U.S. IMPORTS OF LAMB MEAT: INTERIM MONITORING REPORT

Report on Investigation No. 332-264
Under Section 332(g) of the
Tariff Act of 1930 as Amended

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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PREFACE

The Commission instituted the present investigation on October 20, 1988, pursuant to Section 1937 of the Omnibus Trade and Competitiveness Act of 1988. The investigation is being conducted under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) for the purpose of monitoring and investigating U.S. imports of fresh, chilled, or frozen lamb meat.[1] In this, the first of two scheduled reports during this investigation, the Commission:

(a) describes U.S. regulatory treatment, including providing a background of U.S. countervailing duties applicable to imports of lamb meat from New Zealand;

(b) describes the' U.S. market in terms of channels of distribution, location of markets for lamb meat and so-forth;

(c) describes the U.S. industry in terms of number and geographic distribution of lamb growers, processors, and importers; production; consumption; inventories; profits; employment; capital generation; and costs of production for live lambs and fresh, chilled, or frozen lamb meat; and

(d) discusses U.S. imports of lamb meat in terms of quantity and value, source, and as a share of U.S. consumption and the relative strengths and weaknesses of U.S. imports and the domestic product in the U.S. market. Also, the role of the United States in world lamb meat trade is reviewed.

Public notice of the investigation was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* (F.R.)[2] of November 9, 1988.

The information contained in this report was obtained from a variety of sources including U.S. and foreign government agencies; U.S. and foreign academic institutions; the United Nations; and industry trade associations. Domestic producers, processors, purchasers, importers, and distributors, also provided much useful information. Additional information came from written submissions of interested parties, and fieldwork with various segments of the lamb raising and processing industries.

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[1] Sec. 1937 of the Omnibus Trade and Competitiveness Act of 1988 is reproduced in App. A.
[2] A copy of the notice of the Commission's investigation is reproduced in App. B.

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EXECUTIVE SUMMARY

One measure of the extent of the sheep growing industry in the United States is that, during 1988, there were an estimated 115,490 operations with sheep in the United States. Another measure, which may more closely approximate the number of commercial sheep growers, is the number of concerns receiving incentive payments from the U.S. Government under the National Wool Act of 1954, as amended. A total of almost 86,000 farms received such incentive payments in 1988.

Sheep growers' revenues amounted to an estimated $650 million in 1988. About $484 million was received from the sale of sheep and lambs (including sales of animals for breeding purposes, feeders, and animals for slaughter) and $166 million was from wool ($125 million from sales of wool grown and $41 million from incentive payments).

Packers' income from sales of lamb meat was only slightly higher than growers' income, however, packers also received income from by-products, most notably pelts.

Table A provides a profile of the U.S. fresh, chilled, or frozen lamb meat industry between 1986 and 1988.

This is the interim report of the Commission's two-year investigation and monitoring of U.S. imports of fresh, chilled, or frozen lamb meat. The investigation was instituted pursuant to section 1937 of the Omnibus Trade and Competitiveness Act of 1988 and is being conducted under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). Members of Congress and domestic producers have, for many years, expressed concern about U.S. imports of lamb meat. U.S. imports of live lambs are not a subject of this investigation.

The principal findings of this investigation are as follows:

U.S. and imported fresh, chilled, or frozen lamb meat are similar but have some differences.

The great bulk of lamb meat produced in the United States is shipped chilled, with freezing generally being limited to certain times of the year or certain rather low-priced cuts (such as shanks) produced in limited quantities. Although there has been a trend toward importation of chilled lamb in recent years, a large share of imports consist of frozen lamb. Imported lamb carcasses, and the cuts derived from them, are typically smaller than U.S. carcasses and cuts in part because of the genetic make-up of the animals and, in part, because the U.S. animals are typically grain-feed. In 1988, U.S. carcasses averaged 64 pounds each, New Zealand carcasses reportedly averaged less than 32 pounds each, and Australian carcasses averaged about 37 pounds each. Some consumers contend that imported lamb has a stronger flavor and aroma because imported lamb meat is derived from animals that are grass-fed in contrast, to the grain-fed U.S. lamb.

U.S. imports of fresh, chilled, or frozen lamb meat are subject to several types of regulatory treatments and have been the subject of several investigations.

U.S. imports of fresh, chilled, or frozen lamb are subject to an import tariff of 1.1 cents per kg., the most-favored-nation (MFN) rate of duty, since all imports come from countries that receive MFN rates. The ad valorem equivalent of the rate of duty for total imports in 1988 was 0.5 percent. In addition, imports of such lamb meat from New Zealand have been found by the International Trade Administration to be subsidized and have been subject to countervailing duties since June 25, 1985. The initial countervailing determination has been subject to two administrative reviews and another administrative review was instituted October 25, 1989; the bonding rate as of November 1989 is 6.07 percent. New Zealand's status as a "country under the Agreement" with respect to the GATT countervailing duty code was terminated April 11, 1985, and, therefore, the Commission did not conduct a so-called injury test. The Commission conducted a countervailing duty investigation concerning imports of fresh, chilled, or frozen lamb meat from New Zealand in 1981, and an antidumping and countervailing duty investigation concerning such imports from New Zealand in 1984.

Table A
Profile of U.S. fresh, chilled, or frozen lamb meat industry, 1986-88

Item	*1986*	*1987*	*1988*	*Absolute change, 1988 from 1986*	*Percentage change, 1988 from 1986*
Production (1,000 pounds)'	**322,683**	**302,747**	**320,755**	[2] **(1928)**	[2] **1**
Value of production ($1,000)	**456,583**	**458,191**	**486,683**	**230**	**27**
Number of producers [3]	**954**	**906**	**877**	[2] **(77)**	[2] **(8)**
Exports ($1,000)	**(4)**	**(4)**	**(4)**	**(2)**	**(2)**
Imports:					
Australia ($1,000)	**11,107**	**18,551**	**17,853**	**26,746**	**261**
New Zealand ($1,000)	**14,557**	**9,247**	13,652	[2] **(905)**	[2] **(6)**
Total ($1,000)	**25,683**	**28,025**	**31,604**	[2] **5,921**	[2] **23**
Trade balance ($1,000)	**(25,683)**	**(28,025)**	**(31,604)**	**([2] 5,921)**	**([2] 23)**
Apparent consumption($1,000)	**482,266**	**486,216**	**518,287**	**236,021**	**27**
Ratio of Imports to apparent consumption (percent)	**5**	**6**	**6**	**21**	**220**

Estimated by the staff of the U.S. International Trade Commission.
[2] **Absolute or percentage change, 1986 from 1988.**
[3] **Number of slaughter plants.**
U.S. exports of fresh, chilled, or frozen lamb meat are negligible or nil.

Note.—Because of rounding, figures may not add to the totals shown. Figures In parenthesis are negative numbers.

Imports of most meat, including lamb meat, are limited to those from countries that have health and sanitary programs that the U.S. Secretary of Agriculture has found to be at least equal to the U.S. Federal programs. Also, imports of fresh, chilled, or frozen lamb meat are limited to those from countries free of rinderpest and foot-and-mouth diseases.

Competition from imported lamb meat occurs at the wholesale and retail levels; because of price fluctuations, a discussion of trends in prices of lamb meat is difficult.

Growers have several methods available for selling their lambs and a number of ways to determine price. The use of a particular method depends on the location of the seller. Most lambs are sold directly to packers. Over the long-term, the different methods yield similar prices.

The price of most lamb meat sold by packers to wholesalers is negotiated; however, some prices are based on a formula. Packers often sell less than **carlOt** quantities because the quantity of lamb demanded is small. Seasonal variations in prices of lamb sold to wholesalers occur throughout the year with price peaks occurring between March and May. Grocers responding to the Commission's questionnaire listed a number of factors which may affect prices they pay for lamb meat. These factors include lead times, quality, size of cuts, and country of origin. The final demand for lamb meat is influenced by such factors as the prices of substitute meats (e.g., beef, pork, and poultry) consumer income, and consumer attitudes. Factors that can influence supply of lamb meat include lamb prices, labor costs, feed costs, and lamb losses.

Commission data on imported and domestic lamb meat price relationships varied by products.

The Commission's questionnaire showed that the price of Australian lamb carcasses has generally been higher than that of U.S. carcasses since the third quarter of 1987; the price of Australian racks and shoulders have generally been lower than that of U.S. racks and shoulders; the price of Australian legs have been higher than that of U.S. legs during the second half of 1988. Prices of frozen New Zealand lamb meat have consistently been lower than U.S. or Australian fresh or chilled lamb meat prices, except for shoulders.

The U.S. lamb sector is composed of a relatively large number of growers and a much smaller number of packers. Lamb production and slaughter has fluctuated in recent years. Grower profitability has declined and that of packers has improved.

U.S. sheep growers may be divided into two categories—a large number who maintain sheep flocks for the production of lambs and a small number who maintain feedlots where lambs are raised to slaughter weights. In the United States almost all sheep are kept for the production of meat with wool being a by-product. However, in the Western States, where wool-type sheep account for a large share of the genetic make-up of sheep, wool may account for as much as 40 percent of gross income of growers.

The Western States accounted for 39 percent (45,400) of U.S. operations with sheep in 1988, but because operations in that region are typically larger, they accounted for 76 percent (8.2 million) of the total U.S. sheep inventory (10.8 million animals). The Corn Belt States accounted for 41 percent (47,100) of the remaining operations and 18 percent (1.9 million animals) of the U.S. sheep inventory.

The lamb-packing industry, in contrast to the sheep growing industry, is composed of a small number of companies with fewer than 10 plants accounting for 80 percent or more of U.S. lamb slaughter in recent years. Lamb slaughter is concentrated in the Corn Belt and Western States, generally near to where lambs are fed. During 1985-88, lamb meat production in the United States declined from 337 million pounds in 1985, to 303 million pounds in 1987, before increasing to 321 million pounds in 1988. Any decline in lamb meat production may indicate favorable conditions for growers as young female animals that might otherwise be sent to slaughter are retained for breeding purposes. Lamb meat consumption declined from 364 million pounds in 1985 to 336 million pounds in 1987, but increased to 351 million pounds in 1988. U.S. lamb meat consumption, stable at about 1.6 pounds per capita in recent years, has accounted for less than 1 percent of red meat consumption.

Commission questionnaire responses showed that packer profitability generally increased during 1986-88, and U.S. Department of Agriculture data showed that grower profitability generally decreased during 1985-88. The decline in grower profitability reflects lower prices for lambs for slaughter and, to a lesser extent, rising feed costs. The lower prices of lamb for slaughter probably contributed to increased packer profitability since the Commission's questionnaire data suggests that the price received by packers has not fallen along with the price paid for lambs.

Although Members of Congress and growers have expressed concern about imports, including imports of live lambs, all parties have stated that imports are by no means the only cause of concern. Among the many other concerns expressed by growers are problems with predators, labor, government administration of public lands, and packer concentration. Some observers contend that health concerns by consumers, especially concerning cholesterol, may adversely affect demand for lamb meat.

U.S. imports of fresh, chilled, or frozen lamb meat, almost all from Australia and New Zealand, remained rather stable during 1985-88.

During 1985-88, U.S. imports of fresh, chilled, or frozen lamb meat declined irregularly from 31.9 million pounds, valued at $31.9 million, in 1985, to 29.5 million pounds, valued at $31.6 million, in 1988; imports accounted for between 8.0 and 8.8 percent of U.S. consumption annually during the period.

The share of U.S. imports of lamb meat supplied by Australia increased from 17 percent (5.4 million pounds) in 1985 to 72 percent (20.7 million pounds) in 1987 before declining to 59 percent (17.4 million pounds) in 1988. Conversely the share supplied by New Zealand declined from 82 percent (26.3 million pounds) in 1985, to 28 percent (8.0 million) pounds in 1987, before increasing to 41 percent (12.1 million pounds) in 1988. A number of factors may have contributed to the shift, including Australian development and promotion programs for exports of chilled lamb, packing house and dock workers' strikes in New Zealand, and changes in U.S. countervailing duties applicable to imports of lamb from New Zealand.

The share of imports from Australia that consisted of chilled lamb, in contrast to frozen lamb, increased from 41 percent in 1985 to 65 percent in 1987, but declined to 55 percent during 1988. Imports consist of carcasses and various types of cuts with the mix of cuts varying from year to year.

Prior to 1986 imports from New Zealand consisted of frozen lamb, but in that year, 2.6 percent of imports were chilled; chilled imports increased to 22 percent of imports in 1987 but declined to 16 percent in 1988.

Domestic interests have expressed concern about the difference in reported levels of general imports of fresh, chilled, or frozen lamb, verses imports for consumption; the difference appears to represent transshipment of New Zealand lamb through the United States to Canada.

> *Sheep are raised throughout New Zealand. Sheep numbers have generally declined during 1985-88. Production of lamb meat declined during 1985-87; however, such production increased slightly in 1988 with the bulk of production destined for export markets.*

Total sheep on New Zealand farms as of June 30, 1988, were 64.6 million, equally divided between the North and South Islands. Many of New Zealand's sheep are dual-purpose breeds, producing both high-quality wool and meat. Sheep farming can be divided into three regions—the high mountain country, the hill country, and the lowland.

New Zealand production of live lambs, as measured by the number of lambs tailed (docked), declined from 50.7 million animals in 1985 (year ending June 30) to an estimated 45.0 million animals in 1988. The decline in lamb production reflects, in large part, the decline in the total sheep flock and the decline in the number of ewes kept for breeding purpose.

New Zealand's production of lamb meat declined steadily froni a high of 552,000 tons in 1985 to 447,000 tons in 1987, or by 19 percent (carcass weight basis) before increasing to 459,000 tons in 1988.

Exports accounted for 95 percent of New Zealand's lamb meat production in 1988. Principal export markets included the United Kingdom and Iran. The United States accounted for between 1 percent and 4 percent of New Zealand lamb meat exports during the period 1985-88. Exports of frozen lamb carcasses accounted for 61 percent of New Zealand's lamb meat exports in 1988, down from 77 percent in 1985. Exports of frozen cuts increased from 22 percent in 1985 to 37 percent in 1988.

> *Australia is the largest sheep producer in the world. While total sheep inventories increased during 1985-88, production of lambs and lamb slaughter generally declined. Australian lamb meat exports as a share of consumption rose from 13 percent in 1985 to 22 percent in 1987, then declined to 21 percent in 1988.*

The Australian total sheep inventory rose from 149.7 million animals in 1985 to 154.0 million animals in 1988, or by 3 percent. The number of ewes also increased by 3 percent to 78.1 million animals in 1988. The growth in sheep production, mostly of the Merino breed, has occurred largely because of the demand for wool and favorable weather conditions. The decline in lamb slaughter reflects a decline in lamb production, particularly of lambs raised primarily for lamb meat.

Australian lamb meat exports rose from 37,000 tons in 1985 to 60,000 tons in 1987, or by 62 percent, then declined to 57,000 tons in 1988. The Kuwait and Gulf States area was the leading export market, accounting for 34 percent of lamb meat exports in 1988. Australian exports to the United States rose from 1,800 tons in 1985 to 10,400 tons in 1988, accounting for 19 percent of that country's lamb meat exports in the latter year.

Chapter 1

Introduction

General

This is the interim report on the Commission's investigation to monitor and investigate for 2 years U.S. imports of fresh, chilled, or frozen lamb meat. The investigation was instituted on October 20, 1988, pursuant to Section 1937 of the Omnibus Trade and Competitiveness Act of 1988. The investigation was conducted under Section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). Section 1937 was a conference agreement resolving House and Senate differences concerning lamb meat. A Senate amendment authorized import quotas for fresh, chilled, or frozen lamb meat, but the House bill had no such provision. Section 1937 also stated that "For purposes of any request made under subsection (d) of section 202 of the Trade Act of 1974 (as amended by section 1401 of this Act) within such 2-year period for provisional relief with respect to imports of such articles, the monitoring and investigation required under this section shall be treated as having been requested by the United States Trade Representative under paragraph (1)(B) of such subsection." Members of Congress and domestic producers have, for many years, expressed concern about imports of lamb meat. Concern has also been expressed about the viability of the domestic lamb meat industry which had been in a general decline since the end of World War II.

A major objective of this investigation is to monitor, on a month-by-month basis, U.S. imports of fresh, chilled, or frozen lamb meat. The investigation of the imports includes descriptions and uses, comparing and contrasting domestic and imported lamb meat, a review of U.S. regulatory treatment (including previous U.S. Government import investigations and countervailing duties), channels of distribution and markets for domestic and imported lamb meat, the U.S. role in the world lamb meat market, and an overview of the U.S. live sheep and lamb meat industries.

Product

Section 1937 directs the Commission to monitor and investigate U.S. imports of fresh, chilled, or frozen lamb meat classifiable under the Tariff Schedules of the United States (TSUS) item No. 106.30. [1] Imports not the subject of this investigation include live lambs (formerly classifiable under TSUS item No. 100.81, and, since Jan. 1, 1989, classifiable under HTS item No. 0104.10.00), meat of mature sheep (mutton) (formerly classifiable under TSUS item No. 106.22, and, since Jan. 1, 1989, classifiable under HTS item Nos. 0204.21.00, 0204.22.40, 0204.23.40, 0204.41.00, 0204.42.40, and 0204.43.40), and prepared or preserved lamb meat (formerly classifiable under TSUS item No. 107.76, and, since Jan. 1, 1989, not separately provided for in the HTS). The report does contain information about the domestic live sheep and lamb-raising industry.

Timeframe

Section 1937 directed the Commission, within 15 days after enactment of the Act on August 26, 1988, to monitor and investigate for 2 years the subject imports. This report generally provides information for the period beginning January 1985.

Data sources

The monitoring and investigation required by Section 1937 is being carried out through the analysis of information obtained from published sources; staff interviews with company representatives, government agency officials, and academic researchers of the United States, Australia, and New Zealand; domestic lamb growers and lamb meat processors; and Commission questionnaires. To the extent that information sought by the Commission has been the subject of previous government or academic studies, such studies have been consulted and appropriately integrated into the present investigation to avoid unnecessary duplication of effort.

[1] *The Harmonized Tariff Schedule of the United States,* which became effective on Jan. 1, 1989, provides for fresh, chilled, or frozen lamb meat under HTS item Nos. 0204.10.00, 0204.22.20, 0204.23.20, 0204.30.00, 0204.42.20, and 0204.43.20. Pertinent parts of the Schedule are reproduced in App. C.

Chapter 2

Description and Uses

General

Lamb meat is derived from an immature sheep (or ovine), usually under 14 months of age, that has not cut its first pair of permanent incisor teeth. It is light red in color, compared with the dark red color of the meat of older sheep (mutton). White or yellowish fat covers much of the lamb carcass, and some fat is dispersed throughout the meat. The various cuts of meat that are obtained from a lamb carcass are shown in figures 2-1 and 2-2.

The domestic product

In the United States, lambs are typically slaughtered when they are about 9 to 12 months of age and weigh an average of about 124 pounds, ranging from about 80 pounds to 150 pounds. They yield carcasses that may weigh from about 35 to 75 pounds (in 1988 they averaged 63 pounds) or about 50 percent of the live weight of the lamb, depending on the breed. There has been a long-term trend toward breeding larger sheep and lambs in the United States as discussed in the "U.S. Production" section of this report.

The lamb carcass is divided into five primal cuts that account for the following shares of total carcass weight according to the U.S. Department of Agriculture (USDA):

Primal cut	*Share of carcass weight (percent)*
Hind legs	31.0
Loin	17.6
Subtotal, hindsaddle	48.6
Shoulder	27.2
Breast	16.4
Rack	7.8
Subtotal, foresaddle	51.4
Total	100.0

The official USDA quality grades of lamb (both live lambs and lamb carcasses) are Prime, Choice, Good, and Utility. Most purchasers prefer cuts from carcasses that are Choice, and most of the lamb carcasses are so graded. Expenses associated with feeding lambs for the Prime grade are generally not recoverable in the marketplace. Lambs are also graded by yield, which reflects the amount of external fat, the amount of kidney and pelvic fat, and the confirmation grade of the leg. The yield grades are 1 through 5, with 1 being the highest. USDA grading is voluntary and entirely different from health and sanitary regulations which are mandatory and described in the "U.S. Regulatory Treatment" section of this report.

A typical practice in the United States is to wean lambs at about 6 months of age and raise them to slaughter weights in feedlots where they are supplied with feed concentrates, such as corn or grain sorghum. Some consumers contend that meat derived from grain-fed lambs has a more mild and flavorful taste and more subtle aroma than meat derived from grass-fed lamb.

The vast majority of U.S.-produced lamb meat is sold fresh or chilled, rather than frozen. Occasionally certain cuts, particularly legs, are frozen because of irregular seasonal demand. In the United States, there is little incentive to freeze lamb since it is generally sold to the retail consumer within 1 to 2 weeks, and almost always within 3 weeks, from the time the lamb is slaughtered.

The imported product

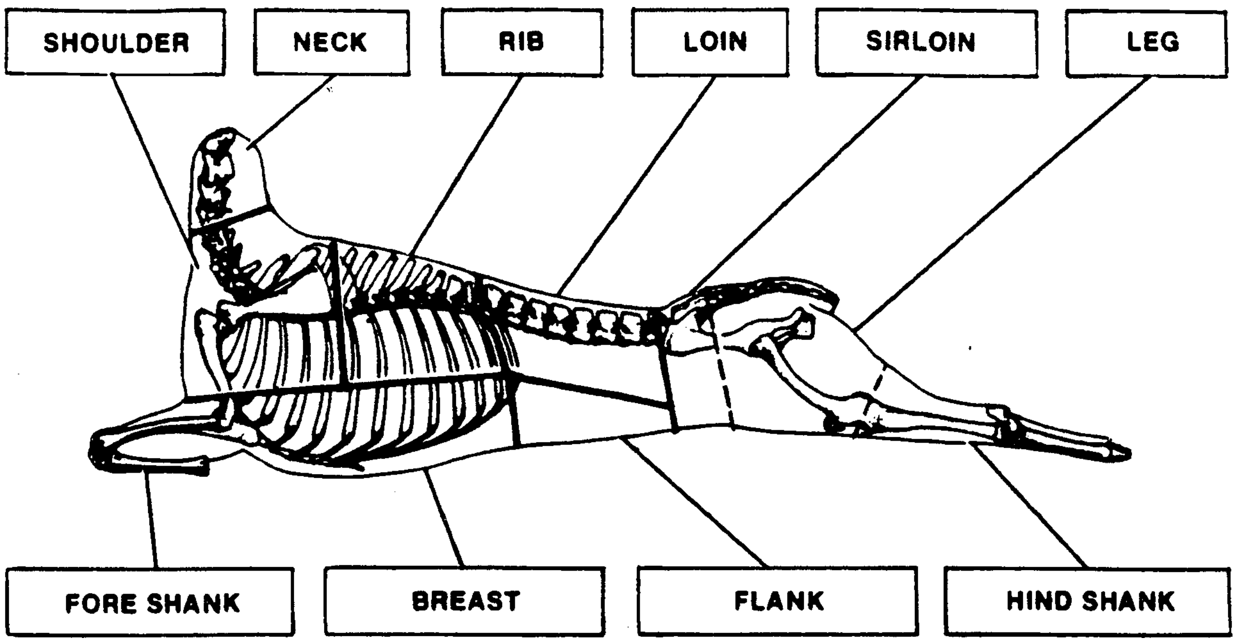
The bulk of U.S. imports of lamb meat from Australia consists of chilled primal cuts (which are sold through retail outlets) and frozen primal cuts with the mix of both types of cuts varying from year to year. Some of the primal cuts (and carcasses) are reduced to retail cuts at processing plants in the United States and are then distributed to restaurants. Restaurant managers reportedly prefer frozen lamb meat because of the increased shelf life. Frozen lamb meat can be stored indefinitely, although most is purchased by the retail consumer within 6 months of the time the lamb is slaughtered. Retail food outlet managers reportedly prefer fresh lamb because some consumers prefer fresh meat. Australian carcasses average about 37 pounds each, as compared to U.S. lamb carcasses which average about 60 pounds.

Most of the U.S. imports of lamb from New Zealand are frozen primal cuts, i.e., legs, racks, loins, and shoulders, although carcasses and further processed retail cuts, e.g., chops and shanks, are sometimes imported. Some of the imported primal cuts are reduced to smaller retail cuts at the importer's domestic processing facility, which is located in California, or by grocery store butchers for sale in the retail outlets.

New Zealand lamb carcasses typically weigh about 32 pounds, considerably less than U.S. lamb carcasses, because New Zealand lambs are slaughtered at a somewhat younger age than U.S. lambs and because many New Zealand breeds of sheep are smaller than U.S. breeds. Imports are labeled "New Zealand Spring Lamb" in both English and French because some of the meat shipped to the North American market might be sold in Canada, where the French labeling is required.

Figure 2-1
Prime (wholesale) cuts and bone structure of Iamb

PRIMAL (WHOLESALE) CUTS AND BONE STRUCTURE OF LAMB



LAMB RETAIL NAMES

There are different ways to break a lamb carcass. It can be divided into sides, with the carcass split through the center of the backbone, or it can be divided into foresaddle (unsplit front half which includes ribs, shoulder, breast and fore shank, and hindsaddle (unsplit rear half which includes loin, flank *and legs).* This is done by separating between the 12th and 13th ribs.

No one way of breaking lamb is considered the best. However, the cutting method and nomenclature for primal and subprimal lamb cuts used in this manual are shown in Figure 1. Unless specified otherwise, the foresaddle and hindsaddle are split through the center of **the backbone before primal and subprimal cuts are produced.**

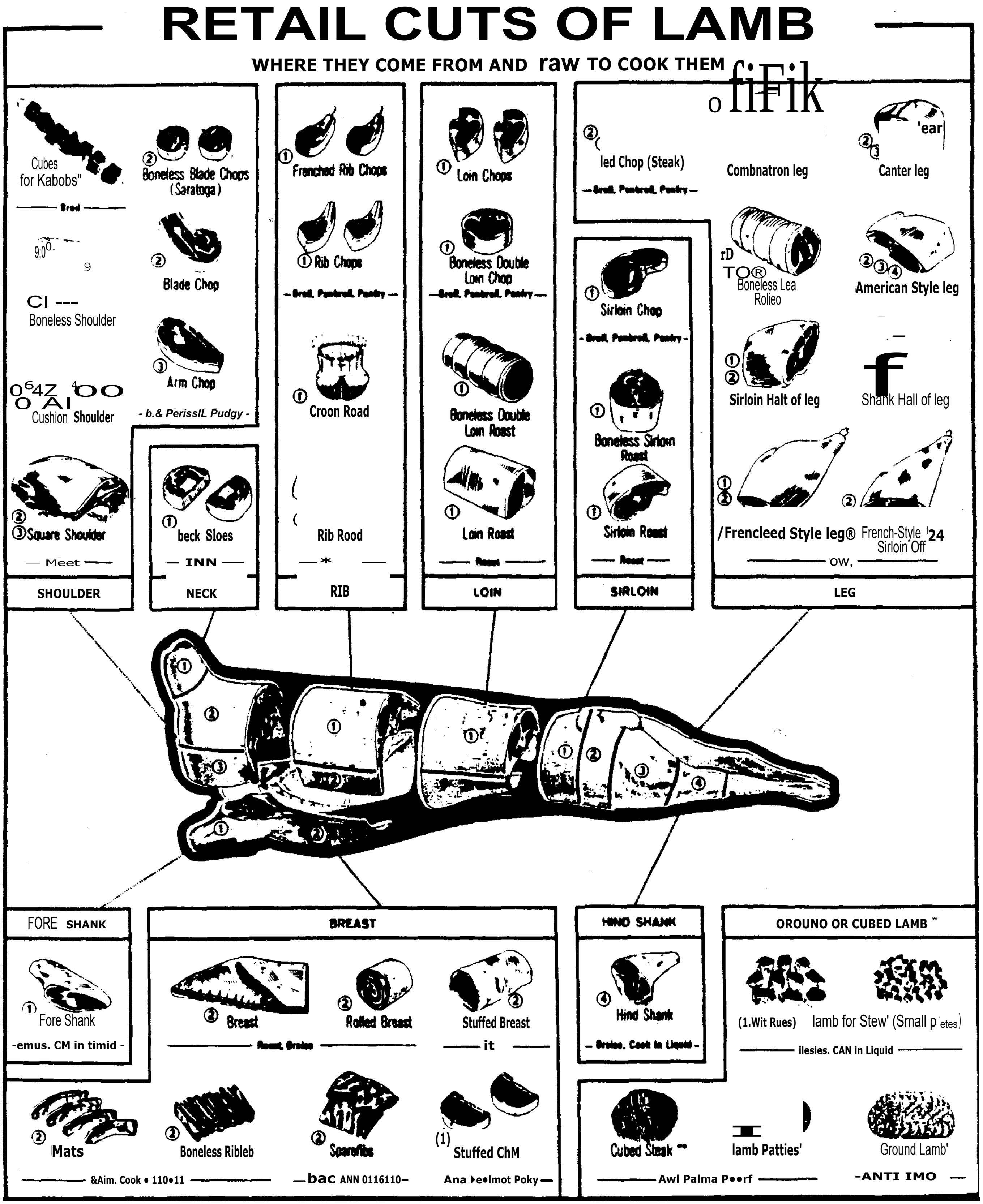
The unsplit primal rib is also known as the "hotel rack" and contains ribs 6-12.

