available at [Livestock and Meat Domestic Data | Economic Research Service](#).

<sup>12</sup> See All Sheep and Lambs: Number, Value Per Head, and Total Value by States, Sheep and Goats, USDA-NASS, Jan. 26, 1982, available at [SheeGoat-01-26-1982.pdf \(cornell.edu\)](#); see also Table 36. Sheep and Lambs-Inventory and Sales by Size of Flock: 1982, 1982 Census of Agriculture, available at [1982-United States-CHAPTER 1\\_State Data-121-Table-36.pdf \(cornell.edu\)](#).

<sup>13</sup> See Lamb and mutton: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), USDA-ERS, available at [Livestock and Meat Domestic Data | Economic Research Service](#).

<sup>14</sup> See 71 Fed. Reg. at 51,195 (August 3, 2006), ("FSIS is deleting the requirement that supervisory visits take place "not less frequent[ly] than one such visit per month." Instead, FSIS will require foreign inspection systems to make "periodic supervisory visits" to certified establishments to ensure that establishments meet FSIS requirements for certification to export meat and poultry to the United States.").

<sup>15</sup> See 60 Fed. Reg. at 38,668 ("The United States can no longer require foreign countries wishing to export meat and poultry products to have meat and poultry inspections that are 'at least equal' to those of

quantity of imports entering the United States began to rapidly increase and domestic production of lamb and mutton began to rapidly decline, even in the face of increasing domestic consumption.<sup>16</sup>

By the mid-2000s, the U.S. sheep industry became the first U.S. livestock sector to lose over half its domestic market share to imports, with U.S. consumers then relying more on imported lamb and mutton than the shrinking U.S. sheep industry could produce.<sup>17</sup> In 2012, U.S. lamb consumption began to rapidly increase, but in the wake of this increased U.S. demand for lamb and mutton, domestic production inexplicably continued its decline and imports skyrocketed.<sup>18</sup> By 2021, imported lamb and mutton had captured about 72 percent of the domestic market, and the domestic sheep industry was relegated to only a 28 percent share.<sup>19</sup>

As a result of the onslaught of uncontrolled imports, the U.S. sheep inventory has fallen to a historic low of about 5 million head, representing a 61 percent decline in sheep numbers, and the number of full-time, commercial U.S. sheep producers – those with a flock size of at least 100 head - likewise fell to a historic low of 6,376 producers, representing a decline of about 63 percent.<sup>20</sup> And domestic commercial lamb and mutton production declined to only 130 million pounds (carcass weight).<sup>21</sup>

The competitive marketing infrastructure for the domestic sheep industry has likewise been decimated and there are only a handful of domestic sheep and lamb packers remaining, with four of the largest packers controlling about 42 percent of the market.<sup>22</sup>

Anecdotal information indicates that the few sheep and lamb packing plants still operating in the U.S. are operating between one-third and one-half capacity, due to U.S. sheep and lambs' displacement by lower-cost imports of lamb meat and mutton – there simply isn't a sufficient demand for domestic lamb slaughter due to the increasing availability of lower-cost sheep meat imports.

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the United States; instead, foreign inspection systems must be [only] 'equivalent to' domestic inspection systems."

<sup>16</sup> See Lamb and mutton: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), USDA-ERS, available at [Livestock and Meat Domestic Data | Economic Research Service](#).

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> See Table 27. Sheep and Lambs Flock Size by Inventory, Sales, and Wool Production: 2022, 2022 Census of Agriculture, available at [st99\\_1\\_024\\_027.pdf](#).

<sup>21</sup> See Lamb and mutton: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), USDA-ERS, available at [Livestock and Meat Domestic Data | Economic Research Service](#).

<sup>22</sup> Packers and Stockyards Division: Annual Report 2021 & 2022, USDA-AMS, March 2024, at 13, available at [Packers and Stockyards 2021-2022 Report to Congress](#).

## **E. National Security and the Critical Infrastructure of the United States Depend on the Rebuilding of a Robust and Healthy Domestic Sheep Industry**

Presidential Policy Directive 21 (PPD-21) identifies sixteen critical infrastructure sectors whose disruption would have a debilitating impact on national security, economic stability, public health, or safety. A robust and resilient dual-purpose U.S. sheep industry underpins at least two of these sectors: Food and Agriculture and Critical Manufacturing.

As discussed above, the U.S. sheep industry, producing both high-quality protein for the public and military's consumption, and high-quality wool for both public and military applications, is in a serious state of decline and the industry's historic and substantial contributions to national security, food security, economic stability, environment, public health, and marketing infrastructure, are all at risk. The U.S. must preserve and strengthen the severely contracted sheep industry to achieve the national goal of maintaining and strengthening the nation's critical infrastructure.

In the event of a geopolitical conflict, natural disaster, supply chain disruptions, or other emergency, reliance on foreign suppliers for such a critical staple as lamb protein and such a critical resource as wool exposes the U.S. to significant risk. To avoid this risk the domestic sheep industry must receive substantial relief from excessive imports.

