American Sheep Industry (ASI) Report

ASI pursued an investigation into lamb imports from Australian and New Zealand. Imported lamb accounts for 70% of US lamb purchases. Two top law firms were hired and charged with finding out was their trade violations regarding farm subsidies paid to their farmers producing lamb or was imported lamb being "dumped" sold in the US below the cost of production. The results of the investigation found 1) there are no farm subsidies paid to their sheep farms and 2) the case for dumping is weak. You have to prove injury to US producers. A 1-2% imbalance was found which was not enough to make a difference even if you won the case and got a 1-2% tariff imposed.

This is the third trade investigation ASI has pursued in the last six years. Bottom line is we have no real standing to make an unfair trade claim. The US Trade laws and enforcement efforts also consider the effects on consumers and well as producers and packers. Global trade has many pros and cons depending on your perspective.

ASI held a zoom meeting for board members and state executives, the ins and outs were explained in detail. Besides the key conclusions mentioned above, there were some other take aways:

The fact that 70% of lamb sold in the US is imported is frustrating. There are other commodities in a similar situation, garlic and honey are heavily imported, wool is a global commodity with China being the biggest player. Fifty percent of the watermelons sold in the US are imported from Mexico and Central America. There are probably other examples as well.

ASI could not have investigated the trade imbalance issue with out the help of the ASI Guard Dog Fund. This is a voluntary fund specifically to be able to respond to industry impact events quickly. The trade investigation cost $55,000. The funds to investigate came from the Guard Dog fund and additional individual donations. ASI dues are not used or available for these kinds of things. To help our industry respond to threats, please donate to the Guard Dog fund annually if you can.

Attached is the executive summary of the ASI imported lamb investigation.

ASI Lamb Council Report

The Lamb Council held several conference calls and discussed the trade law case mentioned above and the proposal to tweak the definition of "lamb" in the US to include lambs that currently fail the dentition (all baby teeth) visual test and the break joint test even though these animals are less that 12 months of age. Another discussion was the suggestion that yearly lamb can be a very good and saleable product but currently sold at a discount as mutton.

There is not consensus on this issue as it depends on your perspective and position in the industry: producer, packer, marketer, importer. The issue was dropped by the Lamb Council last

year at the ASI convention. It has since been revised by the Lamb Council as some members insist this is a serious economic lost to their business. To be continued.

Submitted by Jim Mansfield
KY ASI Representative

American Sheep Industry Association
Executive Board
September 26, 2023
Virtual

SUMMARY OF ACTIONS

The ASI Executive Board, unanimously agreed to inform the ASI Board of Directors that the pre-liminary investigation of violation of U.S. trade law by lamb importers has been completed by the law firm of Kelley Drye & Warren LLP. The investigation does not document subsidies or product dumping to support filing trade petitions by the association.

The Executive Board unanimously agreed to schedule an information session virtually in October, for the Board and State Association Executives to relay the discussion and findings of the law firm as provided to the Executive Board.

The Executive Board unanimously approved the budget for fiscal year 2024 of the Sheep Loan Fund.

The Executive Board unanimously approved nominations provided by the National Livestock Producers Association to serve as directors of the board of the Sheep Loan Fund for fiscal year 2024.

Directors interested in the import memorandum can contact Peter Orwick at porwick@sheepusa.org