The loin of lamb is comparable to the short loin **in beef. It includes the 13th rib to immediately in front of the hip bone.**

The leg includes both the sirloin and leg sections.

Source: Reproduced with the permission of the National Livestock and MeatBoard.

Figure 2-2
Retail cuts of lamb



Source: Reproduced with the permission of the
National Live Stock and Meat Board

New Zealand lamb meat is primarily sold through distributors (wholesalers) to grocery stores (retail trade) and to hotel, restaurant, and institutional (HRI) outlets.

Lamb meat from New Zealand is graded in New Zealand by New Zealand meat graders rather than in the United States by the USDA. The New Zealand grading system is more complex than that used by the USDA; it has 17 different grades, although only the top 4 grades are exported to the United States. USDA officials report that these four grades are approximately comparable with the USDA Choice grade.

All New Zealand and Australian lamb is grass fed (compared with the common practice of fattening with grain feeds in the United States), which is thought by some consumers to give such meat a stronger flavor and aroma.

Chapter 3

U.S. Regulatory Treatment

General

U.S. imports of fresh, chilled, or frozen lamb meat were subject to import duties (tariffs) as provided for under the TSUS until January 1, 1989, and under the HTS since then. All imports are subject to health and sanitary regulations administered by the USDA. In addition, imports from New Zealand are subject to countervailing duties.

U.S. tariff treatment

Since January 1, 1989, fresh, chilled, or frozen lamb meat has been provided for in chapter 2 of the HTS. Appendix C contains a copy of pertinent portions of the HTS, including the rates of duty. .For a discussion of relevant headnotes and an explanation of the rates of duty and other elements of the HTS, see appendix D. Prior to January 1, 1989, fresh, chilled, or frozen lamb meat was provided for in part 2 of schedule 1 of the TSUS, which became effective on August 31, 1963.

Table 3-1 shows the Tariff Act of 1930 statutory rater of duty, pre-Multilateral Trade Negotiations (MTN) column 1 rate of duty, the staged rates of duty (reductions) resulting from the Tokyo Round of the MTN, the column 2 rate of duty, and the average ad valorem equivalents of the 1988 column 1 rate of duty applicable to U.S. imports of fresh, chilled, or frozen lamb meat.

Over the period 1985-1988, U.S. imports of fresh, chilled, or frozen lamb meat (TSUS item No. 106.30) from Australia and New Zealand (which account for nearly all U.S. imports of such lamb) were dutiable at 0.50 per pound. Under the HTS, the subject imports (HTS item Nos. 0204.10.00, 0204.22.20, 0204.23.20, 0204.30.00, 0204.42.20, and 0204.43.20) are dutiable at 1.1 cent/kg (kilogram). The ad valorem equivalent of the 1988 rate of duty for imports of fresh, chilled, or frozen lamb meat from Australia was about 0.5 percent and that for New Zealand was 0.4 percent and averaged 0.5 percent for all suppliers.

U.S. Government investigations

Fresh, chilled, or frozen lamb meat has been the subject of a number of U.S. Government investigations in recent years as described below. It was the subject of a USDA study under authority of the Omnibus Trade and Competitiveness Act of 1988.[2]

In 1960, the Tariff Commission (predecessor to the ITC) concluded an escape clause investigation involving lamb and mutton meat—fresh, chilled, or frozen—, sheep and lambs. The Tariff Commission found that lamb and mutton meat—fresh, chilled, or frozen—, sheep and lambs were not being imported in such quantities, either actual or relative, to cause or threaten serious injury to any domestic industry producing like or directly competitive products. The Tariff Commission found no sufficient reason existed for a recommendation to the President under the escape clause provisions.

Lamb meat from New Zealand, Investigation No. 701-TA-80

On April 23, 1981, a petition was filed with the Department of Commerce alleging that imports of lamb meat from New Zealand were being subsidized within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303). As New Zealand was not at that time a "country under the Agreement" within the meaning of section 701(b) of the Act (19 U.S.C. 1671 (b)), there was no requirement for the petition to be filed with the Commission pursuant to section 702 (b)(2) (19 U.S.C. 1671a(b)(2)) and no requirement for the Commission to conduct a preliminary material injury investigation pursuant to section 703(a) (19 U.S.C. 1671b(a)).

On September 17, 1981, however, the United States Trade Representative announced that New Zealand had become a "country under the Agreement." Accordingly, Commerce terminated its investigation under section 303, initiated an investigation under section 702, and notified the Commission of its action on September 21, 1981.

Therefore, effective September 21, 1981, the Commission, pursuant to section 703(a) of the Act (19 U.S.C. 1671b(a)), instituted preliminary countervailing duty investigation No. 701-TA-80 (Preliminary). On November 8, 1981, the Commission determined by a 4 to 2 vote that "there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from New Zealand of lamb meat, provided for in item 106.30 of the Tariff Schedules of the United States (TSUS), upon which bounties or grants are alleged to be paid."[3]

The Department of Commerce, on November 30, 1981, announced its preliminary affirmative

[1] The term "statutory rates" refers to the rates of duly set by Congress in the Tariff Act of 1930, the so-called Smoot-Hawley tariff. Since 1930 most rates have been negotiated downward and sometimes eliminated as a result of various bilateral and multilateral trade agreements, including the Tokyo Round of the Multilateral Trade Negotiations.

[2] The USDA study concerned, among other things, imports of lamb meat, demand for lamb meat and factors, including promotional programs, that would increase the quantity of lamb meat demanded. The USDA report was completed in February 1989.

[3] A copy of the *Federal Register notice* is reproduced as app. E.

Pre-MTN col. 1 rate of duty[1]	Staged col. 1 rates of duty effective with respect to articles entered on an after Jan. 1 1981	1982	1983	1984	1985			col. 2 rate of duty	Advalorem equivalent of the col. 1 rate of duty[2]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.501b	0.50/1b	0.5¢/lb	[illegible]	[illegible]

countervailing duty determination, estimating a net subsidy of 6.19 percent of the f.o.b. value of lamb meat exports to the United States.[4] Accordingly, effective November 30, 1981, the Commission instituted investigation No. 701-TA-80 (Final) under section 705(b) of the Act to determine whether an industry in the United States is materially injured, or is threatened with material injury or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise with respect to which the administering authority has made an affirmative determination.

On December 23, 1981, the Commission was notified by letter that the petitioners withdrew their petition which prompted the countervailing duty investigation concerning lamb meat from New Zealand. Effective January 4, 1982, the Commission terminated the subject investigation.

Lamb meat from New Zealand, Investigations Nos. 701-TA-214 and 731-TA-188

On April 18, 1984, petitions were filed with the United States International Trade Commission and the U.S. Department of Commerce, alleging that imports of lamb meat from New Zealand were being subsidized and were being sold in the United States at less than fair value. Accordingly, the Commission instituted preliminary countervailing and antidumping investigations Nos. 701-TA-214 and 731-TA-188 under sections 703(a) and 733(a), respectively, of the Tariff Act of 1930 to determine whether "there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise."

On June 4, 1984, the CommisSion determined, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), that "there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from New Zealand of lamb meat, provided for in item 106.30 of the Tariff Schedules of the United States (TSUS), which are alleged to be subsidized by the Government of New Zealand."[5]

The Commission also determined, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), that "there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from New Zealand of lamb meat, the United States is materially retarded, by reason of imports from New Zealand of lamb meat, provided for in TSUS item 106.30, which are alleged to be sold in the United States at less than fair value."[6]

U.S. Department of Commerce Investigation of Lamb Meat (1985)

On March 26, 1985, the American Lamb Company, the Denver Lamb Company, and the Iowa Lamb Corporation filed a petition with the International Trade Administration (ITA) of the U.S. Department of Commerce alleging that producers, processors, or exporters of lamb meat in New Zealand receive benefits which constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930. On April 15, 1985, ITA initiated an investigation.

Effective September 17, 1985, the ITA determined that certain benefits that constitute bounties or grants within the meaning of the countervailing duty law were provided to producers, processors, or exporters in New Zealand of lamb meat.[7] The net bounty or grant for the review period was NZ$0.3602/lb, equal to about US$0.18/lb with exchange rates in effect at the time;[8] consequently a bond or cash deposit equal to that amount had to be posted with the U.S. Department of Commerce.

Effective June 10, 1988, the ITA completed an administrative review and determined the total bounty or grant during the period June 25, 1985, through March 31, 1986, to be NZ$0.31/lb, equal to about US$0.21/lb with exchange rates in effect at the time.[9] Also effective June 10, 1988, the ITA instructed the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of 4.55 percent of the f.o.b. invoice price on all shipments of the subject lamb meat entered, or withdrawn from warehouse, for

[4] A copy of the *Federal Register* Notice is reproduced as app. F.

[5] Commissioners Haggart and Lodwick determined that "there is a reasonable indication that an industry in the United States is materially injured by reason of imports of lamb meat from New Zealand which are alleged to be subsidized by the Government of New Zealand."

[6] The Commission's determination is reproduced as app. G. Commissioners Haggart and Lodwick determined that "there is a reasonable indication that an industry in the United States is materially injured by reason of imports of lamb meat from New Zealand which are alleged to be sold at less than fair value."

[7] The investigation was conducted under section 303 of the Tariff Act and no injury determination was required prior to the issuing of a countervailing duty order because New Zealand was not a "country under the Agreement" within the meaning of section 701(b) of the Tariff Act and because the merchandise the subject of the investigation was dutiable. On April 11, 1985, the U.S. Trade Representative terminated New Zealand's status as a "country under the Agreement", and the investigation accordingly was conducted under section 303 of the Tariff Act. Section 303 provides for an injury finding by the U.S. International Trade Commission only in those cases in which the merchandise the subject of the investigation is free of duty.

[8] The ITA determination is reproduced as app. H.

[9] The ITA review is reproduced as app. I.

consumption on or after June 10, 1988. This deposit requirement was to remain in effect until publication of the final results of the next administrative review.

Effective May 8, 1989, the ITA completed a subsequent administrative review and determined that the total bounty or grant on lamb meat from New Zealand during the period April 1, 1986, through March 31, 1987, was NZ$0.21/lb for all firms.[10] Also, effective May 8, 1989, the ITA instructed the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of 0.67 percent of the f.o.b. invoice price for Weddel Crown and 6.07 percent of the f.o.b. invoice price for all other firms on all shipments of the subject lamb meat entered, or withdrawn from warehouse, for consumption on or after May 8, 1989. This deposit requirement is to remain in effect until publication of the final results of the next administrative review.

Effective September 11, 1989, the ITA provided the opportunity to request administrative review of countervailing duties on a number of products, including lamb meat from New Zealand.[11] The New Zealand Meat Producers Board requested such review[12] which the ITA instituted effective October 25, 1989.[13]

Health and sanitary regulations

Certain health and sanitary regulations with respect to U.S. imports of fresh, chilled, or frozen lamb meat are administered by the USDA to protect the U.S. livestock industry and to ensure an adequate supply of safe meat for consumers.

Rinderpest and foot-and-mouth diseases

U.S. imports of certain live animals, including sheep and lambs, and certain fresh, chilled, or frozen meats, including lamb, are generally limited to countries that have been declared free of rinderpest and foot-and-mouth diseases[14] by the U.S. Secretary of Agriculture.[15] Australia and New Zealand have been declared free of the diseases, but other major lamb producing countries, including Argentina, the USSR, and the Union of South Africa, have not. U.S. imports of certain live animals, including sheep and lambs, from countries not declared free of the diseases are limited to those that have passed quarantine inspection in a USDA facility. Meat imports from those countries that have not been declared free of rinderpest and foot-and-mouth disease must generally be cooked, canned, or cured—processes that destroy the disease-causing organisms.

The Federal Meat Inspection Act

The USDA administers section 20 of the Federal Meat Inspection Act (21 U.S.C. 661 and 21 U.S.C. 620), which provides, among other things, that meat and meat products prepared or produced in foreign countries may not be imported into the United States ". . . unless they comply with all the inspection, building construction standards, and all other provisions of this chapter [ch. 12, Meat Inspection] and regulations issued thereunder applicable to such articles in commerce in the United States." Section 20 further provides that "all such imported articles shall, upon entry into the United States, be deemed and treated as domestic articles subject to the provisions of this chapter [ch. 12, Meat Inspection] and the Federal Food, Drug, and Cosmetic Act [12 U.S.C. 301]. . ." Thus, section 20 requires that foreign meat-exporting countries enforce inspection and other requirements with respect to the preparation of the products covered that are at least equal to those applicable to the preparation of like products at Federally inspected establishments in the United States, and that the imported products be subject to inspection and other requirements upon arrival in the United States to identify them and further ensure their freedom from adulteration and misbranding at the time of entry.[16] However, section 20 does not provide that the imported products be inspected by U.S. inspectors during their preparation in the foreign country.

The U.S. Secretary of Agriculture has assigned responsibility for the administration of the Department's section 20 functions to the Foreign Programs Division, Meat and Poultry Inspection Program, Food Safety and Inspection Service (FSIS). By the end of 1988, the FSIS had certified 40 countries as having meat inspection systems with standards equal to those of the U.S. program and had certified 1,360 foreign plants including 138 in Australia and 72 in New Zealand. However, some of these ship only beef to the United States. The FSIS has veterinarians stationed outside the United States, including those in Australia and New Zealand.[17] Plants exporting large volumes and other plants of special concern are visited at least once a year.

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[10] The ITA subsequent administrative review is reproduced as app. J.

[11] The *Federal Register* notice of ITA's action is reproduced as app. K.

[12] The counsel's request is reproduced as app. L.

[13] The *Federal Register* notice of ITA's initiation is reproduced as app. M.

[14] Rinderpest and foot-and-mouth diseases are highly contagious, infectious diseases that can afflict cloven-footed animals (such as cattle, sheep, swine, and deer). Because the diseases are easily transmitted and are debilitating, they are an ever-present threat to the U.S. livestock industry. The diseases do not present a direct threat to human health.

[15] Pursuant to sec. 306 of the Tariff Act of 1930 (19 U.S.C. 1306).

[16] See U.S. Senate, Agriculture and Forestry Committee, Report on S. 2147, S. Rep. No. 799 (90th Cong. 2d sess.) 1967, as published in 2 U.S. Cong. & Adm. News 1967, p. 2,200. S. 2147, as modified, ultimately became Public Law 90-201 (the Wholesome Meat Act), approved Dec. 15, 1967.

[17] The numbers of certifications refer to all meat, including beef and veal. See USDA *Meat and Poultry Inspection, 1988, Report of the Secretary of Agriculture to the U.S. Congress,* March 1989, p. 35 (hereinafter cited as Meat and Poultry Inspection, 1988).

Pursuant to the 1981 Farm Bill,[18] the FSIS has placed increasing emphasis on review of a country's regulatory system as a whole, rather than review of individual plants. FSIS now evaluates country controls in seven basic risk areas: residues, diseases, misuse of food additives, gross contamination, microscopic contamination, economic fraud, and product integrity.la As required by the 1981 Farm Bill, FSIS also vigorously carries on a species identification program under which the FSIS assures that meat is properly identified by origin or species.

Under the Federal Meat Inspection Act, all imported meat being offered for entry into the United States must be accompanied by a meat inspection certificate issued by a responsible official of the exporting country. The certificate must identify the product by origin, destination, shipping marks, and amounts. It must certify that the meat comes from animals that received veterinary antemortem and postmortem inspections; that it is wholesome, not adulterated or misbranded; and that it is otherwise in compliance with U.S. requirements. Imported meat is also subject to the same labeling requirements as domestically processed meats, i.e., the label must be informative, truthful, and not misleading.

" Sec. 1122 of Public Law 97-98, dated Dec. 22, 1981.

'° *Meat and Poultry Inspection, 1984,* p. 50.

Under the Federal Meat Inspection Act, U.S. inspectors at the port of entry inspect part of each shipment of meat. Representative sampling plans similar to those used in inspecting domestic meat are applied to each import shipment. Samples of frozen products are defrosted, canned meat containers are opened, and labels are verified for prior U.S. approval and stated weight accuracy. Specimens are routinely submitted to meat inspection laboratories to check compliance with compositional standards. Sample cans are also subjected to periods of incubation for signs of spoilage. Meat imports are also monitored for residues, such as pesticides, hormones, heavy metals, and antibiotics, by selecting representative samples for laboratory analysis. Special control measures are in effect for handling meat from countries when excessive amounts of residues are detected. These measures include refusing or withholding entry of the product from countries with a history of problems until results of laboratory analysis are received.

During 1988, 186,565 pounds of fresh, chilled, or frozen mutton and lamb meat (159,740 pounds from Australia and 26,825 pounds from New Zealand), constituting roughly 0.4 percent of the fresh, chilled, or frozen mutton and lamb meat offered for entry to the United States, were refused entry.

Chapter 4

U.S. Market

Domestic live lambs

The channels of distribution for lamb from breeding to final consumption are illustrated in figure 4-1. The channels of distribution consist of raising, feeding, slaughtering and processing, and distribution from wholesale to retail and then to the final consumer. Competition from imported lamb meat occurs at the wholesale and retail levels. Importers sell to both grocers and to wholesalers who then sell to grocers or to hotels, restaurants, and institutions (HRIs). The channels of distribution for imported lamb are illustrated in figure 4-2.

The U.S. market for lambs for slaughter generally consists of many sellers (growers) and few buyers (packer/processors), usually operating independently. Live lamb price statistics are reported to the public by the American Sheep Industry Association (ASIA), an industry trade association, by the USDA, and by local news reporting organizations.

Producers have several methods available for selling their lambs, though some methods are more prevalent in certain areas of the country than others. Factors such as transportation costs, marketing fees and services, and competition are important considerations by producers when selecting a method to market their lambs.

Live lambs in the United States, whether feeders or slaughter lambs, may be sold at auction markets, terminal markets, or nonpublic markets. Nonpublic markets include direct sales to packers either negotiated by growers or by order buyers or other middlemen. There has been a long-term trend toward sales of lambs through nonpublic market and in recent years, slightly more than 80 percent of lambs sold for slaughter have been sold that way.

Direct marketing, a form of nonpublic marketing, accounts for the majority of lambs purchased) Direct marketing incorporates a number of different methods with one common element, lamb is sold without a middleman. Large packers usually purchase their lambs directly from lamb feeders.[2] Direct marketing has the advantage of reducing the high costs associated with hauling, unloading, standing and reloading of lamb at assembly points or public markets.[3]

[1] USDA, *Slaughter Lamb Marketing; A Study of the Lamb Industry,* January 1987.

[2] Sheep Industry Development Program, Inc., *Sheep Production Handbook,* 1988.

[3] Ibid.

Small-volume producers usually sell their lambs through public auctions or electronic markets. Electronic markets—teleauctions and computer auctions—were developed because they allow producers to expose their product to a greater number of buyers, and for producers thatare unable to sell lambs in truckload quantities. Buyers bid on a certain type or grade of lamb with price differences specified for lambs that differ from the type or grade being offered. Producers send the lambs to an assembly location where they are loaded into trucks and shipped to the buyers. By using the electronic markets, a smaller-volume producer can reduce costs because the lambs are sold in truckloads.

There are a number of methods used to determine a price for feeder or slaughter lambs of which the most popular are pricing on the basis of live weight, sliding scale, stop weight, guaranteed yield, and dressed weight. The use of a particular pricing method depends on the location of the seller and upon the packer's familiarity with the seller or marketing agents. However, over the long term the pricing methods yield similar prices.[4]

As the name implies, the live weight method uses the actual weight of the live lamb as the basis for determining price. Typically the live weight price is constructed by the packer from the current values of lamb carcasses, pelts, and offal. Adjustments are made for the expected grade of the lamb and for processing costs. There are a number of variations to the live weight method with each method specifying an adjustment to the weight of the lamb.

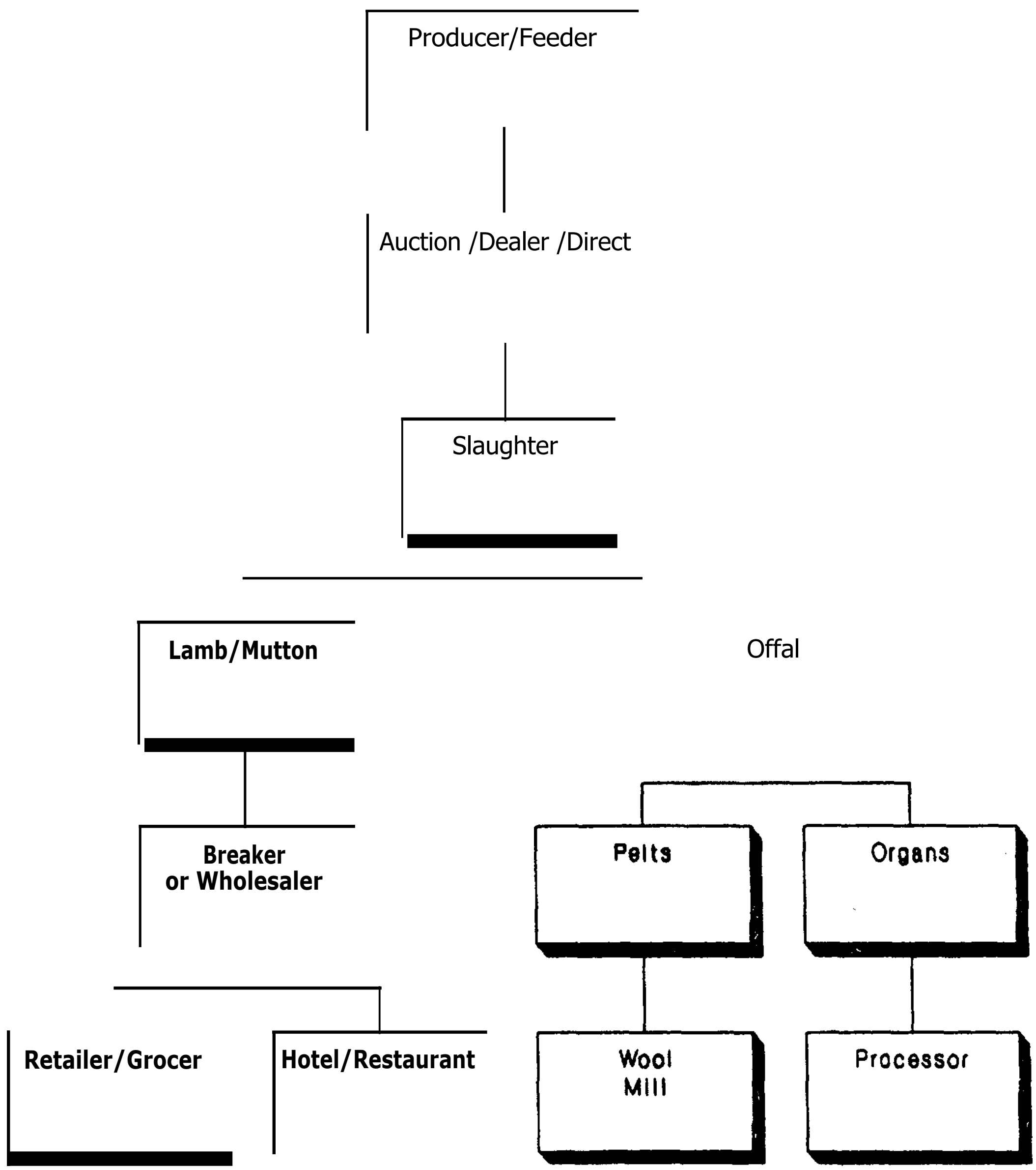
In the sliding-scale method a discount per pound is applied to each pound that the average weight of the lambs being sold exceeds a predetermined amount. This method is used to discourage production of heavy lambs, usually over 110 pounds.

Stop-weight pricing is also used to discourage sales of heavy lambs. Packers pay on a per-pound basis up to a specified maximum average weight for lambs and pay nothing per pound over this weight limit.

The guaranteed yield method has two variations, the traditional and modern yields. In this method the packer buys lambs at a given price per hundredweight for a guaranteed carcass yield. Under the traditional yield method, the seller is never paid for more than the actual weight of the lamb. Under the modern yield method the seller is paid more for increased carcass yields.

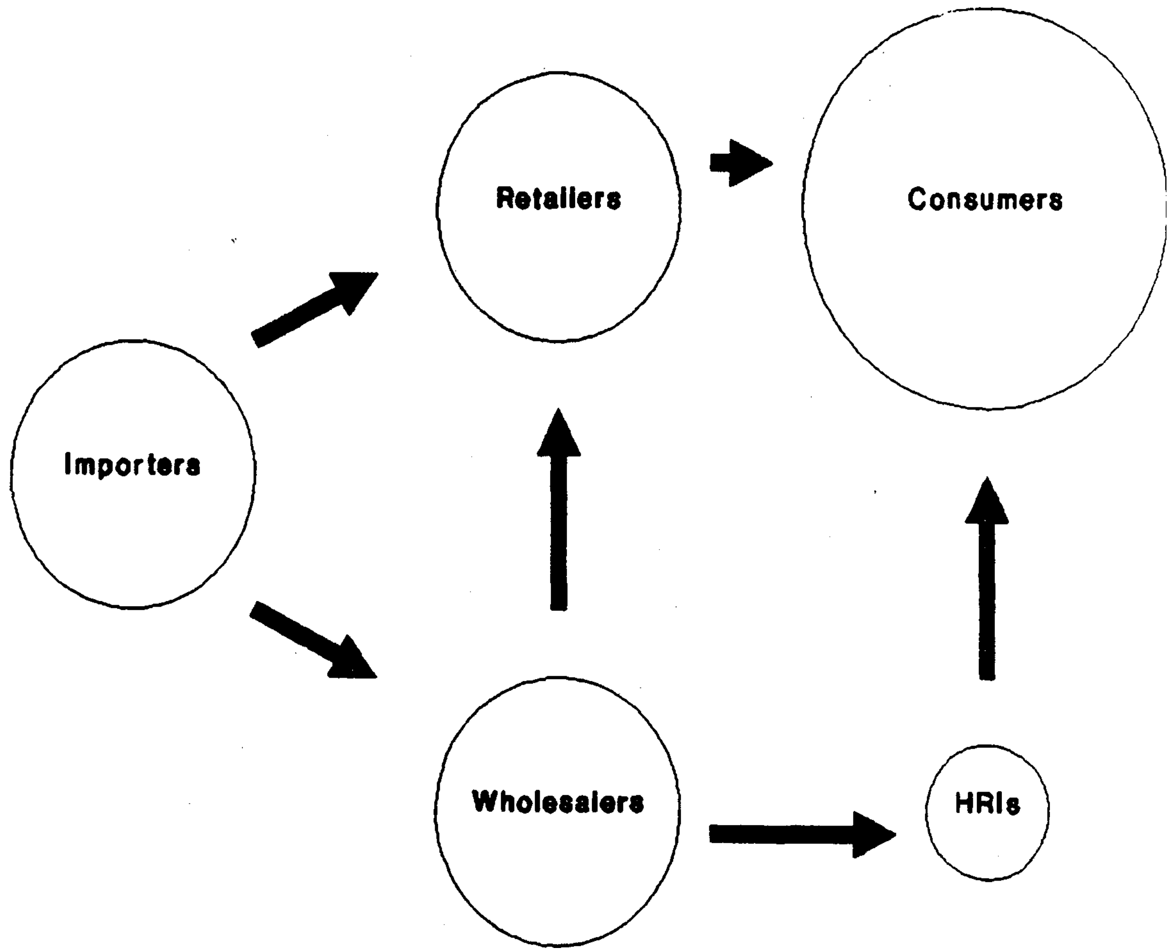
USDA, *Slaughter Lamb Marketing; A Study of the Lamb Industry,* January 1987.

Figure 4-1
Domestic lamb marketing



Source: American Sheep Producers Council.

Figure 4-2
Marketing system for Imported lamb



Source : USDA.

In the dressed weight method, lambs are sold on a carcass basis with price based on carcass weight, with adjustments for quality. Packers use this method of pricing to encourage sales of high-quality lambs and to reduce their quality and yield risks.[5]

Prices of feeder lambs and slaughter lambs were similar for most of the period January 1975 through 1985; however, since 1986 these prices were distinctly different with feeder lambs generally being higher than slaughter lamb prices (figs. 4-3 and 4-4 and table 4-1).

Prices since 1975 for both feeder and slaughter lambs have been generally increasing; however, seasonal variations occur throughout the year with peaks occurring between March and May.

Growers have for many years expressed concern about packer feeding of lambs. Growers contend that packers can time the slaughtering of the lambs they feed to exert maximum price influence. Thus, when market prices for live lambs rise, packers who feed lambs can temporarily reduce purchases but continue to operate their slaughter plants using lambs they have fed. Packers contend that they try to obtain an adequate supply of lambs at what they believe to be the competitive prices in order to continue operating their plants efficiently.