## **III. Product Scope & Recommended Relief**

R-CALF USA recommends relief in three forms: 1) establishment of a tariff rate quota (TRQ) system; 2) revisions to certain tariff rates organized under HTSUS Chapters 1 and 2; and, 3) elimination of the preferential tariff rate (Free) in Column 1-Special.

### **A. Establishment of a Tariff Rate Quota System for Sheep Meat**

R-CALF USA recommends a phased-in tariff rate quota (TRQ) system for all imports categorized under HTSUS Chapter 2, Subheadings 0204.10.00 through 0204.50.00. The recommended TRQ schedule below is designed to incentivize the domestic sheep industry to recapture at least a 50 percent market share of the U.S. lamb and mutton market between years 1-10. Thereafter, a review of the effect of the TRQ system should be undertaken to determine the appropriate TRQ levels after year 10 to further incentivize the domestic industry to recapture approximately a 90 percent domestic market share, thereby enabling the U.S. to achieve near self-sufficiency in the production of lamb and mutton.

**Recommended Tariff Rate Quota Levels and Associated Tariffs<sup>23</sup>**

<b>Year Following Enactment</b>	<b>Tariff Rate Quota (Carcass Weight) Applicable to All Countries<sup>24</sup></b>	<b>In-Quota Rate of Duty</b>	<b>Over-Quota Rate of Duty</b>
2019-2023 Avg.	316 Mil. Lbs.		
Year 1	295 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 2	275 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 3	257 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 4	240 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 5	224 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 6	209 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 7	195 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 8	182 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 9	170 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.
Year 10	159 Mil. Lbs.	\$1.25 per lb.	\$5.00 per lb.

**B. Revisions to Certain Tariff Rates**

As reflected in the proposed TRQ system above, R-CALF USA seeks a revision to all in-quota rates of duty for all imports categorized under HTSUS Chapter 2, Subheadings 0204.10.00 through 0204.50.00 to \$1.25 per pound.<sup>25</sup> This revision is necessary to ensure that all segments of the domestic sheep industry remain incentivized to continue investing and expanding in the domestic market while concurrently competing with lamb and mutton imports within the proposed TRQ phase-in levels.

<sup>23</sup> The proposed tariff rate quota levels are based on USDA ERS reported import volumes in pounds (carcass weight). See Lamb and mutton: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), available at [MeatSDRecent.xlsx](#).

<sup>24</sup> Methodology for Establishing Annual TRQs: The USDA’s February 2025 report “Agricultural Projections to 2034” forecasts that domestic per capita lamb and mutton consumption will remain at about 1.248 pounds from 2025 to 2034 (Table 18, at p. 58), and that the U.S. population will grow by 0.6 percent on average each year until reaching 358.3 million in 2034 (Table 2, p. 24). Thus, domestic lamb/mutton consumption is expected to be approximately 447 million pounds by 2034, which is about 10 million pounds less than the previous 5-year average actual consumption of about 457 million pounds (2019-2023). Assuming U.S. consumption at 447 million pounds during the 10-year phase-in, the proposed schedule will gradually incentives increased domestic production and gradually reduce imports. In year 5, the proposed schedule envisions the domestic industry recapturing ~50 percent of the domestic market and by year 10, the proposed schedule envisions domestic production recapturing nearly 65 percent of the domestic market. The TRQ level in year 10 is roughly equivalent to the total import penetration in 2012, the year imports began their explosive growth in the domestic market. Thus, the proposed schedule incentivizes a gradual expansion of domestic production without creating shortages for U.S. consumers.

<sup>25</sup> \$1.25 per pound is the inflation adjusted amount from seven cents in 1930.



R-CALF USA is not seeking a hard cap on imports that exceed the annual recommended TRQ levels depicted in the schedule above. Instead, R-CALF USA seeks a \$5.00 per pound over-quota rate of duty to discourage but not curtail additional imports above the recommended TRQ levels.

R-CALF USA also seeks a revision to the rate of duty for Live Sheep and Goats, set forth in subheadings 0104.10 for sheep and 0104.20 for goats, in both column 1 and column 2 of the HTSUS to fifty-three dollars per head (\$53.00).<sup>26</sup>

### **C. Elimination of the List of Countries Subject to Special Rates of Duty**

R-CALF USA recommends that the TRQ schedule proposed above be applicable to all countries eligible to import products under HTSUS Chapter 1, Subheadings 0104.10 and 0104.20, and Chapter 2, Subheadings 0204.10.00 through 0204.50.00, which would eliminate the list of countries currently subject to special rates of duty.

R-CALF USA makes no recommendation on whether in-quota availability should be prioritized to certain countries, or not.

## **IV. Conclusion**

The health, safety, and security of the United States depend on a strong, self-reliant sheep industry. Without immediate action, hundreds, if not thousands more domestic sheep producers will most certainly exit this vital sector in the near term, leaving the nation increasingly exposed to external threats and both diminished economic strength and environmental quality. We urge the Department of Commerce to act decisively by implementing the requested import relief measures under Section 232.

Thank you for your attention to this urgent matter. We stand ready to provide any additional information or assistance necessary to support this petition.

Sincerely,



Bill Bullard, CEO

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<sup>26</sup> \$53.00 per head is the inflation adjusted amount from the \$3 per head in Column 2 in 1930.