The Packers and Stockyards' Administration of the USDA reports statistics that "Includes lambs and sheep fed by or for meat packers and transferred from the feedlot for slaughter during the reporting year."

The *Packers and Stockyards' Administration Statistical Report 1987 Reporting Year* shows that during 1983-87, the most recent 5-year period for which statistics are available, packer feeding of sheep and lambs increased irregularly as shown in the following tabulation:

Year	Number fed	Share of slaughter
	(1,000)	*(Percent)*
1983	**335**	**5.6**
1984	**300**	**5.0**
1985	**493**	**8.8**
1986	**506**	**9.8**
1987	**562**	**11.8**

However, the Packers and Stockyards' Administration reports that for these statistics, "Separate feeding activities by owners, officers, employees of meat packers, or nonreporting subsidiaries or affiliates are not included."

Sheep Industry Development Program, Inc., *Sheep Production Handbook,* **1988**

As part of the Commission's investigation, questionnaires were sent to the largest volume lamb packers in the United States, who were asked, among other things, to report "Of the lambs your firm slaughtered, what share (percent) were led to slaughter weights by your firm or on your iirm's account (include all lambs fed with any legal obligation to be sold to your firm or be purchased by your firm during 1986, 1987, and 1988)." Of the eight firms responding to the questionnaire, six reported at least some lamb feeding. The estimated number of lambs fed by the firms are shown in the following tabulation:

Year	Estimated number fed	Share of slaughter
	(1,000 animals)	***(Percent)***
1986	**1,908**	**36**
1987	**2,037**	**41**
1988	**2,467**	**49**

The difference between the USDA and Commission results apparently reflects the difference in the questions asked. Officials of the Packers and Stockyard's Administration indicated that based on the ITC, wording of it's questionnaire, they anticipated that the ITC finding of packer feeding quantities would be much higher than USDA's finding.

Domestic and Imported Fresh, Chilled, or Frozen Lamb Meat

Almost all firms that slaughter lambs process at least some of their carcasses into primal and subprimal cuts, and some firms produce retail cuts as well. According to an American Sheep Industry Association publication, about 65 percent of lamb received by retailers is in carcass form. Some carcasses move to a type of wholesaler called a breaker. Breakers divide carcasses into primal, subprimal, or retail cuts for resale to retail outlets. Some lamb cuts are used for processing into controlled portions for food service outlets.

According to industry sources, an increasing share of lamb, including lamb carcasses, has been sold as boxed lamb. Boxed lamb is lamb meat that has been divided into primal or subprimal cuts and sealed in air-tight plastic material. The share of such sales has been estimated to have increased from 5 percent in 1977, to 15 percent 1980, and 35 percent in 1985.

Figure 4-3
Published lamb prices for slaughter and feeder lambs, and lamb carcasses in the United States. by months, January 1986-July 1989

a

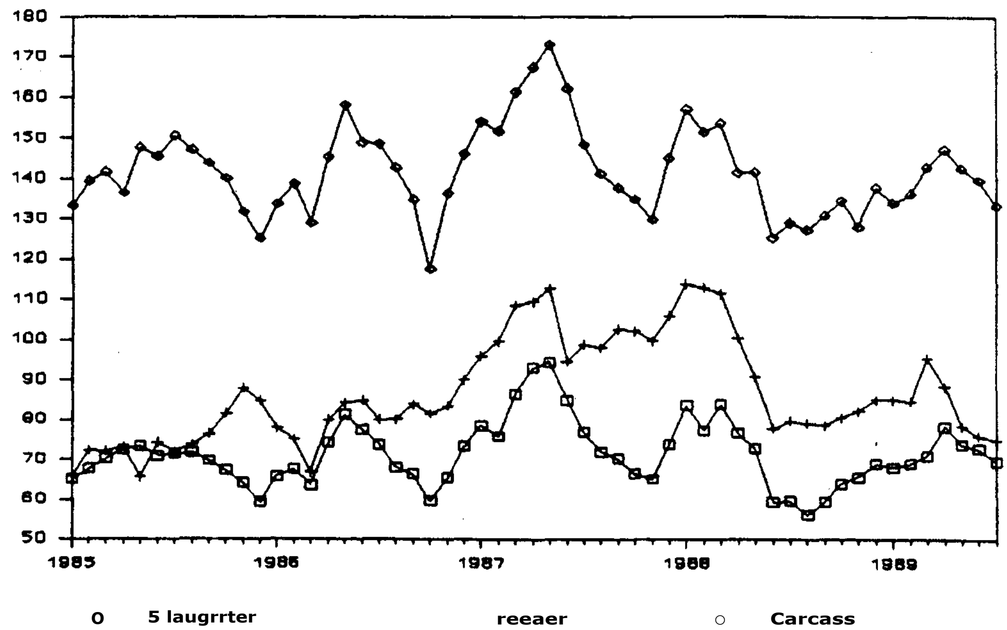
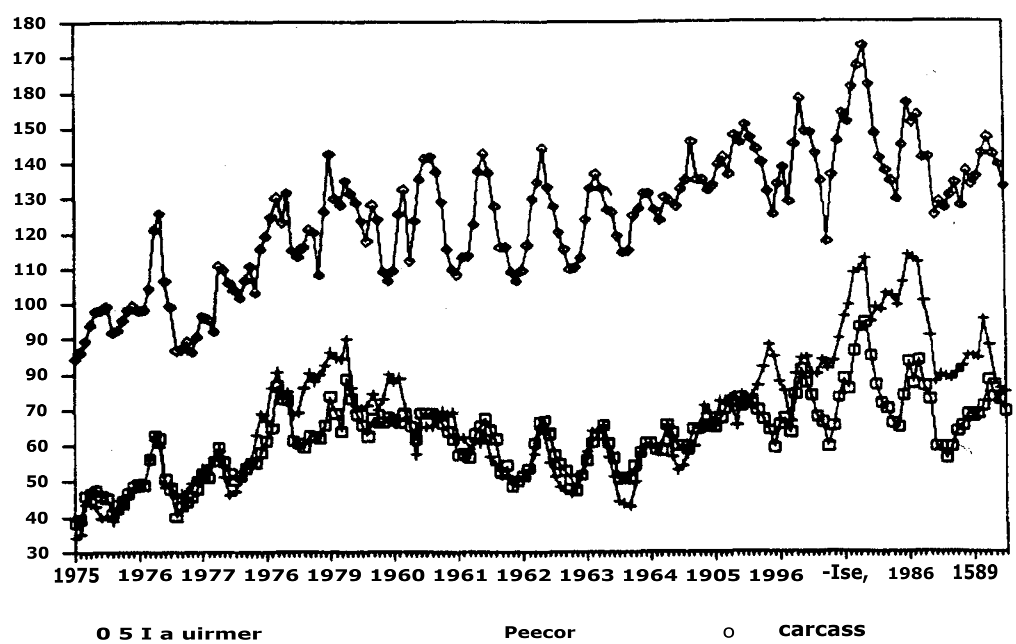


Figure 4-4
Published lamb prices for slaughter and feeder lambs, and Iamb carcasses in the United States, by months, January 1975-July 1989



Source: USDA Economic Research Service.

Table 4-1

Lamb, beef, pork, and broiler prices In the United States, by month, January 1975-July 1989.

Year	*Month*	*Slaughter Lambs San Angelo*	*Feeder Lambs San Angelo*	*Wholesale Beef*	*Wholesale Lamb Carcass* **55-65** *lb*	*Wholesale Pork Carcass*	*Wholesale Broilers 12-City*
		$/CWT	*$ICWT*	*$ICWT*	*$/CWT*	*$ICWT*	*$ICWT*
1975	1	**$38.25**	**$34.12**	**$61.05**	**$84.38**	**$69.43**	**na**
1975	2	**39.31**	**35.31**	**57.60**	**86.25**	**69.85**	**na**
1975	3	**45.88**	**43.50**	**58.57**	**89.44**	**68.89**	**na**
1975	4	**46.65**	**43.65**	**68.56**	**93.90**	**70.42**	**na**
1975	5	**47.62**	**43.00**	**79.72**	**97.75**	**79.48**	**na**
1975	6	**46.06**	**39.69**	**85.11**	**98.06**	**85.30**	**na**
1975	7	**45.25**	**40.25**	**82.22**	**99.29**	**93.02**	**na**
1975	8	**40.75**	**38.75**	**76.96**	**91.67**	**98.23**	**na**
1975	9	**43.50**	**41.25**	**78.95**	**92.36**	**102.94**	**na**
1975	10	**44.50**	**42.62**	**75.62**	**95.20**	**102.65**	**na**
1975	11	**46.83**	**46.33**	**72.98**	**98.19**	**93.76**	**na**
1975	12	**48.75**	**48.38**	**73.25**	**99.48**	**88.58**	**na**
1976	1	**49.25**	**48.38**	**66.68**	**98.00**	**85.60**	**na**
1976	2	**49.00**	**49.68**	**62.22**	**98.33**	**81.50**	**na**
1976	3	**56.25**	**56.30**	**56.97**	**104.39**	**80.13**	**na**
1976	4	**62.95**	**62.71**	**65.85**	**121.00**	**82.19**	**na**
1976	5	**62.12**	**59.56**	**63.56**	**125.69**	**83.78**	**na**
1976	6	**50.81**	**48.56**	**62.45**	**106.50**	**86.18**	**na**
1976	7	**47.81**	**49.38**	**58.20**	**99.25**	**82.83**	**na**
1976	6	**39.92**	**45.94**	**57.05**	**86.81**	**77.75**	**na**
1976	9	**42.88**	**46.65**	**57.24**	**87.13**	**73.29**	**na**
1976	10	**44.25**	**47.31**	**58.36**	**89.23**	**64.22**	**na**
1976	11	**45.50**	**49.67**	**60.85**	**86.12**	**65.06**	**na**
1976	12	**47.69**	**51.19**	**62.52**	**90.55**	**69.57**	**na**
1977	1	**52.00**	**53.56**	**60.04**	**96.29**	**69.21**	**na**
1977	2	**51.25**	**54.81**	**58.92**	**95.44**	**69.26**	**na**
1977	3	**55.70**	**56.25**	**57.12**	**92.15**	**66.55**	**na**
1977	4	**59.62**	**59.19**	**60.54**	**110.75**	**64.34**	**na**
1977	5	**55.56**	**51.38**	**64.44**	**109.62**	**70.59**	**na**
1977	6	**52.10**	**46.15**	**62:62**	**105.98**	**73.21**	**na**
1977	7	**50.42**	**47.33**	**63.65**	**103.84**	**76.07**	**na**
1977	8	**51.46**	**50.75**	**62.49**	**101.67**	**75.23**	**na**
1977	9	**53.75**	**54.31**	**63.05**	**106.75**	**72.83**	**na**
1977	10	**55.00**	**55.75**	**65.87**	**110.66**	**74.54**	**na**
1977	11	**55.06**	**63.19**	**65.47**	**103.12**	**73.88**	**na**
1977	12	**58.12**	**68.83**	**68.10**	**115.50**	**79.05**	**na**
1978	1	**61.44**	**67.00**	**68.74**	**119.36**	**78.84**	**$41.80**
1978	2	**64.88**	**76.31**	**71.08**	**124.50**	**83.28**	**44.80**
1978	3	**76.69**	**80.85**	**74.88**	**130.32**	**81.77**	**43.90**
1978	4	**73.12**	**73.33**	**81.44**	**123.00**	**77.28**	**47.90**
1978	5	**72.85**	**75.05**	**88.48**	**131.57**	**81.27**	**47.90**
1978	6	**61.44**	**68.75**	**85.95**	**115.12**	**78.84**	**52.70**
1978	7	**60.62**	**69.33**	**84.81**	**113.46**	**78.26**	**52.90**
1978	8	**59.70**	**76.10**	**79.94**	**116.00**	**79.42**	**45.90**
1978	9	**62.88**	**80.37**	**81.96**	**121.06**	**85.40**	**46.80**
1978	10	**62.50**	**78.00**	**82.14**	**120.25**	**90.63**	**43.80**
1978	11	**62.00**	**79.88**	**80.98**	**108.17**	**88.30**	**43.80**
1978	12	**65.83**	**82.33**	**84.75**	**126.25**	**86.29**	**44.00**
1979	1	**73.80**	**86.30**	**93.57**	**142.48**	**85.48**	**47.70**
1979	2	**69.12**	**84.50**	**97.47**	**129.82**	**86.33**	**51.30**
1979	3	**64.00**	**84.25**	**104.59**	**127.97**	**81.11**	**49.50**
1979	4	**78.62**	**89.75**	**108.61**	**134.88**	**75.25**	**49.50**
1979	5	**73.20**	**76.15**	**108.64**	**131.35**	**71.11**	**51.50**
1979	6	**68.83**	**71.12**	**103.56**	**128.81**	**70.97**	**48.10**
1979	7	**65.83**	**70.25**	**99.85**	**123.33**	**64.44**	**44.70**
1979	8	**62.65**	**71.00**	**94.13**	**117.55**	**63.46**	**41.40**
1979	9	**67.75**	**74.25**	**101.91**	**128.05**	**66.97**	**41.70**
1979	10	**66.50**	**70.00**	**98.32**	**123.85**	**64.79**	**38.80**
1979	11	**66.63**	**73.00**	**103.22**	**109.00**	**70.71**	**44.50**
1979	12	**68.12**	**79.83**	**105.53**	**106.42**	**69.86**	**47.60**
1980	2	**66.31**	**79.00**	**103.70**	**125.40**	**62.03**	**44.60**
1980	3	**68.62**	**70.50**	**103.15**	**132.50**	**60.62**	**42.40**
1980	4	**65.50**	**64.00**	**99.41**	**111.96**	**52.72**	**40.70**
1980	5	**61.75**	**57.42**	**102.00**	**123.38**	**na**	**43.00**
1980	6	**69.00**	**65.38**	**105.18**	**135.46**	**58.42**	**45.40**
1980	7	**69.00**	**65.38**	**110.11**	**141.32**	**na**	**55.30**
1980	8	**69.25**	**65.44**	**111.96**	**141.72**	**77.84**	**54.90**
1980	9	**68.25**	**67.62**	**107.97**	**137.54**	**78.88**	**57.50**
1980	10	**66.19**	**69.75**	**105.49**	**128.98**	**81.44**	**53.90**
1980	11	**63.97**	**68.67**	**101.44**	**115.50**	**80.38**	**52.10**

Table *4-1-Continued*

Lamb, beef, pork, and broiler prices in the United States, by month, January 1975-July 1989.

Year	Month	Slaughter Lambs San Angelo	Feeder Lambs San Angelo	Wholesale Beef	Wholesale Lamb Carcass 55-65 lb	Wholesale Pork Carcass	Wholesale Broilers 12-City
		$ICWT	$ICWT	$ICWT	$ICWT	$ICWT	$ICWT
1980	12	61.75	69.33	100.57	109.60	76.57	51.00
1981	1	57.50	61.75	99.80	108.12	71.17	51.90
1981	2	57.75	62.25	96.08	113.06	71.67	52.80
1981	3	56.75	59.00	94.32	113.56	67.39	50.60
1981	4	63.20	61.30	99.68	122.62	69.85	46.60
1981	5	65.38	60.69	103.32	137.50	70.83	48.60
1981	6	67.76	62.92	106.52	142.75	79.18	51.80
1981	7	64.38	56.62	107.23	137.30	81.97	52.80
1981	8	61.62	54.56	103.90	127.75	83.67	49.70
1981	9	52.30	51.40	102.96	115.90	83.85	45.80
1981	10	54.25	51.62	96.02	116.08	80.45	45.90
1981	11	48.50	49.33	94.56	109.00	79.04	44,70
1981	12	50.00	50.94	93.70	106.42	76.14	42.60
1982	1	51.50	50.44	97.42	109.41	80.77	47.70
1982	2	53.50	53.25	101.24	116.75	82.95	46.80
1982	3	60.70	57.65	103.82	129.60	85.18	47.20
1982	4	66.54	64.88	109.50	134.50	87.28	44.90
1982	5	67.12	63.50	115.14	144.12	94.33	48.30
1982	6	63.33	55.38	111.21	132.97	94.90	49.60
1982	7	57.50	51.31	102.61	127.62	97.53	48.60
1982	8	54.75	48.50	100.75	120.09	103.74	45.90
1982	9	52.90	47,35	95.54	115.37	104.72	46.10
1982	10	50.38	46.67	93.00	109.75	99.28	44.70
1982	11	47.50	48.33	92.86	110.25	95.58	42.60
1982	12	51.62	52.44	92.62	113.00	96.18	44.50
1983	1	55.81	58.31	94.14	123.83	93.11	46.00
1983	2	60.88	64.06	96.55	132.75	na	47.50
1983	3	63.30	63.90	100.62	136.80	na	44.32
1983	4	65.75	65.62	107.76	132.71	na	43.52
1983	5	60.62	56.62	105.00	126.67	75.71	46.93
1983	6	56.62	51.44	102.47	125.80	75.08	49.07
1983	7	50.75	44.38	97.72	119.08	na	52.82
1983	8	51.30	43.62	95.01	114.40	na	54.24
1983	9	50.88	42.94	92,10	115.00	na	54.51
1983	10	54.44	49.81	91.24	125.00	na	50.98
1983	11	57.94	57.69	91.57	127.00	na	57.61
1983	12	60.50	60.00	99.82	131.25	na	57.13
1984	1	60.62	59.50	105.52	131.25	79.76	62.10
1984	2	58.75	60.15	102.86	126.50	72.98	61.22
1984	3	58.50	60.00	105.14	123.38	75.02	62.01
1984	4	65.88	65.75	103.50	130.00	76.49	55.99
1984	5	63.50	57.00	99.62	128.73	76.15	57.61
1984	6	59.88	53.12	98.01	127.50	78.81	55.53
1984	7	59.83	54.25	101.26	132.50	84.24	57.30
1984	8	58.62	57.81	97.61	135.00	81.29	51.47
1984	9	64.75	59.56	94.37	145.83	77.57	53.54
1984	10	64.75	65.17	92.38	135.00	73.74	48.77
1984	11	65.75	71.00	99.08	135.00	84.26	52.14
1984	12	65.25	69.00	101.22	132.00	84.54	48.96
1985	2	67.58	72.31	97.42	139.50	77.42	51.94
1985	3	70.12	72.06	92.00	141.62	73.06	49.70
1985	4	72.50	73.25	89.20	136.50	68.05	47.77
1985	5	73.32	65.50	89.52	147.70	68.51	50.91
1985	6	70.97	74.25	88.48	145.50	74.14	53.39
1985	7	71.50	71.84	82.22	150.60	74.82	50.19
1985	8	71.69	73.82	80.02	147.00	70.66	50:14
1985	9	69.75	76.50	81.14	143.75	68.87	52.24
1985	10	67.25	81.65	99.11	140.00	74.48	48.27
1985	11	64.17	87.92	99.68	131.75	na	53.70
1985	12	59.33	84.67	98.84	125.06	75.14	48.72
1986	1	65.81	77.90	92.26	133.62	73.48	51.73
1986	2	67.50	75.12	86.82	138.58	68.87	48.99
1986	3	63.58	66.69	85.04	128.88	66.78	50.31
1986	4	74.22	79.98	83.34	145.30	65.64	50.05
1986	5	81.25	84.22	86.42	158.08	76.09	54.56
1986	6	77.36	84.69	83.58	148.75	83.79	58.29
1986	7	73.84	79.97	89.25	148.50	98.53	69.13
1986	8	68.12	80.06	90.98	142.50	102.06	69.72
1986	9	66.38	83.88	90.52	134.70	98.52	60.95
1986	10	59.65	81.45	91.80	117.50	93.52	61.64

Table *4-1-Continued*

Lamb, beef, pork, and broiler prices in the United States, by month, January 1975-July 1989.

Year	Month	Slaughter Lambs San Angelo	Feeder Lambs San Angelo	Wholesale Beef	Wholesale Lamb Carcass 55-65 lb	Wholesale Pork Carcass	Wholesale Broilers 12-City
		$/CWT	$ICWT	$ICWT	$ICWT	$ICWT	$ICWT
1986	11	65.42	83.50	95.70	136.25	92.90	57.50
1986	12	73.33	89.92	92.04	146.00	85.55	49.95
1987	1	78.56	95.88	89.70	153.96	76.38	51.77
1987	2	75.75	99.50	91.69	151.46	74.12	49.80
1987	3	86.50	108.50	92.86	161.25	75.31	48.53
1987	4	93.12	109.40	100.56	167.40	80.15	48.55
1987	5	94.50	112.62	107.80	173.00	85.89	50.53
1987	6	84.83	94.56	105.71	162.00	93.40	45.49
1987	7	76.84	98.75	99.29	148.25	94.45	47.02
1987	8	71.83	98.00	95.44	141.00	96.49	52.63
1987	9	70.05	102.55	96.87	137.60	93.01	46.43
1987	10	66.25	102.00	96.77	134.56	85.44	43.22
1987	11	65.00	99.50	95.35	129.56	76.41	44.60
1987	12	73.83	105.83	94.50	144.90	75.16	39.81
1988	1	83.53	113.63	97.15	156.88	73.83	43.86
1988	2	77.25	112.63	99.50	151.25	74.25	44.89
1988	3	83.75	111.30	103.47	153.37	71.71	48.37
1988	4	76.50	100.25	105.25	141.25	69.18	48.66
1988	5	72.67	90.63	111.70	141.38	75.93	56.55
1988	6	59.38	77.80	106.38	125.00	74.68	61.46
1988	7	59.67	79.67	97.09	128.75	71.05	66.54
1988	8	56.19	79.05	101.04	127.00	71.40	68.86
1988	9	59.50	78.56	103.15	130.50	69.40	na
1988	10	63.94	80.38	104.36	134.12	67.86	na
1988	11	65.56	82.00	104.73	127.70	64.96	na
1988	12	68.83	84.83	106.20	137.50	65.55	na
1989	1	68.13	84.88	107.30	133.75	64.91	na
1989	2	68.83	84.38	107.98	135.88	64.32	na
1989	3	70.90	95.30	112.43	142.60	62.63	na
1989	4	78.17	88.06	113.84	147.06	60.66	na
1989	5	73.56	78.18	112.62	142.35	65.06	na
1989	6	72.63	75.94	106.35	139.31	69.12	na
1989	7	69.50	74.80	104.91	133.03	71.00	na

Source: USDA, Economic Research Service.

The demand for lamb meat is influenced by such factors as the prices of substitute meats-e.g., beef, pork, and poultry-consumer income, and consumer attitudes. An increase in the price of substitute meats or consumer income should increase the demand for lamb. Lamb meat prices are consistently higher than those of substitute meats (fig. 4-5, and table 4-1), and consumption of lamb meat is less than consumption of other meats (fig. 4-6 and table 4-2).[6]

Factors that can influence the supply of lamb include lamb prices, labor costs, feed costs, and lamb losses. Prices can affect supply in two ways. Increased lamb prices would increase the value of lamb for breeding and for slaughter. If the producer decides to increase the flock size in response to price increases, the number of ewes sold for slaughter will be reduced. Because of the length of time necessary to increase the flock, the producer must see price increases as indicative of a longer run trend.[7] If the producer believes that the price increases are a short-run phenomenon, the producer may increase the number of lambs available for slaughter in order to increase revenue. Lamb retention is also responsive to feed prices; as feed prices increase the producer is less likely to increase the size of the flock.[8]

After processing, the meats are sold to either a wholesaler, a breaker, or a distributor while pelts and organs are sold through different channels. The net revenues for the slaughter lamb are determined by the wholesale carcass price, pelt and organ prices, slaughter and processing costs,

[6] Production costs are higher for lamb than for other meats because sheep production usually requires more labor per animal than other livestock. Sheep and lamb losses are much higher than those for other livestock primarily because sheep are highly susceptible to disease and predators. During 1987, 12 percent of the inventory of sheep were lost compared with 4.7 percent for cattle. See USDA, "Livestock and Poultry: Situation and Outlook Report," August 1989, and USDA, "Report on the U.S. Sheep Industry," March 1989. Data for broilers is available only through mid-1988.

[7] The time necessary to increase the size of a flock is considerable. When a ewe is between 8 and 14 months old, the producer decides whether to sell the animal for slaughter or keep it for breeding. Ewes usually give birth when they are about 2 years old. A lamb is ready for slaughter when it is between 8 and 14 months old.

[8] G. D. Whipple, and D. J. Menkhaus, "Supply Response in the U.S. Sheep Industry," American Journal of Agricultural Economics, Volume 71, No. 1, February 1989.

Figure 4-6
Published wholesale meat prices of lamb, beef, pork, and broilers sold In the U.S. market, by months, January 1985-July 1989

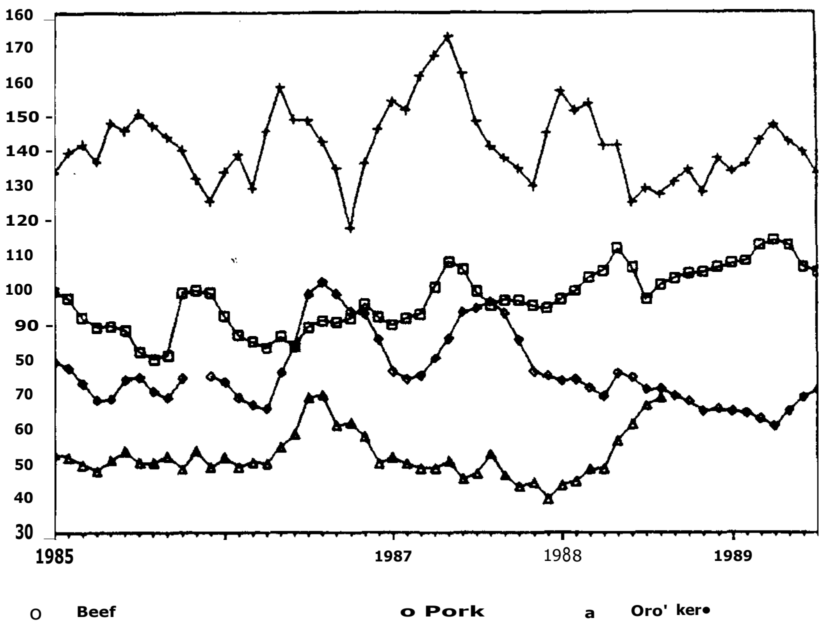
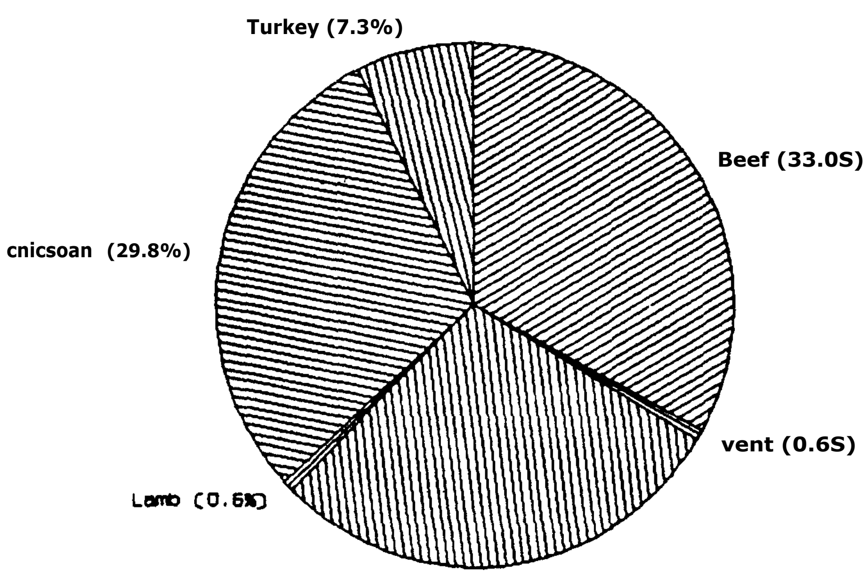


Figure 4-6
Per capita meat consumption In the United States, 1988

Per pound



Source: USDA Economic Research Service.

Table 4-2
Beef, veal, pork, lamb, mutton, and poultry meat: Apparent per-capita consumption, by types, 1985-88

(In pounds)

Type	1985 CWE'	1985 Retail	1986 CWE'	1986 Retail	1987 CWE'	1987 Retail	1988[2] CWE'	1988[2] Retail
Beef	106.5	78.8	107.3	78.4	103.3	73.4	102.2	72.1
Veal	2.2	1.8	2.3	1.9	1.8	1.5	1.7	1.4
Pork	65.8	62.0	62.1	58.6	62.5	59.1	66.7	63.1
Lamb[3]	1.6	1.4	1.4	1.3	1.4	1.3	1.4	1.3
Mutton[3]	.1	.1	.1	.1	.1	.1	.1	.1
Total red meat	176.2	144.1	173.2	140.3	169.1	135.4	172.1	138.0
Poultry	(4)	69.7	(4)	72.0	(4)	77,8	(4)	80.6
Total	245.8	213.8	245.2	212.3	246.9	213.2	252.7	218.6

Carcass weight equivalent.
[2] Forecast.
[3] Estimated by staff of U.S. Internationhl Trade Commission.
Retail and carcass weight are virtually the same for poultry.
Note.-Because of rounding figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture, except as noted.

and freight costs. The most valuable by-product of the lamb is the pelt, which accounts for approximately 5 percent of the live lamb value.[9]

The price of most of the lamb sold by packers to wholesalers is negotiated; however, some prices are on a formula basis. The formula price is often based on the National Provisioner's Yellow Sheet.[10] Packers prefer to sell on a carlot basis but because the quantity of lamb demanded is small they often take less-than-carlot orders.

Seasonal variations in prices of lamb sold to wholesalers occur throughout the year with prices peaking between March and May (for example, see fig. 4-3). As can be seen in figure 4-4, wholesale carcass prices have generally been increasing since 1975 and vary with feeder and slaughter prices. Packers also sell shoulders, legs, loins, and racks, called New York cuts, to wholesalers. The trends in the prices of these cuts are illustrated in table 4-3 and figure 4-7. The prices of racks are the highest, of these cuts and also the most volatile while the prices of shoulders are the lowest and the least volatile.

The next step in the distribution chain for lambs is the sale of different cuts of lamb by wholesalers to retailers (mostly grocery stores), and to hotels, restaurants, and institutions. The Commission requested nine grocery chains to report purchase prices of carcasses, racks, legs, and shoulders of U.S., Australian, and New Zealand origin. All nine grocery chains answered questions about their purchases of lamb meat and six grocery chains provided data detailing their pur chases of carcasses, racks, legs, and shoulders from the United States, Australia, and New Zealand (figs. 4-8 through 4-11 and table 4-4). Prices for the New Zealand cuts represent sales of frozen lamb and the prices for the U.S. and Australian cuts represent sales of chilled lamb. Eight respondents stated that price is negotiated.

There are a number of factors listed by respondents which may affect prices. One of the factors is the lead time from the date of purchase to the date the grocers receive the fresh or chilled lamb meat. Respondents stated that the lead time for fresh or chilled lamb was one week or less for orders placed with suppliers of U.S. lamb, one to three weeks for suppliers of Australian Iamb, and one to two weeks for suppliers of New Zealand lamb. The lead time for frozen lamb is typically 30 days. Another factor which affects prices is quality. Five grocers stated that imported lamb meat is inferior to U.S. lamb meat." All respondents stated that imported lamb meat cuts are smaller than domestic cuts. For another factor, the country of origin, eight of the grocery chains stated that their customers were interested in the country of origin.

Six respondents stated that they purchase lamb weekly and three purchase daily. All respondents stated that they rarely deviate from the one to three suppliers with whom they deal. Price, quality, and availability were listed as the three most important factors considered when deciding from whom to purchase lamb meat.

Because of price fluctuations, a discussion of trends in prices is difficult. The price of Australian carcasses have been higher than that of

Sheep Industry Development Program, Inc., *Sheep Production Handbook,* 1988.

The National Provisioner is a private price reporting service and the Yellow Sheet is one of its publications.

" One company stated that imported lamb was not as fresh as domestic lamb.

Table 4-3

New York Cut prices in the United States, by month, January 1980-December 1987

Wholesale Lamb Prices (New York Cuts)

Year	*Month*	*Shoulders*	*Legs*	*Loin*	*Racks*
		Cents per pound			
1980	Jan	101.7	164.0	133.0	225.0
	Feb	99.4	155.4	132.5	195.6
	Mar	97.5	179.6	137.5	243.8
	Apr	90.9	170.0	133.1	208.8
	May	91.0	149.2	131.0	197.0
	June	111.3	148.1	153.8	280.0
	July	115.3	150.0	166.0	300.5
	Aug	115.3	143.8	176.9	318.1
	Sept	111.9	150.0	180.0	312.5
	Oct	100.0	152.5	167.5	274.5
	Nov	91.9	145.0	141.3	232.5
	Dec	85.0	143.1	132.5	227.5
1981	Jan	85.5	146.0	124.0	193.5
	Feb	90.0	140.6	121.9	166.9
	Mar	90.0	150.4	125.6	176.9
	Apr	84.0	186.5	134.0	186.5
	May	113.4	173.0	181.3	269.4
	June	116.3	155.4	176.9	280.0
	July	116.5	147.0	173.5	264.5
	Aug	110.6	143.8	170.0	235.6
	Sept	100.5	146.0	158.5	187.0
	Oct	96.9	150.9	149.3	185.0
	Nov	93.8	141.9	144.4	183.8
	Dec	80.6	150.6	136.9	205.0
1982	Jan	88.5	154.0	135.0	185.0
	Feb	94.4	158.1	138.1	215.6
	Mar	94.2	188.0	144.0	236.0
	Apr	98.8	175.6	159.4	251.9
	May	103.8	160.6	180.6	316.9
	June	103.0	141.5	185.0	291.5
	July	90.0	130.0	178.1	266.9
	Aug	90.0	138.8	167.5	250.6
	Sept	88.0	139.5	158.5	226.0
	Oct	80.6	141.9	138.8	198.1
	Nov	81.9	138.1	138.1	208.8
	Dec	80.0	145.0	134.6	222.5
1983	Jan	96.3	155.6	152.5	218.8
	Feb	104.4	158.1	166.3	236.3
	Mar	86.0	180.5	171.5	276.5
	Apr	94.4	158.8	166.9	290.6
	May	88.8	139.4	168.1	303.1
	June	90.0	128.0	172.0	292.0
	Jul)·	83.8	117.5	181.9	285.0
	Aug	79.7	124.0	172.0	242.5
	Sept	79.4	129.4	178.1	230.6
	Oct	84.4	135.6	180.0	256.3
	Nov	85.6	135.0	179.4	280.0
	Dec	84.4	150.6	181.9	322.5
1984	Jan	84.4	150.7	173.8	306.3
	Feb	85.4	144.0	167.4	271.0
	Mar	75.6	154.1	160.0	248.8
	Apr	70.0	181.9	158.1	267.5
	May	81.0	132.3	175.5	318.5
	June	81.9	112.5	194.4	320.0
	July	86.9	123.1	203.8	335.0
	Aug	91.0	121.5	227.0	319.0
	Sept	86.9	131.3	240.6	329.4
	Oct	84.5	127.5	227.0	314.5
	Nov	81.3	127.5	230.0	331.3
	Dec	75.0	138.8	211.3'	344.4
1985	Jan	82.0	140.0	191.0	337.5
	Feb	90.6	145.6	191.3	340.0
	Mar	77.5	165.6	192.5	358.8
	Apr	76.9	161.3	184.4	356.3
	May	96.6	129.5	233.0	428.5
	June	86.9	121.9	270.0	427.5
	July	93.5	123.0	267.7	437.0
	Aug	85.6	118.1	263.8	413.1
	Sept	86.9	121.3	261.3	371.9
	Oct	86.0	137.5	232.0	326.5
	Nov	85.0	134.4	221.9	326.3
	Dec	75.7	134.5	190.0	323.5

Table *4-3-Continued*

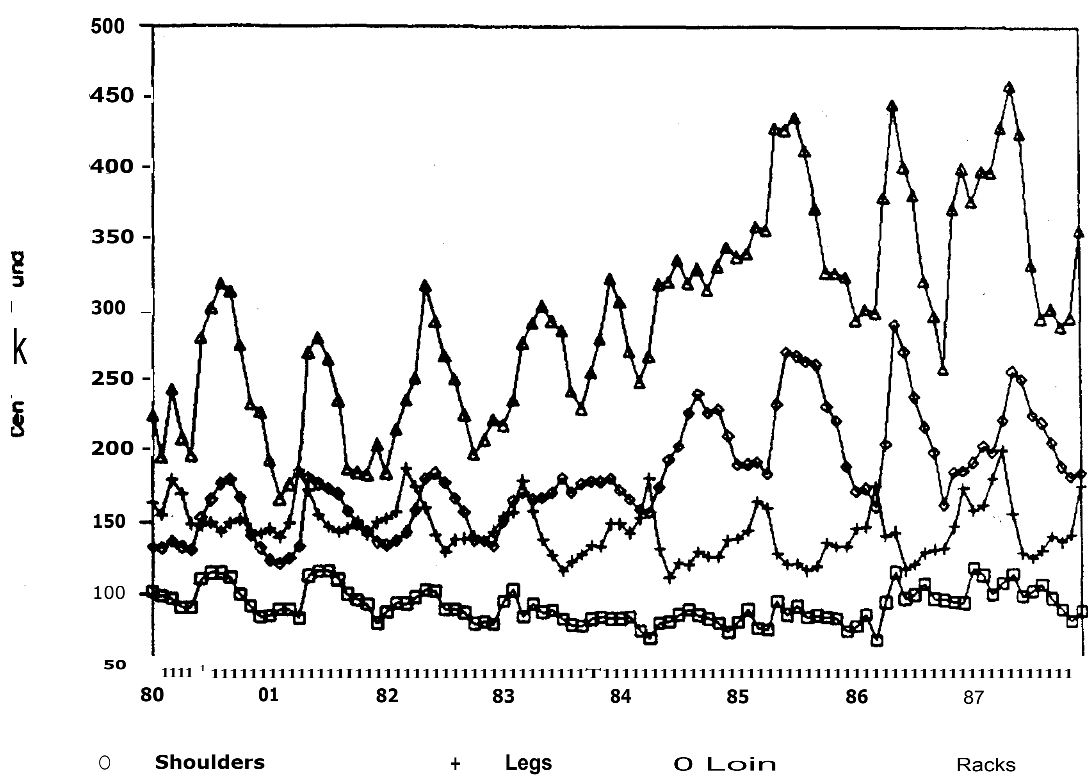
New York Cut prices in the United States, by month, January 1980-December 1987

Wholesale Lamb Prices (New York Cuts)

Year	*Month*	*Shoulders*	*Legs*	*Loin*	*Racks*
		Cents per pound			
1986	Jan	79.0	147.5	172.5	293.0
	Feb	87.5	148.1	175.0	300.6
	Mar	69.1	176.1	161.9	298.1
	Apr	95.9	142.4	205.5	380.0
	May	116.9	145.0	289.4	445.6
	June	98.8	118.8	270.6	401.9
	July	101.5	122.5	238.5	382.0
	Aug	109.4	130.6	217.5	321.3
	Sept	98.8	133.1	200.0	296.3
	Oct	98.0	133.5	164.1	259.0
	Nov	96.3	148.8	186.3	371.9
	Dec	96.0	175.5	187.0	401.0
1987	Jan	120.0	160.0	193.1	376.9
	Feb	115.0	163.8	204.4	398.8
	Mar	101.9	181.9	200.0	397.5
	Apr	110.0	202.0	222.5	429.5
	May	116.3	158.1	257.5	459.4
	June	101.3	130.6	251.9	426.3
	July	104.5	127.0	226.5	332.5
	Aug	109.4	133.1	221.3	295.0
	Sept	99.5	142.5	207.5	302.0
	Oct	91.9	138.8	190.6	288.8
	Nov	83.8	143.8	183.8	295.6
	Dec	91.3	177.5	186.3	356.9

Source: USDA, Economic Research Service.

Figure 4-7
Published lamb prices of New York style cuts in the United States, January 19B0-December 1987



Source: USDA Economic Research Service.

Figure 4-8
Purchase prices of domestic and imported Iamb carcasses by grocery chains, by months, January 1987-December 1988

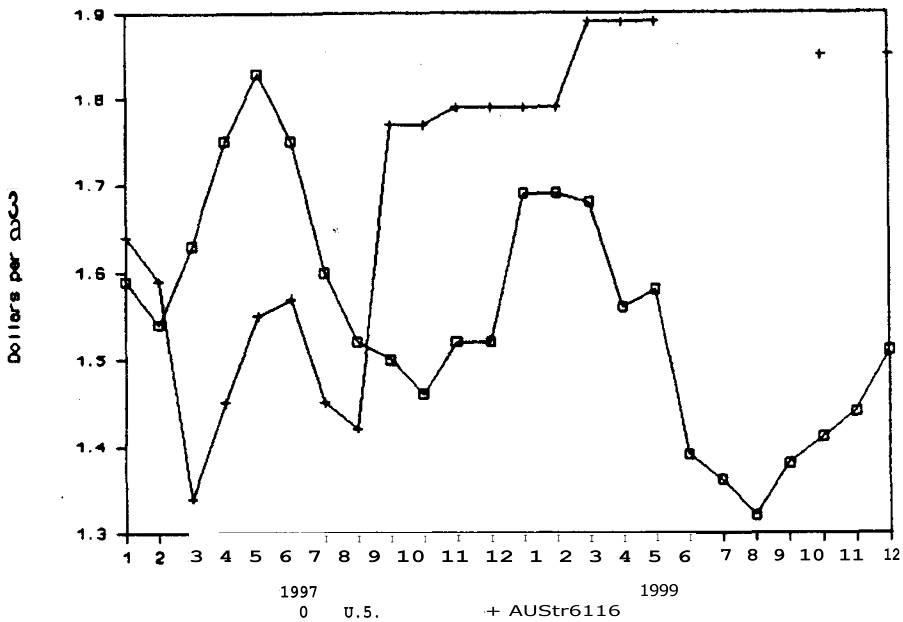
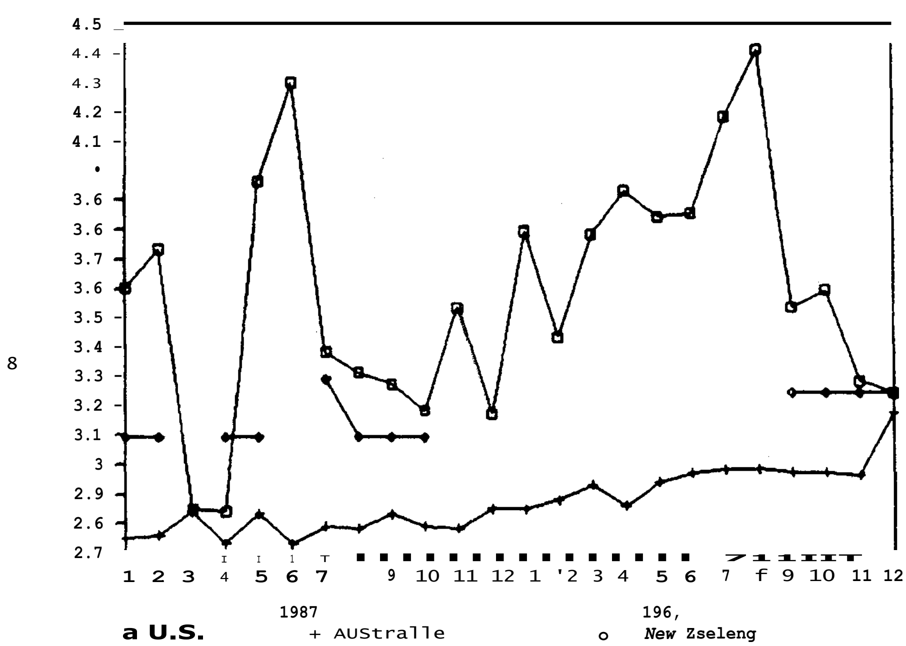


Figure 4-9
Purchase prices of domestic and imported lamb racks by grocery chains, by months, January 1987-December 1988



Source: Compiled form data submitted In response to questionnaires of the U.S. International Trade Commission.

Figure 4-10
Purchase prices of domestic and imported lamb legs by grocery chains, by months, January 1987-December 1988

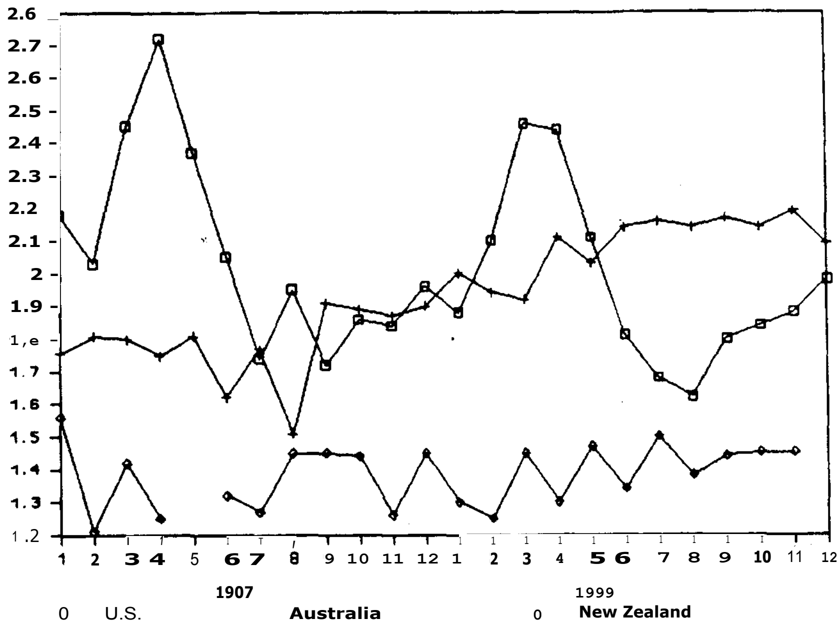
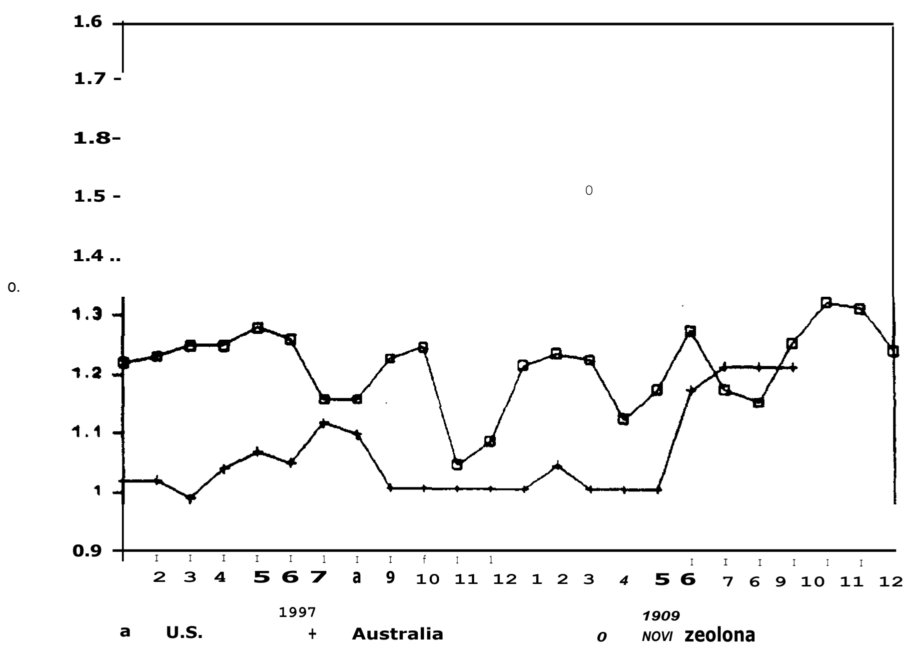


Figure 4-11
Purchase prices of domestic and Imported Iamb shoulders by grocery chains, by months, January 1987-December 1988



Source: Compiled form data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 4-4
Lamb meat: Prices of the largest purchase of selected lamb cuts, by U.S. grocery chains, by month, and by country January 1987-December 1988

		United States			Australia			New Zealand		
Year	*Month*	*legs*	*racks*	*shoulder*	*legs*	*racks*	*shoulder,*	*legs frozen*	*racks frozen*	*shoulder frozen*
1987	1	**2.18**	**3.60**	**1.22**	**1.76**	**2.75**	**1.02**	**1.56**	**3.09**	**1.44**
	2	**2.03**	**3.73**	**1.23**	**1.81**	**2.76**	**1.02**	**1.21**	**3.09**	**1.44**
	3	**2.45**	**2.85**	**1.25**	**1.80**	**2.84**	**0.99**	**1.42**	**NA**	**NA**
	4	**2.72**	**2.84**	**1.25**	**1.75**	**2.73**	**1.04**	**1.25**	**3.09**	**1.47**
	5	**2.37**	**3.96**	**1.28**	**1.81**	**2.83**	**1.07**	**NA**	**3.09**	**1.47**
	6	**2.05**	**4.30**	**1.26**	**1.62**	**2.73**	**1.05**	**1.32**	**NA**	**1.49**
	7	**1.74**	**3.38**	**1.16**	**1.77**	**2.79**	**1.12**	**1.27**	**3.29**	**1.49**
	8	**1.95**	**3.31**	**1.16**	**1.51**	**2.78**	**1.10**	**1.45**	**3.09**	**1.55**
	9	**1.72**	**3.27**	**1.23**	**1.91**	**2.83**	**1.01**	**1.45**	**3.09**	**1.53**
	10	**1.86**	**3.18**	**1.25**	**1.89**	**2.79**	**1.01**	**1.44**	**3.09**	**1.52**
	11	**1.84**	**3.53**	**1.05**	**1.87**	**2.78**	1.01	**1.26**	**NA**	**NA**
	12	**1.96**	**3.17**	**1.09**	**1.90**	**2.85**	1.01	**1.45**	**NA**	**1.49**
1988	1	**1.88**	**3.79**	**1.22**	**2.00**	**2.85**	**1.01**	**1.30**	**NA**	**1.54**
	2	**2.10**	**3.43**	**1.24**	**1.94**	**2.88**	**1.05**	**1.25**	**NA**	**NA**
	3	**2.46**	**3.78**	**1.23**	**1.92**	**2.93**	**1.01**	**1.45**	**NA**	**1.52**
	4	**2.44**	**3.93**	**1.13**	**2.11**	**2.86**	**1.01**	**1.30**	**NA**	**NA**
	5	**2.11**	**3.84**	**1.18**	**2.03**	**2.94**	**1.01**	**1.47**	**NA**	**1.53**
	6	**1.81**	**3.85**	**1.28**	**2.14**	**2.97**	**1.18**	**1.34**	**NA**	**1.59**
	7	**1.68**	**4.18**	**1.18**	**2.16**	**2.98**	**1.22**	**1.50**	**NA**	**1.61**
	8	**1.62**	**4.41**	**1.16**	**2.14**	**2.98**	**1.22**	**1.38**	**NA**	**1.59**
	9	**1.80**	3.53	**1.26**	**2.17**	**2.97**	**1.22**	**1.44**	**3.24**	**NA**
	10	**1.84**	**3.59**	**1.33**	**2.14**	**2.97**	**NA**	**1.45**	**3.24**	**NA**
	11	**1.88**	**3.28**	**1.32**	**2.19**	**2.96**	**NA**	**1.45**	**3.24**	**1.68**
	12	**1.98**	**3.24**	**1.25**	**2.09**	**3.17**	**NA**	**NA**	**3.24**	**1.71**

Source: Compiled from U.S. International Trade Commission questionnaires.

domestic carcasses since September 1987 (fig. 4-8). Although carcass prices have had large fluctuations, mostly because of seasonal demand, Australian carcass prices were on a general upward trend between May 1987 and December 1988, while domestic carcass prices generally declined between May 1987 and December 1988. There were no reported prices for lamb carcasses imported from New Zealand.

Domestic prices of racks also have large fluctuations resulting from seasonal demand (fig. 4-9). Prices of Australian racks are more stable and increased 15 percent from January 1987 to December 1988. Australian rack prices have been lower than domestic rack prices since January 1987. The price of frozen New Zealand racks, which increased 5 percent from January 1987 to December 1988, were generally lower than the price of domestic lamb racks where comparisons could be made.

Domestic prices of lamb legs also have large fluctuations resulting from seasonal demand (fig. 4-10). Prices of Australian legs are more stable and increased 19 percent from January 1987 to December 1988. Australian leg prices have been higher than U.S. leg prices since June 1988. The price of frozen New Zealand lamb legs, although consistently below domestic prices, have fluctuated, showing no trend. New Zealand leg prices have been lower than domestic leg prices since January 1987.

Prices of lamb shoulders behaved differently from those of the other lamb cuts (fig. 4-11). There is no seasonal fluctuation in U.S. or imported shoulder prices. U.S. prices, although fluctuating, show no apparent trend. Australian shoulder prices, which were generally lower than U.S. prices during the period 1987-88 increased nearly 10 percent from January to July 1987, but fell back 10 percent by September 1987. Australian prices then remained almost level through May 1988 before increasing nearly 21 percent by July-September 1988. Australian shoulder prices were lower than U.S. shoulder prices between January 1987 and June 1988. Prices of frozen shoulders from New Zealand increased almost 19 percent from January 1987 to December 1988 and were inexplicably higher than those of fresh or chilled U.S. and Australian shoulders.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1985-December 1988 the nominal value of the Australian dollar depreciated 10.5 percent relative to the U.S. dollar and the nominal value of the New Zealand dollar depreciated 27.5 percent relative to the U.S. dollar (table 4-5).[12] Adjusted for movements in producer price indices in the United States and Australia, the real value of the Australian currency appreciated 9.4 percent during the same period. Adjusted for movements in producer price indices in the United States and New Zealand, the real value of the New Zealand currency depreciated 11.9 percent during the same period.

[12] International Financial Statistics, June 1989.

Table 4-5

U.S.-Australlan and New Zealand exchange rates:' Nominal-exchange-rate equivalents of the Australian and New Zealand dollars in U.S. dollars, real-exchange-rate equivalents, and producer price Indicators in the United States, Australia and New Zealand,[2] indexed by quarters, January 1985-March 1989

Period	*U.S. Producer Price Index*	*Australia Producer Price Index*	*Nominal-exchange-rate Index*	*Real-exchange-rate index°*	*New Zealand Producer Price Index*	*Nominal-exchange-rate Index*	*Real-exchange-rate index°*
1985:							
January-March	100.0	100.0	100.0	100.0	100.0	100.0	100.0
April-June	100.1	103.0	112.7	116.0	104.8	100.9	105.7
July-September	99.4	104.8	107.7	113.5	106.3	88.2	94.3
October-December	100.0	105.8	109.3	115.6	105.6	82.3	86.9
1986:							
January-March	98.5	107.4	107.1	116 8	107.8	87.4	95.7
April-June	•96.7	106.9	105.4	116.5	109.0	82.7	93.2
July-September	96.2	109.6	120.8	137.7	110.6	90.9	104.5
October-December	96.6	112.6	116.0	135.3	113.2	90.1	105.6
1987:							
January-March	97.7	114.5	112.0	131.2	115.8	83.8	99.4
April-June	99.3	116.0	105.2	122.9	118.4	79.1	94.4
July-September	100.4	118.0	105.2	123.6	120.1	75.9	90.8
October-December	100.8	120.2	106.7	127.2	121.3	72.3	87.0
1988:							
January-March	101.4	123.0	104.4	126.6	122.4	69.4	83.7
April-June	103.2	125.0	96.5	116.9	124.3	67.2	80.9
July-September	104.6	126.8	94.0	113.9	126.1	71.2	85.9
October-December	105.1	128.4	89.5	109.4	127.7	72.5	88.1
1989:							
January-March	107.4	130.5	88.6	107.7	([4])	([4])	(•)

' Exchange rates expressed In U.S. dollars per Australian and New Zealand dollars.

² Producer price Indicators-intended to measure final product prices-are based on average quarterly Indices presented in line 63 of the *International Financial Statistics.*

³ The indexed real exchange rate represents the nominal exchange rate adjusted for relative movements In Producer Price Indices In the United States, Australia and New Zealand. Producer prices In the United States Increased 5.1 percent during the period January 1985 through December 1988 compared with a 28.4-percent Increase in Australian prices and a 27.7-percent increase in New Zealand prices during the same period.

• Not available.

Note.-January-March 1985=100.0.

Source: International Monetary Fund, *International Financial Statistics,* June 1989.

Chapter 5

U.S. Industry

Growers

U.S. sheep growers may be divided into two categories: (1) sheepherders (i.e., those who maintain flocks of sheep for the production of lambs, including purebred and commercial flocks), and (2) feeders (those who maintain feedlots where lambs are fed on grain or other concentrates until they reach slaughter weight). Some growers engage in both activities, and not all lambs are placed in feedlots. Some lambs go to slaughter directly from pasture where they may or may not have been provided with grains to supplement their diets of forage and milk from their mothers. Lambs are the only common farm animals that can be grown to the Choice grade without supplemental feed, and when pastures are good, they are frequently so handled.

In the United States, virtually no sheep are raised exclusively for the production of wool or pelts, although wool may account for a significant share of growers' income, as described in the section of this report entitled "Wool," and pelts add to the value received by the growers for the live animals. In some parts of the world, notably Australia, Argentina, and the Union of South Africa, sheep are kept for the production of wool. In some parts of the Middle East and the Soviet Union, specific breeds of sheep, such as Karakul and Astrakhan, are kept primarily for the production of pelts.

The number of sheep-raising operations' in the United States declined by 2 percent from 117,370 in 1985 to 114,840, in 1987, but then rose by 1 percent from 1987 to 1988 (table 5-1). Many operations consist of only a few sheep and belong to part-time or hobby farmers.

Officials of the American Sheep Industry Association (ASIA) contend that because the number of operations with sheep include those owned by hobbyists and others who are not primarily profit motivated, a better measure of the number of growers for profit is the number of payments under the Federal wool incentive program. (The wool incentive program is described later in Chapter 6.) The number of payments under the wool incentive program is shown in the following tabulation:

Year	Number
1985	76,580
1986	74,371
1987	76,906
1988	85,566

In 1988, 47,100 U.S. operations with sheep (41 percent of the U.S. total) were located in the Corn Belt.[2] However, these operations averaged only 41 animals each and accounted for only 18 percent of the total U.S. sheep population as of January 1, 1989. In the Corn Belt, sheep are most commonly kept as components of diversified farming operations, or kept by part-time farmers. Sheep are frequently kept on land not suitable for raising grain or for other farming activities.

The Western States[3] accounted for 45,400 U.S. sheep operations (39 percent of the total) in 1988. These operations, which averaged 180 animals each, accounted for 76 percent of the total U.S. sheep population as of January 1, 1989. In the Western States, sheep are sometimes the primary or only source of income for the operator, although sheep are also frequently part of diversified farming operations. On the Edwards Plateau of Texas, for example, cattle, sheep, and goats may be kept on the same pasture because cattle will eat grass, sheep will eat forbs and weeds, and goats will eat leaves and browse. In many areas of the West, because of topography and climate, the only suitable agricultural crop is forage, and the only practical use for the forage is as a feed for ruminant animals, such as sheep.

Most of the remaining 20 percent of U.S. sheep operations, which accounted for 7 percent of the total U.S. sheep population on January 1, 1989, are located in the Northeastern United States and border regions of the Southeastern United States (figs. 5-1 and 5-2). The U.S. sheep population rose by 8 percent from January 1, 1986, to January 1, 1989 (table 5-2).

' An operation is any place having one or more sheep on hand at any time during the year.

² The Corn Belt consist of the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

³ The Western States consist of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

Table 5-1

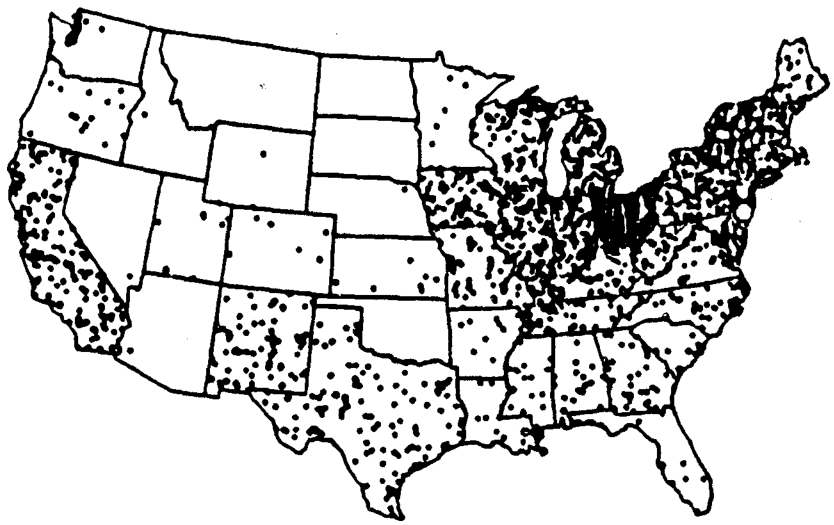
Operations with sheep, by regions, 1985-88

Region	1985	1986	1987	1988
Corn Belt	51,400	49,200	47,200	47,100
Western States	46,220	45,900	44,850	45,400
Other	19.750	20,150	22,790	22,990
Total	117,370	115,250	114,840	115,490

Source: Complied from official statistics of the U.S. Department of Agriculture.

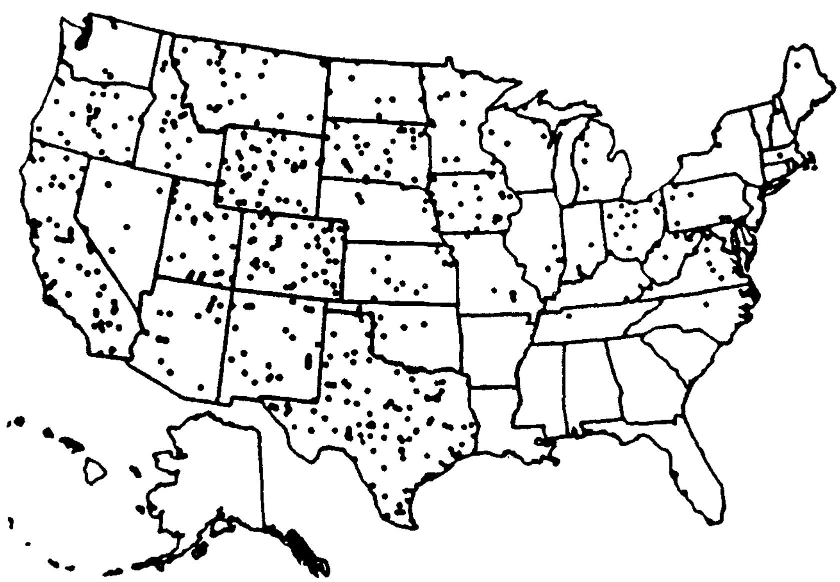
Figure 5-1
Location of U.S. sheep Inventory

1867 SHEEP INVENTORY
UNITED STATES = 46.3 MILLION



1 Dot • 20,000 HEAD

1988 SHEEP INVENTORY
UNITED STATES = 10.8 MILLION

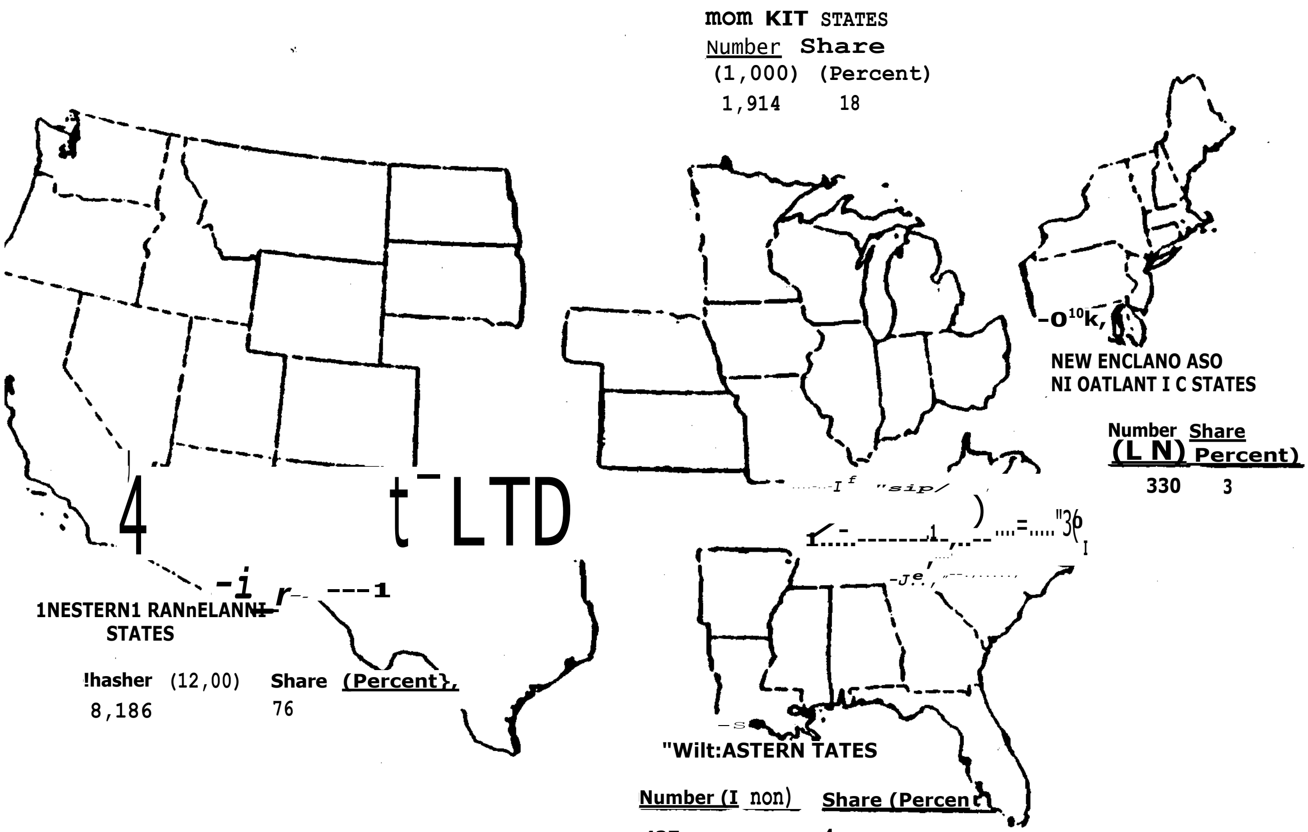


1 Dot .• 20,000 HEAD

SHEEP AND GOATS,
FEBRUARY 1989

Source: **AGRICULTURAL** STATISTICS BOARD,
MASS, USDA

Figure 6-2
Regional location of U.S. sheep Inventory as of January 1, 1989



Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 5-2
U.S. sheep and lamb population, by regions, as of Jan. 1 of 1986-89

(In thousands)

Region	*Jan. 1—* 1986	*1987*	*1988*	*1989*
Western States	7,753	7,894	8,236	8,186
Corn Belt	1,701	1,830	1,891	1,914
Other	529	610	657	702
Total	9,983	10,334	10,784	10,802

Source: Complied from official statistics of the U.S. Department of Agriculture.

Lambs may be sent directly from pasture to slaughter,• or alternatively, at about 6 months of age and about 55 to 90 pounds in weight, they may be shipped to feedlots for about 2 to 3 months of intensive feeding and finishing on grain (primarily corn) prior to slaughter. During this period, lambs are generally referred to as feeder lambs; when ready for slaughter, they are called fed lambs, slaughter lambs, or fat lambs.

Officials of the National Lamb Feeders Association report that there are probably only about 100 large-volume lamb feedlots in the United States, although there are many small-volume feedlots. Feedlot operators may feed lambs they own or may feed lambs for other people on a fee-for-service or some type of partnership basis. As shown in the following tabulation, lamb feeding tends to be concentrated in a few States as of January 1 (in thousands of animals):

State	*1987*	*1988*	*1989*
Colorado	310	360	380
Texas	150	160	170
California	185	190	160
Oregon	95	100	125
Wyoming	85	115	117
Kansas	70	105	98
All other	613	614	563
Total	1,508	1,644	1,613

Meatpackers

Federally inspected (FI) plants accounted for 97 percent of sheep and lamb slaughter annually during 1985-88. The total number of FI sheep and lamb slaughtering plants declined 13 percent during 1985-88, as reflected in the following tabulation:

Year	*Number of FI plants*
1985	1,008
1986	954
1987	906
1988	877

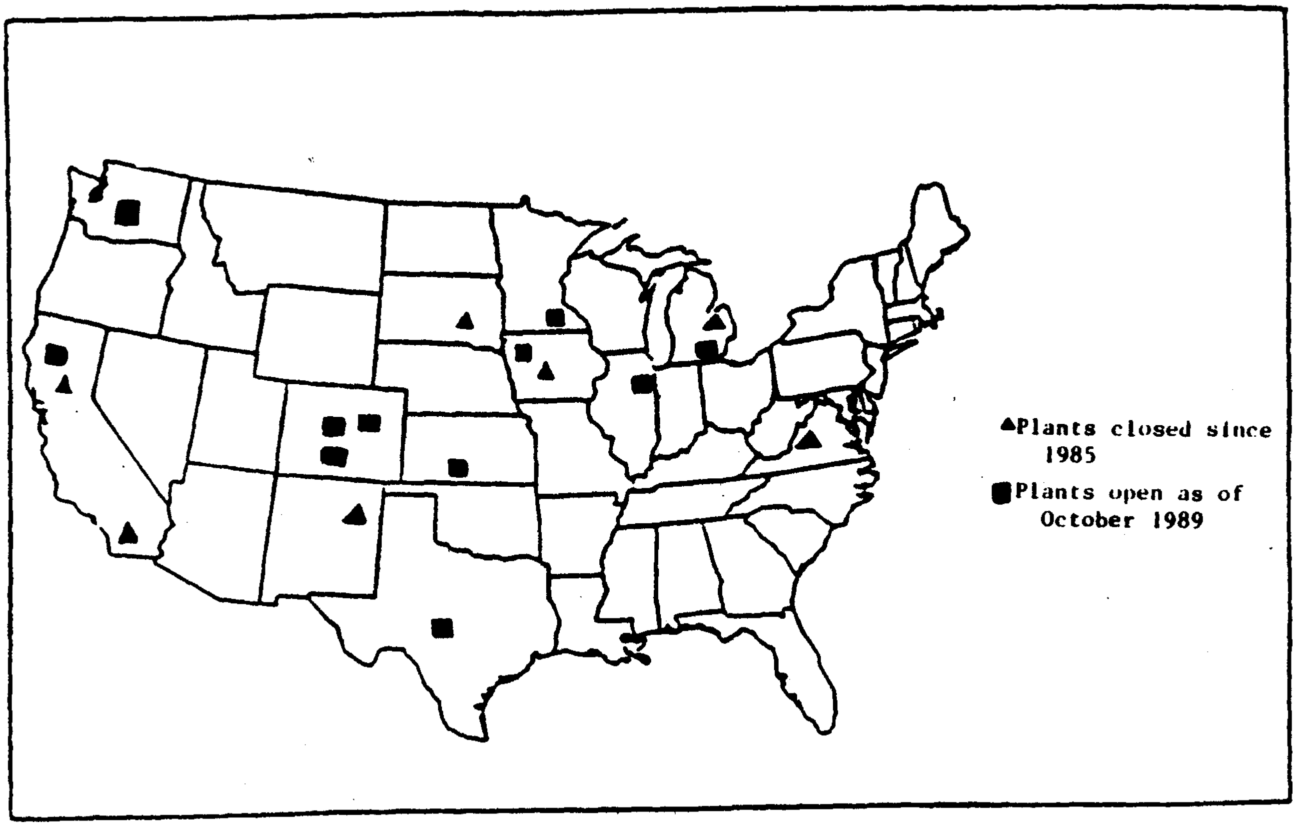
FI plants with a capacity to slaughter 10,000 or more sheep and lambs annually accounted for 90 percent or more of sheep and lamb slaughter annually during 1985-88. The total number of such FI plants declined during 1985-88 as shown in the following tabulation:

Year	*Number of large volume plants*
1985	28
1986	26
1987	22
1988	20

Figure 5-3 shows the approximate location of the largest volume lamb slaughtering plants (those with a capacity to slaughter over 100,000 animals annually) in operation in the United States as of October 1989, and those large-volume plants that have closed since 1985. The largest volume plants accounted for 80 percent or more of total U.S. lamb slaughter annually during 1985-89. Whereas figure 5-3 suggests idling of productive facilities, it should be noted that one of the plants in Colorado, which opened in late 1988, is the largest volume plant in the United States. That plant is owned and operated by Monfort, Inc. (Monfort, Inc., was purchased by ConAgra, Inc., in November 1986). One of the other plants in Colorado, Hi-Country Lamb Co., had been operated in connection with Monfort, Inc., under the name Colorado Lamb Co., but was closed before Monfort, Inc., opened its plant in late 1988. Hi-Country Lamb Co. reopened the plant in late November 1988. The third plant in Colorado is owned and operated as Denver Lamb Co.

• At the public conference on Investigations Nos. 701-TA-214 and 731-TA-188, domestic interests reported that in years when pastures are good because of ample rainfall, 60 to 80 percent of the lamb crop in some States would be sent directly from pasture to slaughter, without going through feedlots. See the transcript, p. 82.

Figure 6-3
Plants with a capacity to slaughter over 100,000 lambs annually, 1966-89



Among other large-volume plants in operation as of October 1989, the plants in Texas and Kansas are also operated by Monfort, Inc. The plants in Northern California and Washington State are owned and operated by Superior Packing Co.; the plant in northwestern Iowa is owned and operated by the Iowa Lamb Corp.; the plant in Minnesota is owned and operated by Farmstead Foods, Inc.; the plant in Illinois is owned and operated by Den-Franco; and the plant in Michigan is owned and operated by Wolverine Packing Co. The plant in southeastern South Dakota is owned and operated by John Morrell & Co., and it stopped slaughtering lambs May 1, 1987 (although other species of livestock were subsequently slaughtered there); the plant started to slaughter lambs again in the spring of 1989.

Among large-volume plants that have closed since 1985, the plant located in Northern California was owned and operated by ConAgra and closed August 26, 1988. The plant in. Southern, California was owned and operated by various firms in recent years, including the American Lamb Co. and the Western Lamb Co. This plant was last closed April 11, 1986. The New Mexico plant, which closed May 16, 1986, after being in operation for one year, was operated by Clovis Lamb Co. The plant in northwestern Iowa that closed was owned and operated by Mid-American Lamb Co. and it closed June 21, 1986. The plant in Michigan was the Detroit Veal and Lamb Co. which closed January 31, 1986. The Virginia plant that closed was owned and operated by Rocco Further Processing and ceased slaughtering in December 1987. For about one more year, that plant reportedly continued to process lamb meat from other slaughtering plants.

Financial Experience of U.S. Packers

Packers accounting for approximately 80 percent of U.S. production of lamb meat in 1988, provided income-and-loss data on their operations producing lamb meat.

Income

The income-and-loss experience of U.S. packers of lamb meat is presented in table 5-3. Net sales increased 7.6 percent from $313 million in 1986 to $337 million in 1987 and increased an additional 15.5 percent to $389 million in 1988. Operating losses of $3.9 million and $848,000 were incurred in 1986 and 1987, respectively. Operating income was $4.2 million in 1988. Operating income or (loss) margins were (1.2) in 1986, (0.3) in 1987, and 1.1 in 1988.

The combined income-and-loss experience, on an average per-pound basis, for the packers is presented in table 5-4. The average per-pound sales value increased 6.3 percent, from $1.43 in 1986 to $1.52 in 1987 and 1988. Gross profit doubled each year from 1 cent per pound in 1986 to 2 cents in 1987 and to 4 cents in 1988. An operating loss of 1 cent per pound was incurred in 1986. The combined companies operated at approximately the breakeven point in 1987 on a per pound basis. The operating income in 1988 was 2 cents on an average per pound basis.

Table 5-3

Income-and-loss experience of U.S. packers on their operations producing lamb meat, accounting years 1986-88

Item	*1986*	*1987*	**1988**
	Value (1,000 dollars)		
Net sales	**313.175**	**336,858**	**389,071**
Cost of goods sold	**311,580**	**332,503**	**379,639**
Gross profit	**1,595**	**4,355**	**9,432**
General, selling, and administrative expenses	**5,485**	**5,203**	**5.206**
Operating income or (loss)	**(3,890)**	**(848)**	**4,226**
Other Income, (expense), net	**(806)**	**(754)**	**(280)**
Net Income or (loss) before income taxes	**(4,696)**	**(1,602)**	**3,946**
Depreciation and amortization included above	**1,075**	**1,072**	**1,172**
Cashflowt	**(3,621)**	**(530)**	**5,118**
	Share of net sales (percent)		
Cost of goods sold	**99.5**	**98.7**	**97.6**
Gross profit	**0.5**	**1.3**	**2.4**
General, selling, and administrative expenses	**1.8**	**1.5**	**1.3**
Operating Income or (loss)	**(1.2)**	**(0.3)**	**1.1**
Net income or (loss) before income taxes	**(1.5)**	**(0.5)**	**1.0**

[1] Cashflow is defined as net income or (loss) plus depreciation and amortization.

Source: Compiled from data submitted in response to questionnaires of the U.S. international Trade Commission.

Table 5-4

Income-and-loss experience of U.S. packers on their operations producing lamb meat, accounting years 1986-88

(Unit value dollars per pound)

Item	1986	1987	1988
Net sales	**$1.43**	**$1.52**	**$1.52**
Cost of goods sold	**1.42**	**1.50**	**1.48**
Gross profit	**.01**	**.02**	**.04**
General, selling, and administrative expenses	**.02**	**.02**	**.02**
Operating Income or (loss)	**(.01)**	([1])	**.02**

A loss of less than 0.00 dollars per pound.
Source: Compiled from data submitted In response to questionnaires of the U.S. International Trade Commission.

Investment in productive facilities

The value of property, plant, and equipment for the U.S. packers and the return on the book value of fixed assets are presented in table 5-5.

Capital expenditures

U.S. packers provided data on their capital expenditures for lamb meat operations. Expenditures increased from 1986 to 1987 but declined in 1988.

Production

The number of lambs born during the year, the so-called lamb crop, is generally referred to as U.S. production. In some States, however, especially the Western States, the lamb crop is estimated when the young lambs (about two weeks of age) are "worked," i.e., when the lambs have their tails removed (docked) and when the ram lambs are castrated. In years with adverse weather, many lambs die before they are "worked" and thus are not included in the lamb crop. The U.S. lamb crop declined by 0.8 percent from 1985 to 1986, by 2.3 percent from 1986 to 1987, and by 0.9 percent from 1987 to 1988. The total U.S. lamb crop, as reported by the USDA, is shown in the following tabulation:

Year	*U.S. lamb crop (1,000 animals)*
1985	**7,412.1**
1986	**7,355.8**
1987	**7,189.7**
1988	**7,123.1**

The number of lambs born during the year reflects primarily the number of female animals of breeding age. The January 1 inventory of the number of ewes kept for breeding purposes that were one year old and older, as reported by the USDA, is shown in the following tabulation:

Jan. 1—	*Ewes kept (1,000 animals)*
1985	**7.233**
1986	**6,817**
1987	**6,847**
1988	**7,192**
1989	**7,173**

Table 5-5

Lamb meat: Value of property, plant, and equipment of U.S. packers, accounting years 1986-88

Item	1986	1987	1988
	Value (1,000 dollars)		
Lamb meat:			
Fixed assets:			
Original cost	**8,403**	**10,605**	**12,295**
Book value	**5,490**	**6,776**	**7,236**
	Return on book value of fixed assets (percent)		
Lamb meat:			
Operating return[1]	**(70.9)**	**(12.5)**	**58.4**
Net return[2]	**(85.5)**	**(23.6)**	**54.5**

[1] Defined as operating income or (loss) divided by asset value.
[2] Defined as net income or (loss) divided by asset value.
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

In addition to the January 1 inventory of ewes kept for breeding purposes, the lamb crop reflects the lambing rate or the number of lambs born per 100 ewes one year old or older. The lambing rate, as reported by the USDA, is shown in the following tabulation (per 100 ewes):

Year	*Lambing rate*
1985	103
1986	108
1987	104
1988	99

Adverse weather, either during the breeding season or when the lambs are born, contributes to reduced lambing rate and lower lamb crops. Also, the lambing rate may reflect the nature of the January 1 inventory of ewes kept for breeding purposes that are 1 year old or older. Most ewes are bred when they are 18 to 19 months of age and have their first lambs when they are about 2 years old. If a large share of the January 1 inventory consists of ewes kept for breeding purposes that are more than 1 year old but not 2 years old and not bred, the lambing rate during the year will be lower than if the January 1 inventory consists of a larger share of bred ewes.

U.S. lamb meat production, as estimated by the staff of the U.S. International Trade Commission, declined by 10.2 percent from 1985 to 1987, increased 5.9 percent in 1988, and was 1.6 percent higher during January-August 1989 than in the corresponding period of 1988. Total domestic lamb meat production (table 5-6), as estimated by the staff of the Commission, is shown in the following tabulation (in thousands of pounds):

Period	*Lamb meat production*
1985	337,058
1986	322,683
1987	302,747
1988	320,755
Jan.-Aug.:	
1988	211,496
1989	214,794

U.S. lamb meat production primarily reflects commercial lamb slaughter; commercial lamb slaughter, as estimated by the staff of the Commission and shown in table 5-6, is shown in the following tabulation (in thousands of animals):

Period	*Lamb slaughter*
1985	5,754
1986	5,315
1987	4,921
1988	4,990
Jan.-Aug.:	
1988	3,284
1989	3,342

In addition to the number of lambs slaughtered, U.S. lamb meat production also is based on the average carcass weight of lambs slaughtered. The average, as reported by the USDA, increased during 1985-88 but not during January-August 1988-89, as shown in the following tabulation (in pounds):

Period	*Average carcass weight*
1985	58
1986	59
1987	60
1988	63
Jan.-Aug.:	
1988	63
1989	63

The increase in average carcass weight may reflect a trend to genetically larger animals, moderate grain prices that encourage feeding to heavier weights and, on the negative side, feeding to excessive weights as growers retain animals beyond optimum slaughter weights, hoping for higher prices.

Consumption

U.S. lamb meat consumption (table 5-7), as estimated by the staff of the Commission, is shown in the following tabulation (in thousands of pounds):

Period	*Lamb meat consumption*
1985	363,572
1986	350,787
1987	335,911
1988	351,466
Jan.-Aug.:	
1988	233,453
1989	235.123

Changes in lamb meat consumption during 1985-88 in the United States primarily reflect changes in production inasmuch as imports and inventories were relatively stable during the period and exports were negligible or nil.

Lamb Meat as a Share of All Meat Consumption

Table 5-8 shows that lamb meat accounted for only a small share of U.S. meat consumption during 1985-88. Lamb meat's share of U.S. meat consumption declined very slightly and irregularly during 1985-88 from 0.88 percent of red meat total, and 0.63 percent of red meat and poultry total, during 1985, to 0.83 percent of red meat total, and 0.56 percent of red meat and poultry total, during 1988.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	508.9	438	502.5	516.6		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	57	57	56	56			[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	91.2	92.1	92	92.2	93.4	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	[illegible]	464.1	403.4	462.3	476.3	464.3	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	30, [illegible]			[illegible]	26,454.7	22,993.7	25,888.8	26,673.1	26,464.6	30,734.3	26,556.4	28,690.3	331,430.9
[illegible]	[illegible]		[illegible]	[illegible]	306.9	306.9	308.6	308.6	[illegible]	[illegible]			[illegible]
[illegible]	31,342.4	27,063.3	32,215.5	28,552.1	26.761.6	23,300.6	26,197.4	26,981.7	26,773.2	31,363.9	27,186.0	29,319.8	337,057.4

Table 5-6—Continued

[illegible]													
[illegible]	[illegible]							443.6			412.8		
[illegible]								58			60		
[illegible]	95.1	5.2											
Estimated commercial:													
Lamb slaughter (1,000 animals)	92.6	9.9											
Lamb meat production (1,000 pounds)	[illegible]	25,795.4	30,932.5	27,540.6	23,401.8	22,749.5	24,480.7	24,236.5	28,539.9	28,914.7	23,529.6	26,326.7	316,005.0
Estimated --													
Farm lamb meat production (1,000 pounds	[illegible]												
otal lamb meat production (1,000 pounds)	30,511.5	26,749.8	31,886.9	27,851.1	23,712.3	23,060.0	24,808.2	24,564.0	28,867.4	29,548.2	24,163.1	26,960.2	322,682.6

Table 5-6—Continued

[illegible]	[illegible]	[illegible]	[illegible]	496.4	373.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	61	[illegible]	59	59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	95.5	[illegible]	94.8	93.0	[illegible]	[illegible]	[illegible]	94.7	[illegible]	[illegible]	[illegible]	[illegible]
Estimated commercial													
Lamb slaughter (1,000 animals)	[illegible]	81.6	[illegible]	470.6	[illegible]	[illegible]	[illegible]	[illegible]	449.3	[illegible]	[illegible]	[illegible]	[illegible]
Lamb meat production (1,000 pounds)	24,632.9	23,278.7	26,096.6	27,764.6	20,493.9	22,817.2	23,626.0	23,188.5	27,404.7	26,963.1	24,217.7	26,563.9	297,047.9
Estimated													
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	25,270.1	23,915.9	26,733.8	28,077.6	20,806.9	23,130.2	23,941.3	23,503.8	27,720.0	27,597.2	24,851.8	27,198.0	302,746.7

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	452.1	431.9	459.7	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	63	63	64	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Estimated commercial:													
Lamb slaughter (1,000 anima[illegible])	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lamb meat production (1,000 pound[illegible])	22,978.0	24,992.0	34,655.3	24,615.9	25,975.2	25,193.7	23,148.6	26,462.4	26,892.5	26,574.0	25,495.5	28,067.4	315,050.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	23,615.5	25,629.4	35,292.7	24,929.0	26,288.4	25,506.8	23,462.8	26,776.6	27,206.6	27,211.1	26,132.6	28,704.5	320,756.0

Table 5-6—*Continued*

Estimated commercial:

[illegible]	27,000.4	32,150.1	26,994.6	25,050.0	23,564.9

Source: Compiled from official statistics of the U.S. Department of Agriculture.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	31,342.4	27,063.3	32,215.5	28,552.1	26,761.6	23,300.6	26,197.4	26,981.7	[illegible]	31,363.9	27,186.0	29,319.8	337,057.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8,234.4	8,457.6	[illegible]	[illegible]	9,380.9	11,923.8	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,515.3	6,360.8	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8,457.6	8,815.9	[illegible]	9,380.9	11,923.8	12,153.2	[illegible]
[illegible]	31,762.5	28,987.4	34,489.6	33,120.3	29,322.9	24,126.9	28,417.7	28,244.7	[illegible]	34,024.8	27,158.4	35,451.2	363,571.6
Imports as a share of consumption (percent)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ratio of imports to production (percent)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

					23,712.3	23,060.0	24,808.2	24,564.0	28,867.4	29,548.2	24,163.1	26,960.2	322,682.7
	12,153.2	11,092.3	13,205.2	11,303.1	11,937.7	11,786.4	13,167.6	13,473.2	14,593.3	13,698.6	13,879.7	13,206.2	[illegible]
	[illegible]	[illegible]	[illegible]	2,573.7	2,484.2	2,176.0	4,112.2	1,217.1	2,010.4	1,858.7	[illegible]	[illegible]	[illegible]
	11,092.3	13,205.2	11,303.1	11,937.7	[illegible]	13,167.6	13,473.2	[illegible]	13,698.6	13,879.7	13,206.2	12,010.7	[illegible]
Apparent consumption (1,000 pounds)	32,464.2	27,034.1	37,659.7	29,790.2	[illegible]	23,854.8	28,614.8	24,661.0	31,772.5	31,225.8	27,072.4	30,289.7	350,787.0
Imports as a share of consumption (percent)	[illegible]	[illegible]	10.3	[illegible]	[illegible]	[illegible]				[illegible]	[illegible]	[illegible]	
Ratio of imports to production (percent)			12.1		[illegible]	[illegible]		[illegible]	[illegible]		[illegible]		

1987:													
Estimated total lamb meat production (1,000 pounds)	[illegible]	23,915.9	26,733.8	28,077.6	806.9	23,130.2	23,941.3	23.503.8	27,720.0	27,597.2	24,851.8	27,198.0	302,746.6
Estimated beginning stocks (1,000 pounds)	[illegible]	11,099.6	12,981.7	[illegible]	572.4	13,031.2	11,250.6	8,780.3	8,019.2	6,629.1	6,684.2	8,231.1	12,010.7
Imports (1,000 pounds)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,920.9	2,289.8	1,964.5	2,514.7	2,587.8	2,364.8	2,439.1	28,729.1
Estimated ending stocks (1,000 pounds)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.019.2	6.629.1	6,684.2	8,231.1	7,575.4	7,575.4
Apparent consumption (1,000 pounds)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28,701.4	26,229.4	31,624.8	30,129.9	[illegible]	30,292.8	335,910.9
Imports as a share of consumption (percent)			[illegible]		[illegible]	[illegible]	8.0	7.5	8.0	8.6		8.1	8.6
Ratio of imports to production (percent)			[illegible]				9.6	8.4	9.1	9		9.0	9.5

Table 5-7—*Continued*

[illegible]	[illegible]	[illegible]	35,292.6	24,929.0	26,288.3	25,506.8	23,462.8	26,776.6	27,206.7	27,211.1	26,132.6	28,704.5	320,756.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7,514.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,670.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	25,761.9	28,493.2	39,327.6	27,542.7	28,944.9	27,544.3	25,781.6	30,056.4	29,259.0	29,585.0	28,762.8	30,406.0	351,466.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

....	27,236.2	27,000.4	32,150.1	25,157.6	26,994.6	25,050.0	23,564.9	27,615.7
							284.4	
							156.0	
							276.4	
....	29,488.3	29,551.7	34,440.2	27,859.9	28,754.3	26,247.9	26,728.9	30,901.8
....								
....								

Table 5-8
Beef, veal, pork, lamb, mutton, and poultry meat: Apparent consumption, by years, 1985-88
(Million pounds, carcass weight equivalent)

Year	Beef	Veal	Pork	Lamb'	Mutton'	Total red meat	Poultry meat	Total
1985	25,472	533	15,733	364	20	42,125	16,668	58,793
1986	25,935	550	15,008	351	24	41,868	17,407	59,275
1987	25,205	449	15,237	336	26	41,251	18,985	60,236
1988[2]	25,188	410	16,434	351	34	42,418	19,841	62,258

I Estimated by staff of U.S. International Trade Commission.
² Preliminary.
Note.—Because of rounding, figures may not add to the totals shown.

Source: Complied from official statistics of the U.S. Department of Agriculture, except as noted.

U.S. per capita lamb meat consumption declined from 1.6 pounds carcass weight equivalent (1.4 pounds retail weight) in 1985 to 1.4 pounds (1.3 pounds retail weight) in 1986-88 (table 4-2).

Inventories

Both live lambs for slaughter and fresh, chilled lamb decline in value rather rapidly from their quality peak if they are not utilized soon thereafter for the purposes for which they are intended.

As previously described, after about 14 months of age, ovines have matured physiologically to the extent that they are no longer lambs but are sheep and the meat derived from them (mutton) is of much lower value; thus, growers have a strong economic incentive to sell their animals as lambs. Although about 14 months represents the absolute maximum, the optimum age to sell lambs is less. As shown in the *Sheep Production Handbook,* published by the American Sheep Producers Council (ASPC, the forerunner of the American Sheep Industry Association), a growers' trade association, as lambs approach physiological maturity, their daily rate of gain (the amount of weight they gain each day) increases and their feed efficiency (the weight gain achieved by a quqntity of feed decreases. As animals mature they add proportionally more weight as fat and less as muscle, and fat requires 2.5 times as much feed energy (calories) to deposit than does muscle. Beyond their optimal slaughter weights, lambs, on average, gain about 0.45 pounds of excess weight per day which requires about 6 to 8 pounds of feed. Because consumers prefer leaner meat, packers pay less for fatter, or so-called heavy lambs. Whereas the price discount for heavy lambs varies throughout the year depending on availability of lambs for slaughter, the discount for heavy lambs is typically significant. The "market situation," the price reporting section of Insights, the weekly publication of the ASIA, showed that for November 18, 1988, for example, the price for heavy lambs was $0.20 to $0.30 per pound less than the normal price of $0.59 to $0.67 per pound.

In actual practice, it is not possible for growers to sell all lambs for slaughter at optimum times. Animals only gradually decrease in feed efficiency and exhibit no readily observable indication that they are doing so. Also, lambs for slaughter, whether in feedlots or on pasture, are almost always parts of a group (of up to hundreds) of lambs that are of varying weights, either because they are of different ages or have grown at different rates because of genetic predisposition. Because it is not practical to market small groups of lambs, they are typically sold in larger shipments with some animals being beyond and some not up to optimal weights at slaughter time.

Additionally, it is not practical to maintain a group of lambs at stable weights. In a group of lambs, the more dominant animals consume more feed and continue to gain weight; the less dominant animals will be deprived of feed. As a consequence, such a group of lambs will become less uniform and less valuable to packers. Also, even maintaining animals at stable weights would require significant quantities of feed that would not be adding to the value of the animals.

In an attempt to achieve a more stable supply of lambs for slaughter some feedlot operators maintain feeders on high-energy forages that are rather low-cost nonfattening feeds. These feeders typically confine the animals in rather small areas where vegetables (such as sugar beets, cabbages, or turnips) have been grown for the animals.

As .a consequence of the economic incentives described above, inventories of lambs at optimum slaughter weights are typically. small. (See tabulation of live sheep and lambs Jan. 1 inventory data, which was presented earlier in this section.) Similarly, there are economic disincentives for significant buildups of inventories of fresh or chilled lamb meat.

Officials of the ASIA, the American Meat Institute (AMI, a meat packers' and processors' trade association), the U.S. Department of Agriculture, several meat packers, and buyers for grocery chains indicated that because of short grocery chains indicated that because of short shelf life, inventories of fresh or chilled meat do not build up to any extent. Officials of the ASIA have provided the Commission with copies of several technical journal articles indicating that the maximum length of time after the slaughter in which lamb meat remains suitable for human consumption ranges from 21 to 24 days, given optimum care of the meat. Beyond that point, bacterial growth, or so-called bacteria count, becomes excessive. Officials of the AMI indicated that by sealing lamb meat in certain plastic materials its shelf life could theoretically be extended up to 8 weeks.

Several officials of grocery chains indicated that, in practice, fresh or chilled lamb meat, and other meats, are sold well before they exceed their maximum shelf life. The officials indicated that as lamb meat and many other meats age, the color darkens, a condition that most consumers find objectionable and such meat can only be sold at significant discounts. They indicated that, therefore, most lamb meat is sold within a week or so after the lamb is slaughtered.

Freezing significantly extends the shelf life of lamb meat. Industry and Government officials indicate that frozen lamb, properly handled, is still suitable for human consumption after a year, or even longer. They also indicated, however, that because consumers prefer fresh over frozen meat, freezing lowers the value of the meat and is therefore avoided, if possible. They indicated that certain low-price cuts, produced in limited quantities, such as shanks, are frozen and collected until sufficient quantities are available for shipment. Also, at certain times of the year, such as at Easter, when seasonally large quantities of high-value cuts, especially racks, are in demand, other cuts in temporary excess supply, such as loins, are frozen or chilled for short periods of time.

Data concerning estimated stocks of lamb meat are shown in table 5-7. That table shows that since mid-1987 and during 1988, monthly inventories of lamb meat typically amounted to about 20 to 30 percent of monthly consumption and beginning and ending stocks during the month typically changed less than 1 million pounds. During 1986 and January—August 1987, monthly inventories were often equal to about 50 percent of monthly consumption and changes during the month were frequently in excess of 1 million pounds. The inventories during 1985 were more like the inventories during 1988. The monthly inventories are apparently normal working levels necessary to maintain normal distribution patterns.

Grower Profitability

Data concerning costs of production and gross value of production for sheep growers are published annually by the USDA. The most recent such publication, dated May 1989, is reproduced as appendix N. The costs of production include expenses assumed to be cash costs (feed, hired labor, machinery and building repairs, taxes, interest, and various other expenses). The gross value of production includes the value of lambs raised, wool sold, income from the Federal wool incentive and unshorn lamb payment programs, and income from sales of cull ewes. Along with the costs and value of production, the USDA publishes a capital replacement cost. The value of production less cash costs and capital replacement costs during 1985-89 is shown in the following tabulation (per *ewe):*

Year	*Value of production less cash costs and capital replacement costs*
1985	$19.28
1986	20.09
1987	20.60
1988'	11.12
1989[2]	7.90

Estimated.
[2] Projected.

The estimated decline in grower profitability in 1988 and the projected decline in 1989 reflect primarily lower estimated and projected returns because of lower prices for live animals and, to a lesser extent, higher costs, reflecting primarily rising feed prices.

Sheep Grower Concerns

At association meetings, in trade publications, and in contacts with Commission staff, domestic interests have expressed concern about a number of situations encountered by sheep growers in the United States. Members of Congress have at numerous times expressed the same concerns as the domestic interests. Imports of live lambs from New Zealand and lamb meat from New Zealand and Australia are frequently cited as a cause of concern but all parties have stated that imports are by no means the only source of concern.

Probably the most frequently cited problem facing U.S. sheep growers is predators. In the Western United States, the most troublesome predator appears to be the coyote (prairie wolf) although other types of wolves, domesticated or feral dogs, mountain lions, bears, rattlesnakes, and more often birds of prey are also cited. Many growers have expressed total opposition to the proposed reintroduction of wolves, contending they are incompatible with animal agriculture. In the Eastern United States, domesticated dogs appear to be the most troublesome predator, although loses to coyotes have become more common in recent years. A retired USDA official has for many years compiled statistics concerning predator losses experienced by U.S. sheep growers. His estimated value of sheep and lambs lost to predators during 1984-87 (the most recent years for which data are available) are shown in the following tabulation (in millions of dollars):

Year	*Losses to predators*
1984	$57.7
1985	68.6
1986	71.5
1987	83.1

Another complaint frequently cited is the lack of suitable hired labor, spetifically, sheepherders. Many growers report that they are unable to hire competent native U.S. sheepherders but could hire very good sheepherders from foreign countries including Mexico, Peru, Spain, Greece, and other countries. Although many growers report that recent modifications in migrant labor laws and regulations have improved the situation, nearly all expressed dissatisfaction with the difficulty in satisfying the requirements of the laws and regulations.

A number of growers in the Western United States complain about the administration of public lands used for sheep grazing. Both Federal and State administrations are cited. Some growers contend that wildlife and recreation concerns are addressed at the expense of livestock concerns and some growers complain of rates charged for grazing public lands. Some growers contend that public responsibilities such as fence maintenance are not adequately addressed.

Health perceptions among some consumers, especially perceptions about cholesterol, are cited by some as a possible adverse factor affecting demand for lamb meat. Also, many growers express discomfort about packer concentration and the share of lambs being fed to slaughter weights by packers and packer-related interests. Some growers contend that by having an assured supply of lambs for slaughter, packers can time their purchases of other lambs to the packer's advantage and the grower's disadvantage. Some growers contend that such packer concentration and lamb feeding contribute to a related problem, market intelligence and price discovery.

Chapter 6

Wool

U.S. Wool Production And Income

The share of growers' income derived from wool varies depending on the type of sheep raised and varies from year to year depending on the relative lamb-to-wool price relationship and the number of lambs marketed per ewe. In general, however, wool accounts for a greater share of growers' income in the Western States where wool-type sheep, mostly Merinos and Rambouillets, account for a larger share of the genetic make-up of sheep than in the Corn Belt where meat-type sheep, especially Suffolks, account for a larger share of the genetic make-up. Also, in part because flocks in the Corn Belt are typically smaller and receive more intensive care, the number of lambs marketed per ewe is higher there than in the Western States. In some Western State flocks, wool may account for as much as 40 percent of growers' annual income.

Income from wool is derived from both the marketing of wool grown and from Federal incentive payments. The incentive program is described later in this section of the report. The value of shorn wool grown and Federal incentive payments (including unshorn lamb payments and promotion deductions), as reported by the USDA, are shown in the following tabulation (in millions of dollars):

Year	*Value of shorn wool grown*	*U.S. Federal Government payments*	*Total*
1985	55.7	103.8	159.5
1986	56.6	106.9	163.5
1987	77.1	84.5	161.6
1988	124.6	41.4	166.0

The gross income to growers from sheep and lambs (except from wool and wool incentive payments), the aforementioned total income from wool, total income (all of which are based on statistics of the USDA), and the share of total income from wool are shown in the following tabulation:

Year	*Income from- sheep and lambs*	*Wool*	*Total*	*Share from Wool*
	- Million dollars		*—*	*Percent*
1985	515.6	159.5	675.1	23.6
1986	496.5	163.5	660.0	24.8
1987	559.2	161.5	720.7	22.4
1988	484.1	166.0	650.1	25.5

The National Wool Act Incentive Program

The National Wool Act of 1954, as amended, which was extended through December 31, 1990, by the Food Security Act of 1985, provides for, among other things, incentive payments directly to sheep growers for wool their animals produce. The incentive payments, which are administered by the USDA's Agriculture Stabilization and Conservation Service (ASCS) are made to encourage wool production and wool quality. The money available to sheep growers is limited to a portion of the funds derived from the tariffs on imported wool.

In administering the act, a support price is determined and incentive payments are made based on the percentage needed to bring the average return (market price + payment) received by all wool growers up to the determined support level. The support price is determined by a formula set forth in the act, and the market price received by all growers is calculated on the basis of actual returns received by growers. Because incentive payments are a percentage needed to bring the average return received by all growers up to the determined support level, and all participants receive the same percentage, growers who receive a higher per unit price also receive a higher per unit incentive payment. For example, the incentive payment for 1988 was 29 percent of the average U.S. market price, which was $1.38 per pound. Thus growers who received less than the average U.S. market price for their wool, for example a grower who received $1.00 per pound, would receive an incentive payment of $0.29 per pound, and growers who received more than an average for their wool, for example a grower who received $2.00 per pound, would receive an incentive payment of $0.58 per pound.

Chapter 7

U.S. Imports and Exports

General

During 1985-88, U.S. imports of fresh, chilled, or frozen lamb meat declined irregularly from 31.9 million pounds, valued at $31.9 million, in 1985 to 29.5 million pounds, valued at $31.6 million, in 1988 (tables 7-1 and 7-2). During January-August 1989, such imports amounted to 19.6 million pounds, valued at $23.1 million. Imports as a share of the quantity of domestic consumption were 8.8 percent in 1985, 8.0 percent in 1986, 8.6 percent in 1987, and 8.4 percent in 1988. The ratio of imports to domestic production was 9.5 percent in 1985, 8.7 percent in 1986, 9.5 percent in 1987, and 9.2 percent in 1988 (table 5-6).

During January 1985-August 1989, monthly imports ranged from a high of 6.4 million pounds, valued at $6.2 million (17.9 percent of U.S. consumption and equal to 21.7 percent of U.S. production) during December 1985 to a low of 680,000 pounds, valued at $0.5 million (2.1 percent of U.S. consumption and equal to 2.2 percent of U.S. production) during January 1985. In general, as shown in figures 7-1 and 7-2, imports have shown less monthly fluctuation in recent years. Import interests contend that the stability reflects better market planning and ordering. Typically, monthly imports during January 1985-June 1989 accounted for about 8 percent of U.S. consumption and were equal to about 9 percent of U.S. production. U.S. imports are typically larger in March and April than in January and February, apparently reflecting Easter demand, but in general it is difficult to discern a trend in the share of annual imports on a monthly basis, as shown in table 7-3.

Australia and New Zealand have been the largest suppliers of U.S. imports of fresh, chilled, or frozen lamb meat, accounting for 99.5 percent or more of such imports annually during 1985-88, with Canada, Finland, and Iceland being the only other suppliers (table 7-1). During 1986-88, U. S. Department of Commerce statistics showed U.S. imports of lamb meat from Japan totalled 37,119 pounds. Communications with Commerce revealed that the statistics were in error and that 27,654 pounds actually were imports of lamb meat from Australia. The Department of Commerce was unable to verify the source of the remaining 9,465 pounds. [1] The share of imports supplied by Australia increased from 17 percent (5.4 million pounds) during 1985, to 72 percent (20.7 million pounds) during 1987, before declining to 59 percent (17.4 million pounds) in 1988. During January-August 1989, Australia's share was 54 percent (10.5 million pounds). Conversely, the share of imports supplied by New Zealand declined from 82 percent (26.3 million pounds) in 1985 to 28 percent (8.0 million pounds) in 1987 before increasing to 41 percent (12.1 million pounds) in 1988. During January-August 1989, New Zealand's share was 46 percent (9.1 million pounds) (figure 7-3). A number of factors may have contributed to the shift, including Australian development and promotion programs for exports of chilled lamb, packing house and later dock workers' strikes in New Zealand, and changes in U.S. countervailing duties applicable to imports of lamb from New Zealand. The U.S. countervailing duties were described in the section of this report entitled "U.S. Customs Treatment." Also, fluctuations in exchange rates, as described in the section of thisreport entitled "Exchange Rates" may have contributed to fluctuations in supplier shares.

Since adoption of the HTS on January 1, 1989, additional data have become available concerning U.S. imports of lamb. Under the HTS, statistics are reported on U.S. imports of fresh or chilled carcasses and half-carcasses, fresh or chilled bone-in cuts, fresh or chilled boneless lamb, frozen carcasses and half-carcasses, frozen bone-in cuts, and frozen boneless lamb.

Table 7-4 shows monthly U.S. imports of lamb meat from Australia, by the previously described categories, from January 1989 to August 1989. Frozen bone-in cuts accounted for 48 percent (5.0 million pounds) of the subject imports during January-August 1989, and fresh or chilled bone-in cuts accounted for an additional 37 percent (3.9 million pounds). Of the remainder, 7 percent (0.7 million pounds) consisted of frozen boneless lamb; 4 percent (0.5 million pounds) consisted of fresh or chilled carcasses and half-carcasses; 3 percent (0.3 million pounds) consisted of fresh or chilled boneless lamb; and 2 percent (0.2 million pounds) consisted of frozen carcasses and half-carcasses.

Table 7-5 shows that frozen, bone-in cuts accounted for 57 percent (5.2 million pounds) of U.S. imports of lamb meat from New Zealand during January-August 1989; frozen boneless lamb accounted for 19 percent (1.7 million pounds); and fresh or chilled bone-in cuts accounted for an additional 16 percent (1.5 million pounds). Of the remainder, 4 percent (0.4 million pounds) consisted of fresh or chilled boneless lamb and 4 percent (0.4 million pounds) consisted of frozen carcasses and half-carcasses.

[1] Communication with Gloria M. Still, Chief, Food, Animal and Wood Section, Foreign Trade Division, Bureau of the Census, U.S. Department of Commerce, Dec. 6, 1988.

[illegible]

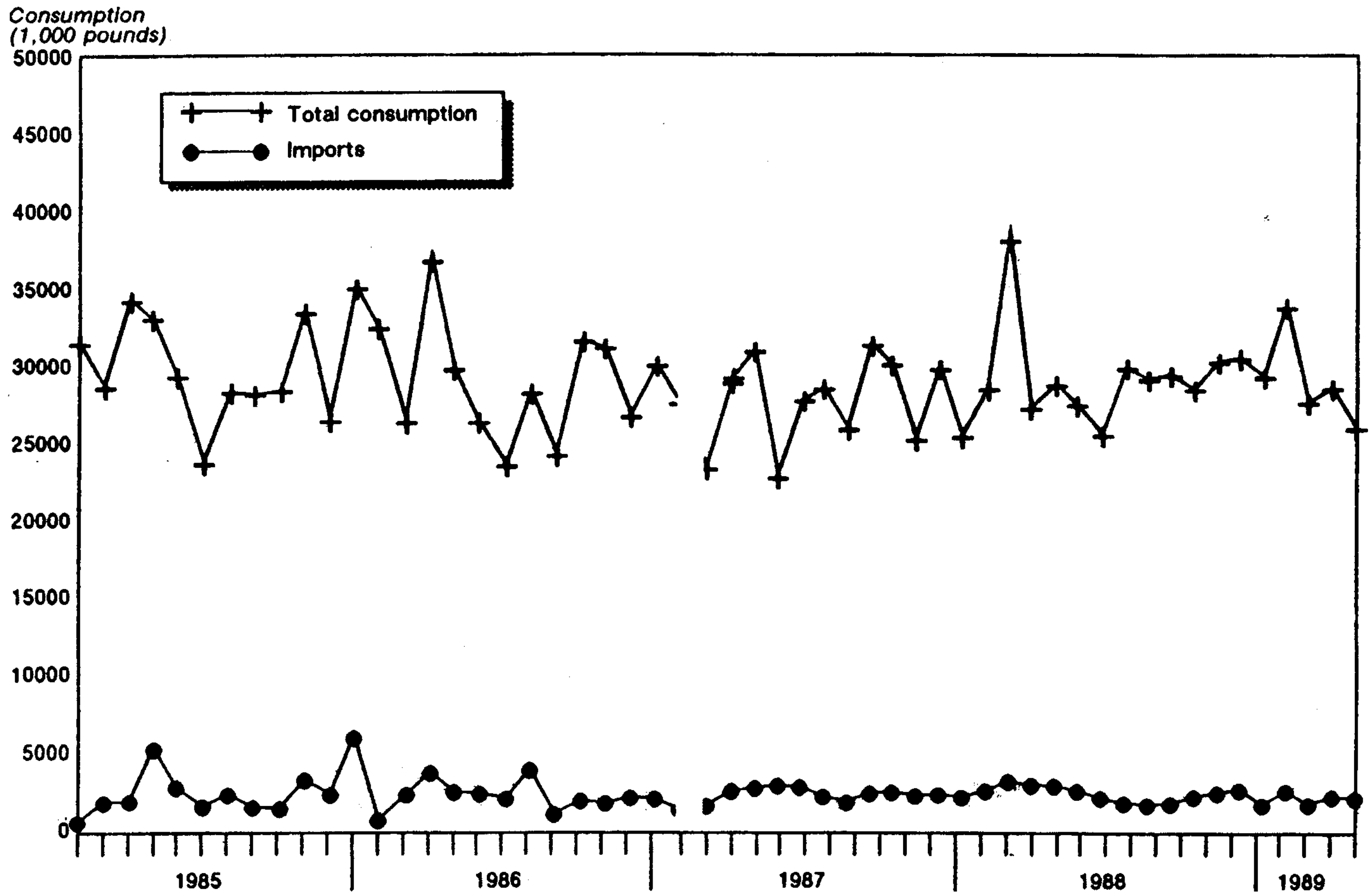
Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
1985:													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	440	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,973	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1986:													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13	[illegible]	[illegible]	[illegible]
Total	892	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1987:													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	[illegible]	[illegible]	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	1,424	[illegible]	[illegible]	2,034	3,007	2,021	[illegible]	[illegible]	[illegible]	[illegible]	2,365	2,439	[illegible]
1988:													
Australia	1,713	[illegible]	[illegible]	1,973	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	511	[illegible]	[illegible]	1,052	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	45	[illegible]	[illegible]	3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	2,269	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,911	1,772	[illegible]	[illegible]	[illegible]	29,543
1989:													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
New Zealand	[illegible]	[illegible]	[illegible]	73	[illegible]	[illegible]	[illegible]	[illegible]					
All other sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
Total	2,784	[illegible]	[illegible]	1,047	[illegible]	2,222	3,156	2,834					

Source: Compiled from official statistics of the U.S. Department of Commerce.

(Thousands of dollars)

Item	[illegible]	[illegible]	Mar.	[illegible]	May	[illegible]	July	Aug.	[illegible]	Oct.	No[illegible]	[illegible]	To[illegible]al
1985:													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	396	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	943	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
To[illegible]	479	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible],173	[illegible]
19[illegible]:													
[illegible]alia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]her sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
T[illegible]al	[illegible]	2,077	[illegible]	[illegible]	[illegible]	2,333	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1987:													
Australia	[illegible]	1,131	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	495	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	[illegible]	7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
T[illegible]	1,310	1,634	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988:													
Australia	1,577	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	643	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other sources	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
T[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,093	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989:													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
All other sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
T[illegible]	[illegible]	[illegible]	[illegible]	2,324	[illegible],952	[illegible]	[illegible]	3,480					

Figure 7-1
Lamb, fresh, chilled or frozen: U.S. consumption and imports, by month, January 1985 to June 1989



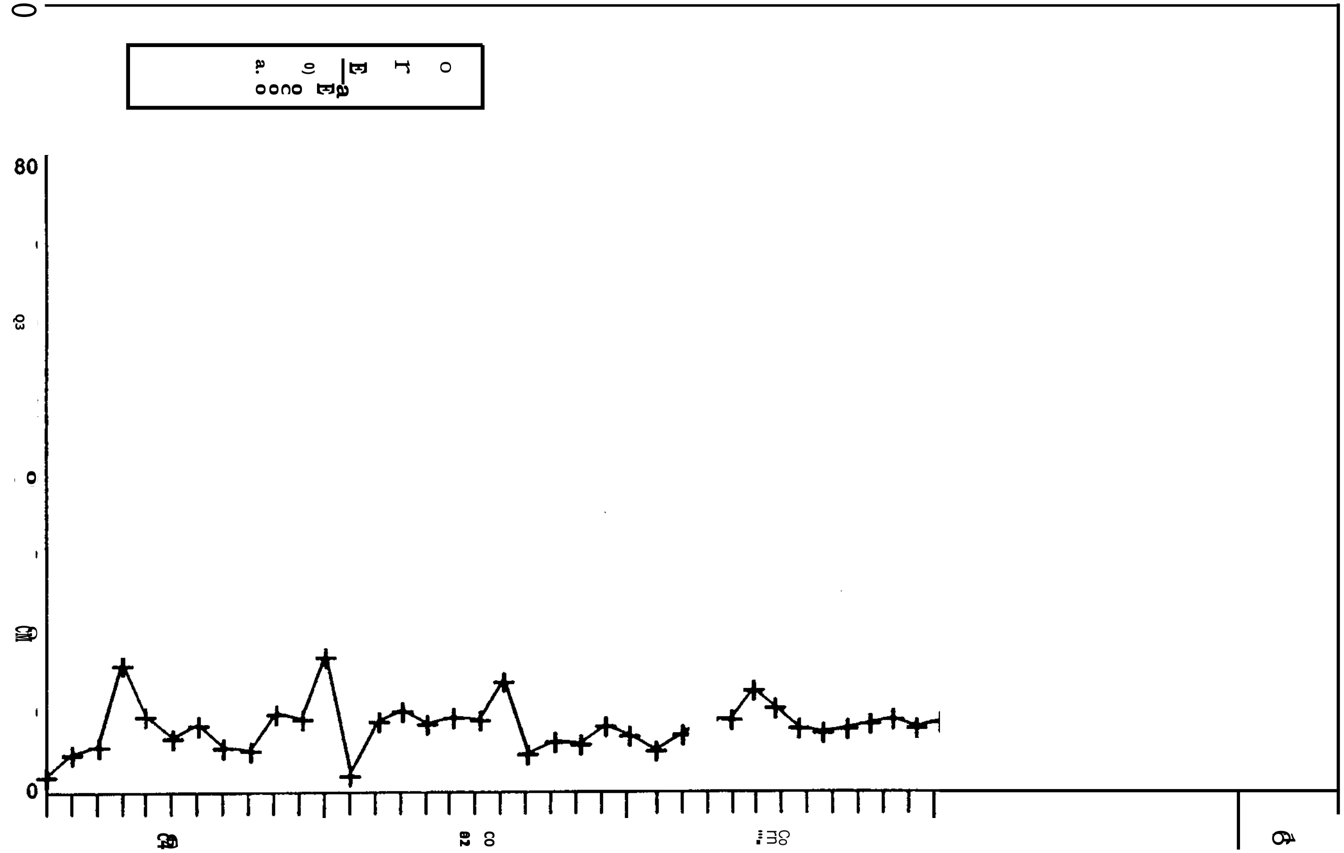

80
0

Table 7-3

Fresh, chilled, or frozen lamb meat: Share of annual imports, by months, January 1986-December 1988

(Percent of quantity)

Month	*1985*	*1986*	*1987*	*1988*
January	2.1	3.2	5.0	7.7
February	4.3	8.6	5.9	9.0
March	6.2	13.8	9.3	11.2
April	17.3	9.2	9.9	10.2
May	8.8	8.9	10.5	10.1
June	5.3	7.8	10.2	9.0
July	7.7	14.7	8.0	7.5
August	5.1	4.4	6.8	6.5
September	4.8	7.2	8.8	6.0
October	10.6	6.6	9.0	6.3
November	7.9	8.0	8.2	7.8
December	19.9	7.6	8.5	8.6
Total	100.0	100.0	100.0	100.0

Source: Compiled from official statistics of the U.S. Department of Commerce.

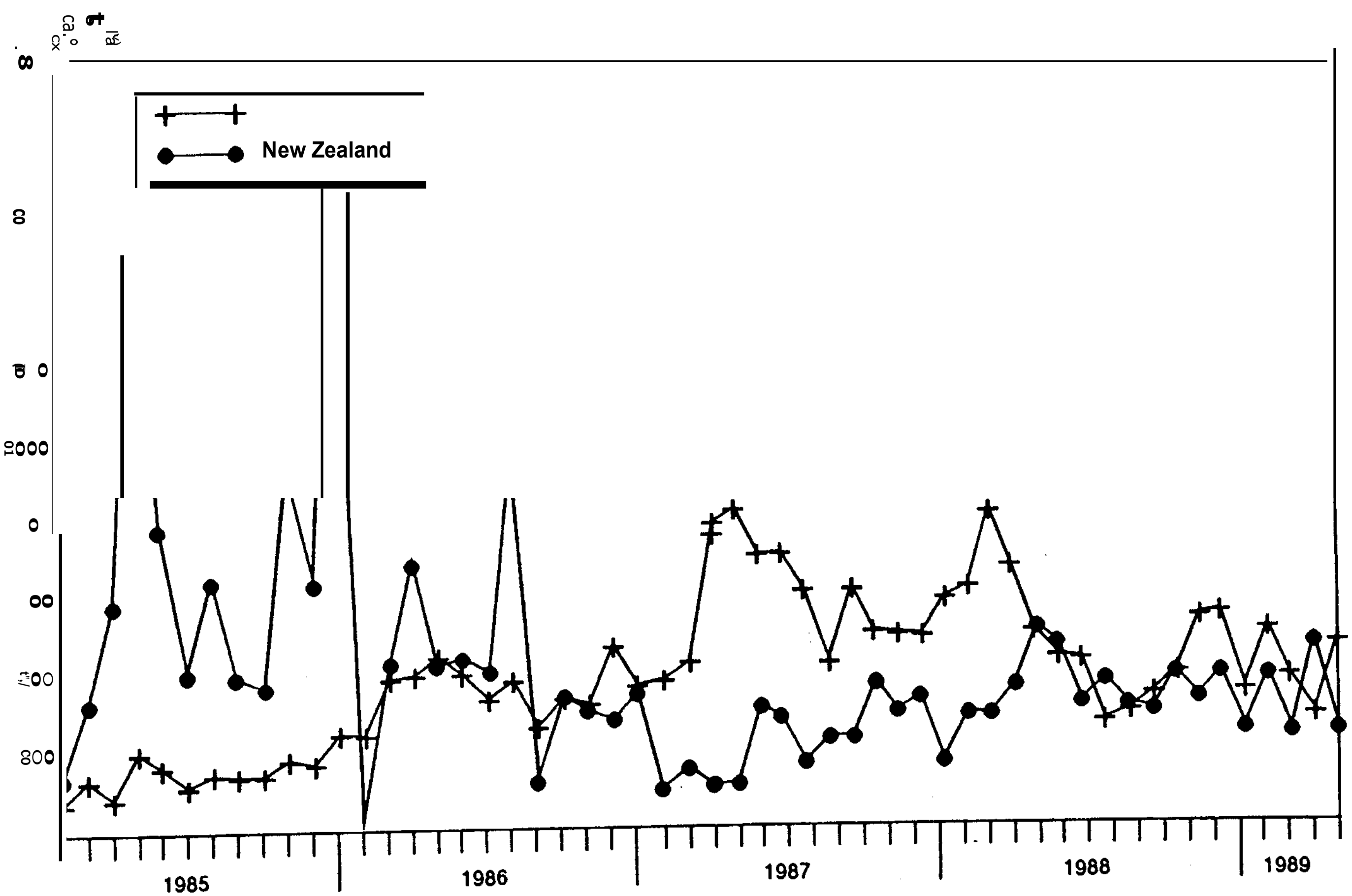

New Zealand
1985
1986
1987
1988
1989

Table 7-4
Lamb, fresh, chilled, or frozen: U.S. Imports from Australia, by HTS item No., by months, January-August 1989

(1,000 pounds)

Item	January	February	March	April	May	June	July	August
Carcasses and half carcasses fresh or chilled'	57	33	77	91	58	57	32	52
Bone-In cuts, fresh or chilled [2]	518	386	766	424	493	466	494	355
Boneless, fresh or chilled [3]	18	54	92	20	30	18	48	25
Carcasses and half carcasses, frozen•	117	21	3	0	0	16	0	0
Bone-in cuts, frozen [6]	842	517	572	520	199	783	626	953
Boneless, frozen	67	46	11	59	76	88	128	216
Total	1,618	1,057	1.520	1, 115	856	1,429	1,328	1,601

' HTS Item No. 0204.10.00.
² HTS Item No. 0204.22.20.
³ HTS item No. 0204 .23.20.
• HTS item No. 0204.30.00.
HTS item No. 0204.42.20.
• HTS Item No. 0204.43.20.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7-5
Lamb, fresh, chilled, or frozen: U.S. Imports from New Zealand, by HTS item No., by months, January-August 1989

(1,000 pounds)

Item	January	February	March	April	May	June	July	August
Carcasses and half carcasses fresh or chilled'	1	0	0	0	0	0	0	0
Bone-In cuts, fresh or chilled [2]	260	199	193	159	204	115	179	150
Boneless, fresh or chilled [3]	109	21	32	60	54	28	56	18
Carcasses and half carcasses, frozen•	68	52	126	16	42	46	0	37
Bone-in cuts, frozen [6]	619	454	563	404	687	558	1,107	767
Boneless, frozen°	109	23	247	93	447	15	486	261
Total	1,165	750	1,160	732	1,434	761	1,828	1,233

HTS Item No. 0204.10.00.
² HTS Item No. 0204.22.20.
³ HTS Item No. 0204.23.20.
• HIS Item No. 0204.30.00.
⁶ HIS Item No. 0204.42.20.
HTS item No. 0204.43.20.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7-6 shows that of total U.S. imports of lamb meat during January-August 1989, 52 percent (10.2 million pounds) consisted of frozen bone-in cuts; 27 percent (5.4 million pounds) consisted of fresh or chilled bone-in cuts; and 12 percent (2.4 million pounds) consisted of frozen boneless lamb. Of the remainder, 4 percent (0.7 million pounds) consisted of fresh or chilled boneless lamb; 3 percent (0.5 million pounds) consisted of frozen carcasses and half-carcasses; and 2 percent (0.5 million pounds) consisted of fresh or chilled carcasses and half-carcasses.

Australia

During 1985-88, U.S. imports of fresh, chilled, or frozen lamb meat from Australia increased from 5.4 million pounds, valued at $4.9 million, in 1985, to 20.7 million pounds, valued at $18.6 million, in 1987 before declining to 17.4 million pounds, valued at $17.8 million, in 1988. During January-August 1989, such imports from Australia amounted to 10.5 million pounds, valued at $11.8 million.

No single business entity is known to account for the bulk of Australian exports of fresh, chilled, or frozen lamb meat to the United States. The Australian Meat and Live Stock Corporation (AMLC), although promoting sales of Australian lamb meat in the U.S. market, is not an importer and does not take title to the imported meat. Most Australian primal and subprimal cuts are sold to major grocery chains in the United States and are delivered to central distribution points where other meats, including domestic lamb meat, are assembled for delivery to individual grocery stores. The imported Australian carcasses generally are sold to breakers for fabrication into primal, subprimal, and retail cuts. The breakers then distribute their products to outlets including grocery chains, small-volume individual grocers, and restaurants.

Data on the mix of cuts of U.S. imports of lamb meat from Australia were presented in statistical tables supplied to the Commission by the AMLC. The tables are reproduced as appendix 0. The tables, covering Australian fiscal years 1982-88 (July 1-June 30), and reporting exports in kilograms, show that the mix of exports varied from year to year. For example, for chilled exports, carcasses accounted for 5 percent of the total during 1985, but 47 percent during 1987; legs accounted for 64 percent of exports during 1985, but 22 percent during 1987. In general in most recent years carcasses and legs were the leading chilled product exported, followed by loins, racks, and shoulders. Legs and shoulders were the leading frozen product exported, followed by racks and loins.

Data in the tables can also be compiled to show that, whereas both chilled and frozen exports of Australian lamb meat to the United States generally increased during 1985-88, the share of total exports accounted for by chilled products increased from 35 percent in Australian fiscal year 1985 to 70 percent in Australian fiscal year 1987 before declining to 60 percent in Australian fiscal year 1988.

Another set of statistical tables supplied to the Commission by the AMLC, and reproduced as appendix P shows, among other things, the amount of frozen and chilled lamb exported from Australia destined for the United States. Compilation of those data show that chilled lamb accounted for 41 percent of the lamb meat exported and destined for the United States in calendar 1985; 67 percent in calendar 1986; 65 percent in calendar 1987; and 55 percent during 1988, but 59 percent during January-August 1989.

Table 7-6
Lamb, fresh, chilled, or frozen: U.S. imports from all sources, by HTS item No., by months, January-August 1989

(1,000 pounds)

Item	January	February	March	April	May	June	July	August
Carcasses and half carcasses fresh or chilled'	**58**	**33**	**77**	**91**	**58**	**57**	**32**	**52**
Bone-in cuts, fresh or chilled[2]	**778**	**585**	**959**	**583**	**696**	**581**	**673**	**506**
Boneless, fresh or chilled'	**126**	**75**	**124**	**81**	**85**	**46**	**104**	**43**
Carcasses and half carcasses, frozen'	**185**	**72**	**129**	**16**	**42**	**61**	**0**	**37**
Bone-in cuts, frozene	**1,461**	**972**	**1,135**	**924**	**886**	**1,341**	**1,733**	**1,720**
Boneless, frozen"	**176**	**69**	**257**	**152**	**523**	**136**	**614**	**477**
Total	**2,784**	**1,806**	**2,681**	**1,847**	**2,290**	**2,222**	**3,156**	**2,834**

HTS item No. 0204.10.00.
[2] HTS Item No. 0204.22.20.
[3] HTS Item No. 0204.23.20.
[4] HTS item No. 0204.30.00.
[5] HTS item No. 0204.42.20.
HIS item No. 0204.43.20.

Source: Compiled from official statistics of the U.S. Department of Commerce.

The U.S. east coast (from Washington, DC, to Boston, MA) and the U.S. west coast (from San Francisco, CA, to San Diego, CA) constitute the largest markets for U.S. imports of lamb meat from Australia. Whereas about 20 percent of U.S. imports of lamb meat from Australia entered the United States directly at east coast ports in 1987, about 26 percent in 1988, and 33 percent during January-August 1989, a large share of imports, especially of chilled lamb, that entered U.S. Customs territory at west coast ports was reportedly shipped by air to east coast markets for ultimate consumption. Chicago, IL, and Miami, FL, are reportedly the next largest U.S. markets for imported Australian lamb.

Fresh lamb meat from Australia is flown to the United States, in shipments of 50,000 to 60,000 pounds. The fresh lamb is typically available to the consumer within 3 to 4 days after the lamb is slaughtered in Australia. Frozen lamb meat is transported to the United States on refrigerated ships and is typically available to the retail consumer between 6 weeks to 4 months after the animal is slaughtered in Australia. In the last 2 years, shipment sizes of frozen lamb meat have reportedly been reduced.

New Zealand

U.S. imports of fresh, chilled, or frozen lamb meat from New Zealand declined from 26.3 million pounds, valued at $26.8 million, in 1985 to 8.0 million pounds, valued at $9.2 million, in 1987 before increasing to 12.1 million pounds, valued at $13.7 million, in 1988. During January-August 1989, such U.S. imports from New Zealand amounted to 9.1 million pounds, valued at $11.3 million. The New Zealand Lamb Co., Inc., headquartered in Washington, DC, imports lamb and sells it to distributors and retailers (generally major grocery chains). The New Zealand Lamb Co. has, since July 1986, operated a processing plant in California where imported New Zealand carcasses are fabricated into primal, subprimal, and retail-sized cuts. Although the New Zealand export market is open to other interests, the New Zealand Lamb Co. reportedly still handles the bulk of U.S. imports of lamb meat from New Zealand.

New Zealand import interests report that prior to 1986, imports of lamb from New Zealand were frozen, but that in 1986, chilled exports accounted for 2.6 percent of the total. Chilled exports increased to 21.5 percent of total lamb exports from New Zealand to the United States in 1987, but declined to 16 percent during 1988.

New Zealand exports of frozen lamb meat to the United States typically come in shipments that weigh about 500,000 pounds, although 1-million-pound shipments may also occur. In past years, individual shipments of as much as 2.5 million pounds have occurred.

Transshipments

Domestic interests have expressed concern over the difference existing between general imports and imports for consumption statistics for fresh, chilled, or frozen lamb meat. The following tabulation, compiled from official statistics of the U.S. Department of Commerce, shows how much larger, or, in parentheses, how much less, general imports were than imports for consumption annually during 1985-88 and January-August 1988 (in millions of pounds):

Year	*Difference between general Imports and imports for consumption*
1985	535
1986	10,048
1987	(786)
1988	(109)

During January-August 1989 the difference was 292,000 pounds.

Representatives of New Zealand interests reported in a business-confidential communication to the Commission that between September 1986 and May 1989, between 6 and 7 million pounds of New Zealand lamb meat was transshipped through the United States into Canada and probably was classified as general imports in U.S. import statistics. Separately, the representatives reported that additional quantities of lamb meat were probably similarly handled prior to September 1986 but data on the quantity are not available.

Officials of the U.S. Embassy in Ottawa, Canada confirm that some lamb meat from Australia and New Zealand is transhipped through the United States into Canada. Whereas detailed statistics are not available from them, it appears that between April 1, 1988, and January 1, 1989, approximately 2.1 million pounds of such lamb meat was so transshipped. Nearly 2 million pounds was transshipped through the port of Tacoma, WA, and most of the remainder was transshipped through Philadelphia, PA.

The transshipments practice reportedly reflects transportation economics—it is cheaper to transport lamb by surface transportation from the United States to Canada than it would be to continue sea-going or air transport to Canada.

The transshipments apparently explain much of the difference in U.S. statistics collected by the U.S. Department of Commerce showing general imports and imports for consumption. General imports include transshipments, whereas imports for consumption do not. In addition, some of the difference between general imports and imports for consumption could represent entries into storage in bonded warehouses, which would be included in general imports, but not included in imports, for consumption.

U.S. exports

Only limited data are available concerning U.S. exports of fresh, chilled, or frozen lamb meat. Such exports are classifiable in a provision including exports of mutton as well as lamb meat, and separate data for exports of lamb meat are not available. In any event, U.S. exports of lamb meat apparently amount to less than 1 percent of U.S. production. During 19 8 5 -88 , U.S. exports of fresh, chilled, or frozen lamb meat and mutton averaged about 1.1 million pounds, valued at about $2.3 million annually.

Chapter 8

New Zealand Industry

Growers

Sheep are raised throughout New Zealand, where climatic and grazing conditions for livestock are nearly ideal, and much of the land is too steep for row crops. Sheep there generally require no shelter and little or no supplemental feed (grain) as grazing in most of New Zealand is available nearly year-round. Many of New Zealand's sheep are du'al-purpose breeds, producing both high-quality wool and meat. The most common breed is the Romney, a breed not commonly raised in the United States.

Sheep on farms on New Zealand farms as of June 30, 1988, totalled 64.6 million, equally divided between the North and South Islands. Principal sheep-raising boroughs include Southland, Clutha-Central Otaga, Aorangi, Hawkes Bay, Canterbury, Waikato, Wangamio, Manawatu, and Wairarapa (fig. 8-1). Sheep farming in New Zealand can be divided into three regions—the high mountain country, the hill country, and the lowland. The high mountain region is the mountain area on the dry eastern side of the Southern Alps in the South Island. The high mountain region supports 2 million to 3 million sheep. Most farms range in size from 25,000 to 37,000 acres with 6,000 to 10,000 sheep per farm, or about one sheep per 5 acres. The hill country region is mostly located on the North Island and is developed out of bush or forest. In general, the sheep farms there range in size from 1,000 to 2,000 acres and an average flock has about 3,600 sheep. The lowland region including Southland on the South Island, the most intensive sheep belt in New Zealand, is generally located on flat or rolling country. This region is capable of being plowed and currently employs controlled grazing system, in which the grazing areas are constantly being rotated. An average flock consists of 2,300 sheep and the farms average 475 acres.[1]

Typically a New Zealand sheep producer also raises cattle. This is especially true in the hill country where it is customary to maintain one cow for every 10 sheep. The cattle control pasture growth and maintain the quality of the pasture for the sheep as well as provide diversification of income to the producer.

Meatpackers and processors

The New Zealand Meat Producers Board, a statutory body established under the Meat Export Control Act 1921-22, (Meat Board) assumed control of sheep meat exports between 1982 and 1985. After that, the export of sheep meat was passed back to individual meat exporters.

Figure 8-2 shows major New Zealand meat-processing plants, meat-packing houses, and meat exporting ports. Meat processing is handled mainly by a number of private-sector companies, some of which are owned by producer cooperatives. Among the larger meat processors are Waitaki International (the largest meat processor with major shareholders being Fletcher Challenge Ltd. (FCL), Goodman Fielder Wattie Corp. (GFW), and Freesia Investments, Ltd. (Freesia)); Alliance Freezing Co.; Auckland Farmers Freezing Co.(AFFC0); and Primary Producers Cooperative Society (PPCS, a South Island-based farmer cooperative). Freesia, a semiautonomous investment company under the Meat Board, was established in 1986 to invest in the meat industry in response to the concerns of farmers and the Meat Board relating to the marketing of New Zealand meat exports. Freesia's intent is to set up producer-oriented processing and marketing companies.

Problems facing the New Zealand meat industry as it continues to restructure reportedly include lower production levels and excess processing capacity resulting in higher unit costs. Industry sources confirm that at the present time there are too many processors and thus, excess capacity. In July 1988, FCL and GFW (New Zealand's two largest companies) agreed to merge their meat industry interests by closing down two large plants, accounting for 11 percent of national killing capacity; selling two plants to a rival company; and bringing the two FCL plants into what is effectively a joint venture of FCL, GFW, and Freesia Meats Ltd.[2]

In addition, many older processing facilities are reported to be lacking flexible automation and are regarded as inefficient. Strikes have disrupted meat-processing operations. A 7-week meat workers' strike in February-March 1986, disrupted shipping schedules, upsetting meat production and meat exports. Some processors are attempting to spread out the killing season by requesting farmers to experiment with autumn and winter lambing, instead of having a peak spring killing season.

A significant development in the processing sector is the decline of large plants and the rise of the single-chain killing plants using modern technology and shift work. The single chain processing plants can slaughter up to 900,000 lambs a year and requires lower labor input than larger works but are more capital intensive. The smaller single processing plants suggest more product will be further processed at a different plant, but it is not clear how much will be in New Zealand.[3]

[1] Dana R. Hamilton, Competitiveness Analysis of the United States Sheep Industry in Comparison to Australia and New Zealand, Fall 1987, p. 100.

[2] GEDES Voluntary Report, Subject: Recent Changes to Marketing in the New Zealand Meat Industry, report No. NZ8073, dated 10-18-88.

USDA, FAS report, Subject: Livestock and Poultry Annual, dated 07-22-87, p. 17.

Figure 8-1
Map of New Zealand

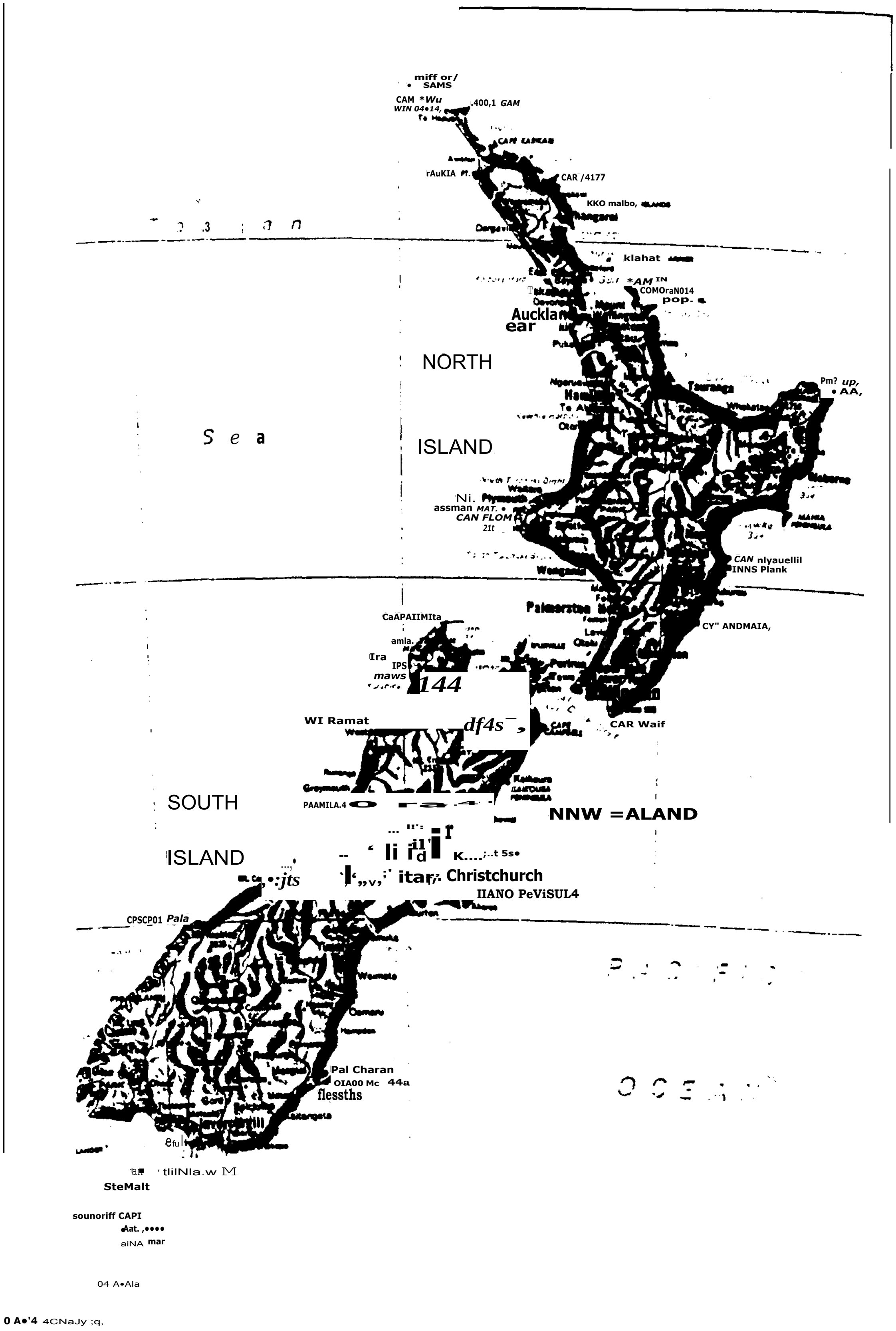
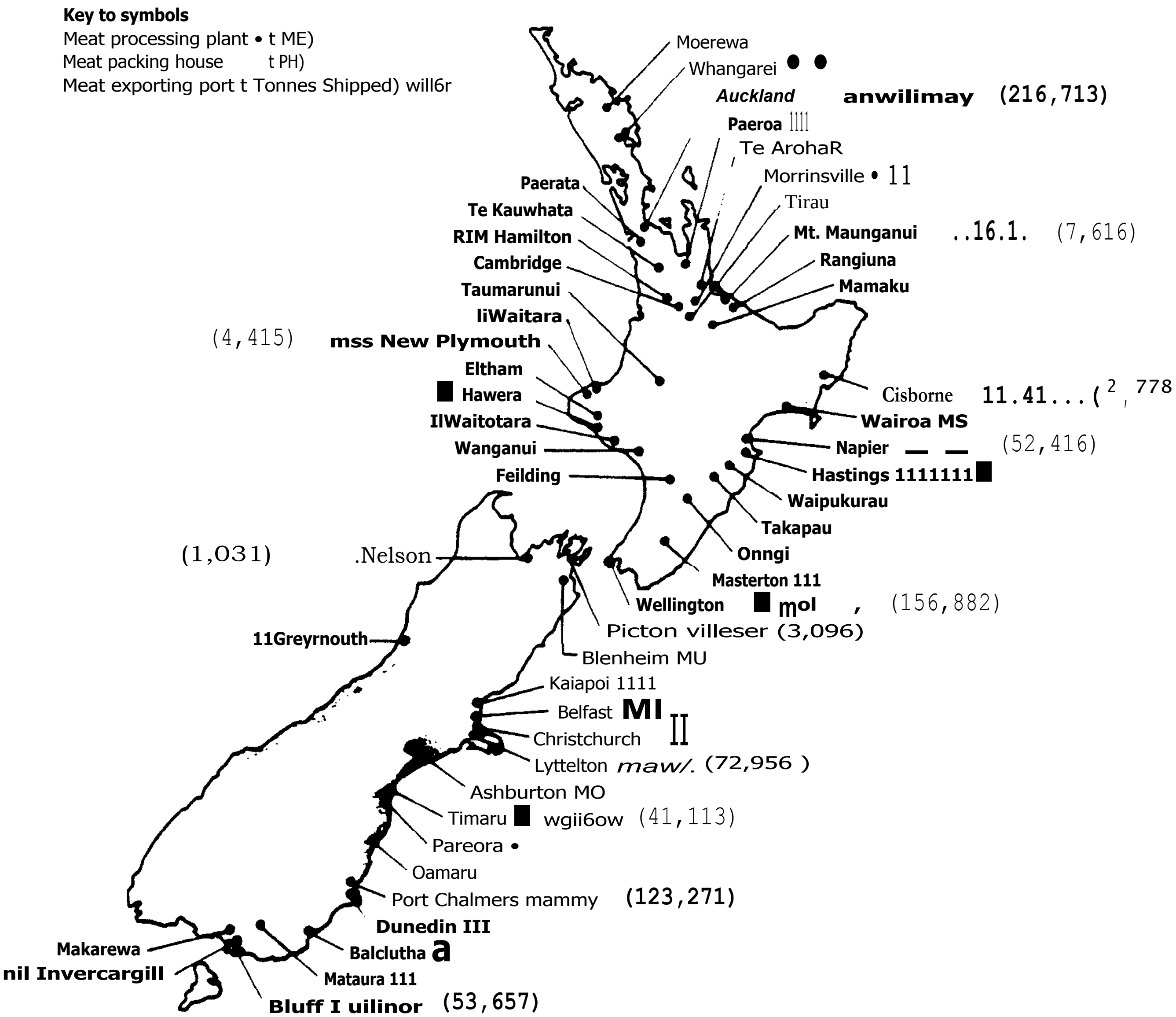


Figure 8-2
Major New Zealand meat-processing plants, meat-packing houses, and meat-exporting ports

At January 9, 1989



Source: New Zealand Meat Producers Board, Annual Report, 1988.

About half of New Zealand's lamb meat (on a carcass weight basis) is exported in frozen carcass form. Increasing amounts are now being processed into frozen cuts by New Zealand processors, thus adding value for the meat processors. Some headway has been made in exporting; chilled lamb meat products but from a very small base.

Exporters

The primary responsibilities of The New Zealand Meat Producers Board (Meat Board) are to oversee the marketing of meat for export and create an environment which ensures the highest returns to the New Zealand producer for meat exported. DEVCO was established by the Meat Board to market lamb meat exports in North America. All lamb meat exports to the United States up until 1986 were done solely through DEVCO. DEVCO is 50-percent owned by the Meat Board and 50-percent owned by a number of meat processors. As of December 21, 1985, the Meat Board ceased its purchasing operations but continued to sell off inventories on hand. In 1987 the export rights to the U.S. market were relaxed and other exporters were permitted to operate in the market under a strictly controlled test market licensing system. At the same time, DEVCO's name was changed to the New Zealand Lamb Company, Inc. The Meat Board now issues licenses to meat exporters that can devote the necessary resources to develop markets overseas. There are approximately 50 exporters licensed by the Meat Board in New Zealand, many of whom are also processors.

Production

New Zealand production of live lambs, as measured by the number of lambs tailed (docked), declined from 50.7 million animals in 1985 (year ending June 30) to an estimated 45.0 million animals in 1988 (table 8-1). The decline in lamb production reflects, in large part, the decline in the total sheep flock and the decline in the number of ewes kept for breeding purposes. The removal of some of New Zealand's price support programs for sheep meat reportedly contributed to the decline in the number of lambs, sheep, and ewes as some sheep producers began to look at alternative sources of income, including a change to cattle.

The total sheep flock fell from 67.9 million animals on June 30, 1985, to 64.2 million animals on June 30, 1987, or by 5 percent (table 8-1). The sheep flock then rose slightly to 64.6 million animals on June 30, 1988, or by approximately 1 percent over that of 1987.

The number of ewes kept for breeding purposes declined 12 percent during the period, from 50.2 million animals at yearend June 30, 1985, to 44.0 million animals at yearend June 30, 1988 (table 8-1). The lambing rate (lambs tailed as a percentage of ewes mated in the previous autumn) is shown in the following tabulation (in percent):*

Year	*Lambing rate*
1985	103.2
1986	98.5
1987	97.7
1988	102.4

*Season ended June 30.

Drought in parts of New Zealand contributed to the lower lambing percentages in 1986 and 1987.

New Zealand's production of fresh, chilled, or frozen lamb meat (on a carcass weight basis) declined steadily from a high of 552,000 tons in 1985 to 447,000 tons in 1987, or by 19 percent (table 8-2). Production in 1988 totalled 459,000 tons, an increase of 3 percent over 1987. A decrease in live lamb production, contributed to the decline in lamb meat production during 1985-87. The number of lambs slaughtered fell from 40.0 million animals in 1985 to 30.4 million animals in 1988, representing a 24-percent decline. Although fresh, chilled, or frozen lamb meat production in 1988 rose 3 percent over 1987 production, the actual number of lambs

Table 8-1

Sheep and lambs: New Zealand total sheep numbers, of ewes, of lambs docked, and of lambs slaughtered, 1985-88

(In thousand of animals)

	Total number of—		*Number of lambs—*	
Year	*Sheep*	*Ewes*	*Docked*	*Slaughtered*
1985	67,854	50,187	50,700	40,000
1986	67,470	47,491	46,400	34,500
1987	64,244	45,382	46,480	31,600
1988	64,600	44,041	45,000	30,400

Note.—Total number of sheep, of ewes, and of lambs docked are for yearend June 30, whereas the number of lambs slaughtered are for yearend Sept. 30.

Source: Data compiled from official statistics of Ministry of Agriculture and Fisheries, *Situation and Outlook for New Zealand Agriculture,* **various Issues.**

Table 8-2

Lamb meat: New Zealand production, exports, and exports as a share of production, 1985-88

(In thousands of tons, carcass weight)

Yearend Sept. 30	*Total production'*	*Exports*	*Exports as a share of production*
1985	**552**	**541**	98
1986	511	491	96
1987	447	433	97
1988	459	435	95

Includes Inspected slaughter for local and export markets.

Source: Total lamb meat production compiled from official statistics of Ministry of Agriculture and Fisheries, *Situation and Outlook for New Zealand Agriculture,* various issues; export data compiled from New Zealand Meat & Wool Board's Economic Service, *Annual Review of The New Zealand Sheep and Beef Industry, 1988-89.*

slaughtered during this period declined from 31.6 million animals to 30.4 million animals, or by 4 percent. The increase in meat production in 1988 reflects, in part, the increase in the average export Iamb carcass weight from 12.9 kilograms (28 pounds) in 1987 to 13.7 kilograms (30 pounds) in 1988, representing an increase of 6 percent. The meat industry strike in February-March of 1986 also contributed to the decline in lamb meat slaughter. The decline in fresh, chilled, or frozen lamb meat reflects the continued decline in sheep farming, despite the high wool prices, and also a drought, causing low lambing rates in 1986 and 1987.

Exports

New Zealand has a human population of approximately 3.3 million and a sheep population of approximately 64.6 million in 1988; thus, the bulk of New Zealand's lamb meat production is destined for export markets. Table 8-2 shows New Zealand lamb meat production, exports, and exports as a share of production on a carcass weight basis for 1985-88. During those years, exports accounted for between 95 percent and 98 percent of New Zealands' lamb meat production.

New Zealand lamb meat export shipments on a product weight basis fell from 446,000 tons in 1986 to 356,000 tons in 1988, (fiscal years ending Sept. 30), or by 20 percent. Table 8-3 shows New Zealand lamb meat export shipments, by selected markets, for 1985-88.

The United Kingdom and Iran were the principal export markets for New Zealand lamb meat during fiscal years 1985-88. However, the share of total shipments declined during the period.-The New Zealand meat industry strike in early 1986 contributed to the decline in exports to the United Kingdom that year. The strike delayed the arrival of lamb meat that normally would have gone straight into United Kingdom consumption. When New Zealand slaughtering resumed, the United Kingdom had sufficient numbers of domestic lambs for slaughter, which resulted in depressed sales volumes and prices for imported New Zealand lamb meat for the remainder of 1986. Exports to Peru, the third largest market

Table 8-3

Fresh, chilled, or frozen lamb meat: New Zealand exports, by principal markets, 1985-88'

(In thousands of tons, product weight)

Country	1985	*Percent*	*1986*	*Percent*	*1987*	*Percent*	*1988²*	*Percent*
United Kingdom	149	34	109	24	122	29	113	32
Islamic Republic of Iran	132	31	137	31	122	29	60	17
Japan	16	4	19	4	21	5	18	5
Peru	3	1	23	5	29	7	18	5
Saudla Arabia	12	3	11	2	10	2	10	3
Canada	9	2	9	2	8	2	8	2
United States	13	3	16	4	4	1	6	2
Subtotal	332	77	325	73	317	74	233	65
All other	99	23	121	27	109	26	123	35
Grand total	432	100	446	100	426	100	356	100

Yearend Sept. 30.

² Preliminary.

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the *New Zealand Meat Producers Board Annual Report 1986-88.*

for New Zealand lamb meat exports in 1986-87, rose from 3,000 tons in 1985 to 29,000 tons in 1987, then declined by 36 percent to 18,000 tons in 1988 (table 23) reflecting reduced supplies available and lack of foreign exchange in Peru. Exports to the United States were 13,000 tons in 1985 and 16,000 tons in 1986, but declined to 4,000 tons in 1987 (table 8-3). Such exports rose to 6,000 tons in 1988.

The tabulation at the bottom of the page shows New Zealand's exports of lamb meat, compiled from official statistics of the *New Zealand Meat Producers Board Annual Report, 1986-88,* by types, 1985-88.[5]

Exports of frozen lamb carcasses on a shipping weight basis accounted for 61 percent of New Zealand lamb meat exports in 1987, down from 77 percent in 1985. Although total lamb meat exports declined, exports of frozen lamb cuts increased from 109,000 tons in 1985 to 138,000 tons in 1988, or by 28 percent. Such exports also increased as a share of total lamb meat exports, from 22 percent in 1985 to 37 percent in 1988. Exports of chilled lamb cuts, although accounting for only 1 percent or less of New Zealand's lamb meat shipments during 1985-88, increased from 2,000 tons to 5,000 tons during the period.

5 Year ended Sept. 30.

Type	*1985 1,000 tons*	*Percent*	*1986 1,000 tons*	*Percent*	*1987 1,000 tons*	*Percent*	*1988 1,000 tons*	*Percent*
Frozen:								
Lamb carcasses	386	77	329	74	255	66	229	61
Lamb cuts	109	22	113	25	125	33	138	37
Lamb boneless	3	1	2	(1)	(2)	(1)	(2)	(1)
Chilled:								
Lamb cuts	2	(1)	2		3	1	5	
Lamb carcasses	(2)	(1)	(1)	(1)	(2)		1	(1)
Total	500	100	446	100	385	100	374	100

1 Less than 0.5 percent.
2 Less than 500 tons.

Chapter 9

Australian Industry

Growers

The number of sheep in Australia, the world's largest sheep producer, increased from 150 million in 1985 (sheep numbers on Mar. 31) to 154 million in 1988, or by 3 percent. The increase in sheep numbers was prompted in part by the profitability of wool production. Sheep production is widely distributed throughout Australia, with most large operations located in Queensland, South Australia, Western Australia, and New South Wales (fig. 9-1).

Sheep producers in Australia generally fall in one of two categories-1) those that raise sheep primarily for wool production and 2) those that raise sheep primarily for lamb meat (range lamb). The majority of sheep in Australia are of the Merino breed, known for its fine wool. The growth in sheep production, mostly of the Merino breed, has occurred largely because of the demand for wool and favorable weather conditions. The predominant breed of sheep raised in Australia for its meat is the First Cross Bolcross.

Meatpackers and processors

According to members of the Australian sheep industry, most Australian slaughter plants are privately owned and operate 52 weeks of the year, with some closing 2 weeks for maintenance. There is considerable excess capacity in the slaughter plants; for example, in New South Wales, slaughter plants operate at approximately 75 percent of capacity for sheep, reflecting reduced lamb slaughter.[1] Detailed data are not available on the number of packers and processors in Australia.

[1] Personal interview with Mr. William N. Bonthrone, Sheep Meat Council of Australia and Mr. Brian J. Mernagh, Australian Meat and Live-stock Corp., Jan. 24, 1989.

Exporters

The Australian Meat and Live-stock Corp. (AMLC) was established under the Australian Meat and Live-stock Corporation Act of 1977. It is a statutory authority whose main responsibility is to facilitate the marketing of Australian meat and livestock, both domestically and in foreign markets.

The AMLC has administrative responsibility for the licensing and quality assurance programs of exporters. The number of meat export licenses issued in Australia increased from 268 as of July 1985 to 295 as of July 1988. In 1987, the Authority for Uniform Specification for Meat and Livestock (AUS-MEAT) was established under AMLC to initiate a uniform product description and to maintain quality control and meat standards. Since then, export slaughter plants have to be accredited by AUS-MEAT, but accreditation of plants that slaughter for domestic consumption remains on a voluntary basis.[2] As of June 30, 1988, a total of 139 export and 50 domestic establishments were accredited.

Production

During 1985-88, Australian production of live lambs (lambs born by Mar. 31 of each calendar year) declined from 38.3 million animals in 1985 to 33.6 million animals in 1987, or by 12 percent (table 9-1). Such production increased to 35.4 million animals in 1988, or by 5 percent. The total inventory of sheep in Australia increased by 3 percent, from 149.7 million animals in 1985 to 154.0 million animals in 1988 (table 9-1). The number of ewes also increased by 3 percent, from 74.2 million animals in 1986 to 78.1 million animals in 1988. Live lamb production (the lamb crop) in Australia is less dependent on the total sheep inventory than is such production in the United States and New Zealand because many sheep in Australia, mostly Merinos, (including wethers) are maintained solely for the production of wool.

[2] Australian Meat & Live-stock Corporation, Annual Report, July 1987-June 1988, p. 7.

Table 9-1

Sheep and lambs: Australian total sheep Inventory, of ewes, of lambs, and of lambs slaughtered, 1985-88

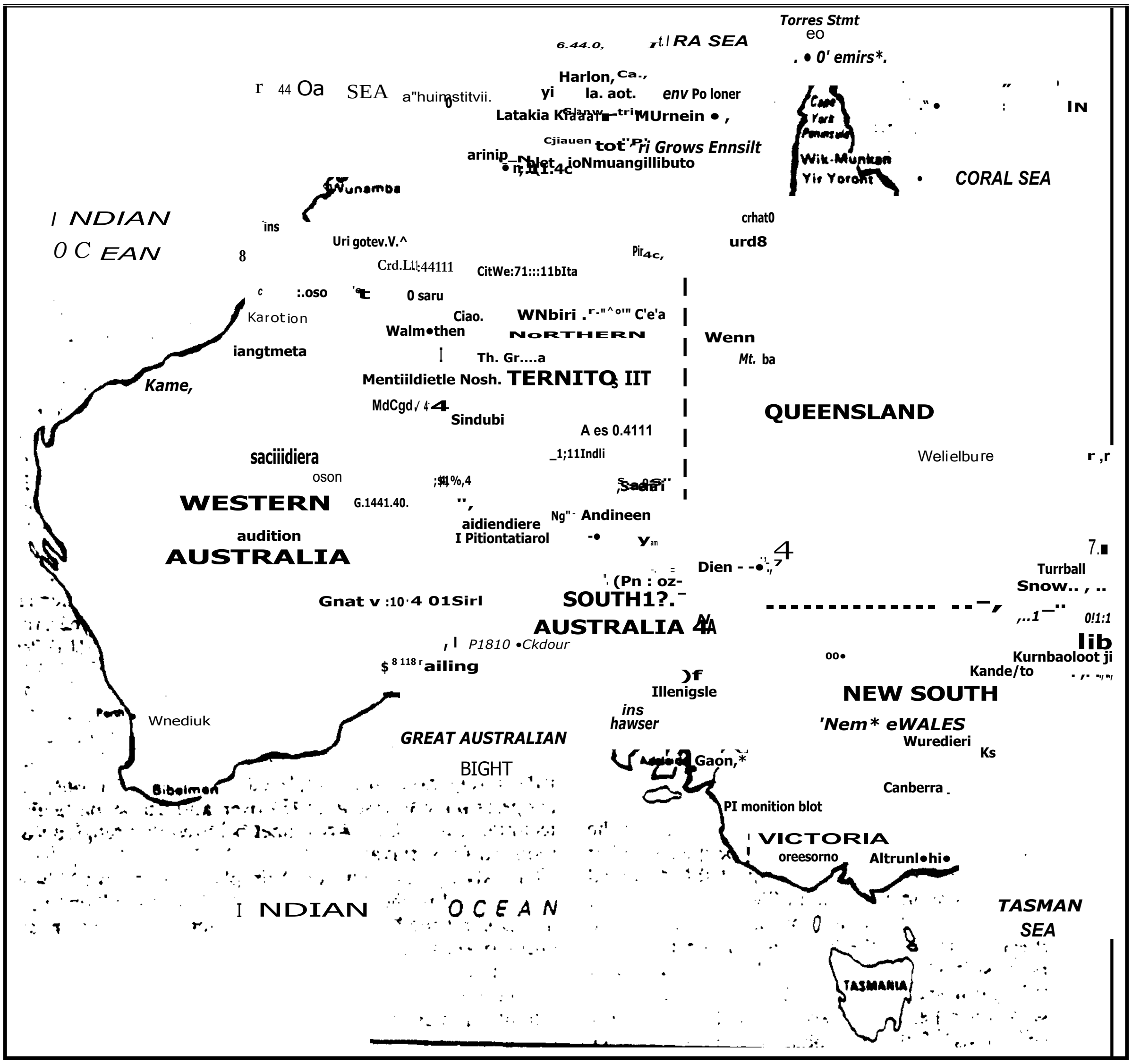
(In thousands of animals)

Year	*Total sheep inventory*	*Number of— Ewes*	*Lambs*	*Lambs slaughtered*
1985	149,747	76,330	38,313	17,477
1986	146,776	74,248	34,424	19,108
1987	149,157	76,273	33.596	17.709
1988	153,956	78,103	35,412	16,915

Note.—Total sheep Inventory, of ewes, and of lambs are for yearend Mar. 31, whereas the number of lambs slaughtered are for yearend June 30.

Source: Data compiled from *Australian Meat & Live-Stock Corporation, Statistical Review, July 1987-June 88.*

Figure 9-1
Map of Australia



Australian production of fresh, chilled, or frozen lamb meat (carcass weight basis) decreased from a high of 353,000 tons in 1986 (year ended June) to 325,000 tons in 1988, or by 8 percent (table 9-2). As fewer live lambs were produced, the number available for slaughter also declined. The average carcass weight of the slaughtered lambs remained constant at 17 kilograms, or 37.5 pounds, during 1985-88.

Production of fresh, chilled, or frozen lamb meat (measured by the number of lambs slaughtered) fell from a high of 19.1 million animals in 1986 to 16.9 million animals in 1988, or by 12 percent (table 9-1). As the table indicates, approximately 50 percent of the lamb crop during 1985-88 was retained instead of going for slaughter, indicating that more lambs are being raised primarily for wool and not for lamb meat. Most of these lambs are believed to have been of the Merino breed.

Consumption

During 1985-88, Australian apparent con sumption of fresh, chilled, or frozen lamb meat (carcass weight basis) generally declined from a high of 297,000 tons in 1986 to 268,000 tons in 1988, or by 10 percent as shown in table 9-2. Several factors contributed to the decline in domestic consumption of lamb meat, including an increase in poultry meat consumption (perceived by some to be more nutritional), sharply rising retail prices, periodic stock shortages caused by seasonal conditions, and strong export demand. Exports as a share of production rose from 11 percent in 1985 to 18 percent in 1987 and 1988 (table 9-2). On a per capita basis, Australian lamb meat consumption fell from a high of 17.0 kilograms (37 pounds) in 1985 to 15.1 kilograms (33 pounds) in 1988, or by 11 percent.

Lamb Meat As a Share of All Meat Consumption

During 1985-88, total red meat consumption (includes beef, veal, mutton, and pork) and poultry consumption in Australia increased slightly from 1,558,000 tons (retail weight) in 1985 to 1,567,000 tons in 1988, or by 1 percent (table 9-3). Total red meat consumption declined but poultry consumption increased during the period.

During 1985-88, total red meat consumption in Australia declined from 1,177,000 tons (retail weight equivalent) in 1985 to 1,125,000 tons in 1988, or by 4 percent. Lamb meat accounted for approximately 22 percent of the red meat consumption during the period.

Australian poultry consumption (production) offset the decline in red meat consumption, increasing from 380,000 tons in 1985 to 444,000 tons in 1987, or by 17 percent. Poultry consumption declined slightly in 1988 to 442,000 tons. The share of Australian consumption of red meat and poultry accounted for by lamb meat fell from 17 percent in 1985 to 15 percent in 1987 and 1988.

Exports

During 1985-88, Australian lamb meat exports rose from 35,700 tons (shipped weight) in 1985 to 58,300 tons in 1987, or by 63 percent (table 9-4). Such exports declined to 54,000 tons in 1988, or by 7 percent. The Kuwait and Gulf States area (Oman, Qater, Saudia Arabia, Abu Dhabi, Dubai, and Bahrain) was the leading market for Australian lamb meat during the period. Such exports rose from 18,000 tons in 1985 to 21,400 tons in 1987, then fell to 18,400 tons in 1988. Australian lamb meat exports to New Guinea and the Pacific Islands increased significantly—from 2,300 tons in 1985 (6 percent of total Australian lamb meat exports) to 8,900 tons in 1988 (16 percent of Australian exports). Exports of Australian lamb meat to the U.S. market grew from 1,800 tons in 1985 (5 percent of total Australian exports) to 10,400 tons in 1988, accounting for 19 percent of Australian lamb meat exports that year. Exports to the EC (primarily the United Kingdom) declined from a high of 7,200 tons in 1986 to 4,300 tons in 1988. Exports of Australian lamb meat to Canada

Table 9-2

Lamb meat: Australian production, exports, apparent consumption, ratio of exports to production, and ratio of exports to consumption, 1985-88

(In thousands of tons, carcass weight)

Year	Production	Exports	Apparent consumption	Ratio of' exports— to production	Ratio of' exports— to Consumption
1985	332	37	295	11	13
1986	353	56	297	16	19
1987	327	60	267	18	22
1988	325	57	268	18	21

Note.—Because of rounding, figures may not add to the totals shown.

Source: Data compiled from *Australian Meat and Live-Stock Statistical Review, July 1987-June 1988, p* 25.

Table 9-3

Red meat and poultry: Consumption In Australia, by types, 1985-88

(In thousands of tons, retail weight equivalent)

Year	Red Meat- Beef and veal	Mutton	Lamb	Pork	Total red meat	Poultry	Total
1985	552	103	262	260	1,177	374	1,551
1986	529	105	259	270	1,163	399	1,562
1987	489	103	237	284	1,113	441	1,554
1988	497	103	239	287	1,125	442	1,565

Note.-Because of rounding, figures may not add to the totals shown.

Source: Data on red meat compiled from *Australian Meat & Live-Stock Corporation, Statistical Review, July 87-June 88.* Data on poultry meat compiled from USDA, Foreign Agricultural Service, *World Poultry Situation,* Sept. 1989, p 16. Red meat converted from carcass weight equivalent to retail weight equivalent.

Table 9-4

Lamb meat: Australian exports, by major markets, 1985-88

(in thousands of tons, shipped weight)

Market	1985	1986	1987	1988
Kuwait and Gulf States'	18.0	21.1	21.4	18.4
United States	1.8	5.0	9.0	10.4
New Guinea and Pacific States	2.3	5.0	6.1	8.9
Japan	6.5	8.9	6.9	5.4
EC	3.2	7.2	5.7	4.3
Canada	0.6	1.4	2.3	2.1
All other	3.3	5.7	6.9	4.5
Total	35.7	54.3	58.3	54.0

Includes Abu Dhabi, Bahrain, Dubai, Oman, pater, and Saudia Arabia.

Note.-Because of rounding, figures may not add to the totals shown.

Source: Data compiled from *Australian Meat & Live-Stock Corporation Statistical Review July 87-June 88.*

generally increased during the period from 600 tons in 1985 to 2,100 tons in 1988. Exports to Japan declined from a high of 8,900 tons in 1986 to 5,400 tons in 1988, or by 39 percent.

During 1985-88, according to data derived from unofficial statistics provided to the USITC by the Australian sheep industry, Australia experienced significant growth in exports of chilled lamb meat exports versus frozen lamb meat, by types, (in thousands of tons):

Type	1985	1986	1987	1988
Chilled	13.3	20.6	25.6	24.1
Frozen	22.4	33.8	32.7	29.9
Total	35.7	54.4	58.3	54.0

Australian exports of chilled lamb meat increased from 13,300 tons in 1985 to 25,600 tons in 1987, or by 92 percent, then fell by 6 percent to 24,100 tons in 1988. Further expansion of exports of Australian chilled lamb meat is reportedly restricted by air-freight capacity problems. Australian frozen lamb meat exports peaked at 33,800 tons in 1986, then declined to 29,900 tons in 1988, or by 12 percent.

Among the leading markets for Australian chilled lamb are Kuwait and the Gulf States (accounting for 56 percent of total Australian chilled lamb meat exports); the United States (accounting for 26 percent); Canada and Japan (each accounting for 6 percent); and the European Community (accounting for 4 percent).

APPENDIX A
SECTION 1937 OF THE
"OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1988"

initiation of long-term sourcing relationships between such companies.

(c) Iterner on Ourcoine.—The United Staten Trade ftepresentn. tivo and the Secretory of Commerce mind! report to C4mgrov+ at the ansclusion of the MOSS talks on the outcome of the talks and on any nereementa readied with Japan with respect to purchases by Joistnene firms of United States automotive parta.

SEC 1535. EFFECT OF IMPORTS ON CRUDE OIL PRODUCTION AND REFINING CAPACITY IN TOR UNITES) STATES.

The Secretary of Energy shall mend to the Secretary of Commerce the results of the study conducted under section 3102 of the Omni-
Ileporrift. bus Budget Reconciliation Act of 1980. Within 18(1 days of the receipt of the results of such study, the Secretary of Commerce shall report to the Pre :Went and the Congress recommendations for actions which may be appropriate to address any impact of imports of crude oil and petroleum products on domestic crude oil exploration and production and the domestic petroleum refining capacity.

SRC. MIL ST1IIIT OF TRAIIE nanntr.ns F.STARLISIIRD nir AUTO rnonuc. INIS COUKTRIMI TO ADM IMPORTS AND TOR IMPACT ON TIIR Mann STATES MARKET.

(a) STUDT.—The Unite(' Stales Trade Representative shall conduct study of formal and informal harriers which auto producing countries have established Inward automobile imports and the impact of such barriers on diverting automobile imports into the United States. The ',Ludy shall consider the impact of such barriers on automobile import,' into the United Stairs in the presence of, and in the absence of voluntary restraint agreements between the United Stales and Japan.

(b) Rrrnnr.—The United States Trade Representative shall inchide the findinp,s of the study conducted under subsection (a) in the first report that is submitted under section 181(b) of the Trade Act of 1974 (19 U.S.C. 2241) after the date of enactment of this Act.

8V.C. 1537. LAME MEAT imrons.

Within 15 days after the date of the enactment of this Act, the United Slates Internntional Trade Commission, pursuant to section 332(g) of the Tariff Act of 1910 (19 U.S.C. 1332(g)), shall monitor and investigate for a period of 2 years the importation into the United Stoles of articles provided for in item 106.30 of the Tariff Schedules of the United States (19 U.S.C. 1202) (relating to fresh, chilled, and frozen lamb meat). For purposes of any request mode under subsection (d) of section 202 of the Trade Act of 1971 (as amended by section 1401 of this Act) within such 2-year period for provisional relief with respect to imports of such articles, the monitoring and investigation required under this section shall be treated no having been requeeted by the United States Trade Representative under paragraph (1X0) of such subsection.

PART 3—OTHER PROVISIONS

SEC. 1541. WINDFALL PROFIT TAX REPEAL.

26 UM: 41116-111011. (a) In CIENKRAL—Omplier 45 of Use Internal Revenue Code of 1986. is repented.

(WCONFORMINU AMENDMENTS.—

APPENDIX B

COMMISSION'S NOTICE OF INVESTIGATION

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Agency for International Development

Public Information Collection Requirements Submitted to OMB for Review

The Agency for International Development (A.I.D.) submitted the following public information collection requirements to OMB for review and clearance under the Paperwork Reduction Act of 1980. Pub. L. 96-511. Comments regarding these information collections should be addressed to the OMB reviewer listed at the end of the entry no later than ten days after publication. Comments may also be addressed to. and copies of the submissions obtained from the Reports Management Officer, John H. Elgin. (703) 875-1608. IRM/PE, Room 11008, SA-14. Washington. DC 20523.

Dote Submitted: October 28.1988

Submitting Agency: Agency for International Development

OMB Number 0412-0520

Type of Submission: Renewal

Title: information Collection Elements in the A.I.D. Acquisition Regulations (AIDAR)-A.I.D. Procedures for Protest

Purpose: A.I.D. is authorized to make contracts with any corporation, international organization, or other body of persons whether within or without the United States in - furtherance of the purposes and within the limitations of the Foreign Assistance Act (FAA). Information collections and recordkeeping requirements placed on the public by the A.I.D. Acquisition Regulation (AIDAR), are published as 48 CFR Part 7. These are all A.I.D. unique procurement requirements which have not otherwise been submitted to OMB for approval. The preaward requirements are based on a need for prudent management in the determination that an offeror either has or can obtain the ability to competently manage development assistance programs utilizing public funds. The requirements for information during the post-award period are based on the need to administer public funds prudently. Respondents will have a submission burden of three responses and an estimated annual recordkeeping burden of 12 hours per recordkeeper.

Reviewer: Francine Picoult (202) 395-7340. Office of Management and Budget. Room 3201, New Executive Office Building. Washington. DC 2(150:1.

Bate: October 28. 1988.

Wayne if. Van Vechten.

Planning and Evaluation Division.

(FR Doc. 88-25972 Filed 11-8-88: 8:45 am)

'MUM COOS 11116-01-M

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337_TA_2841

Certain Electric Power Tools, Battery Cartridges and Battery Chargers; Change of Investigative Attorney

Notice Is hereby given that, as of this date, in addition to George C. Summerfield. Esq.. Gary Hnath, Esq.. of the Office of Unfair Import Investigations will be the Commission Investigative Attorney in the above-captioned investigation.

The Secretary is requested to publish this Notice in the Federal Register.

Respectfully submitted.

Lynn 1. Levine.

Director. Office of Unfair Import investigations. International Trade Commission. 500 E Street SW.. Suite 401. Washington. DC 20438.

Date: November 4. 1968.

(FR Doc. 88-25941 Filed 11-8-88: 8:45 am(

SUMO COVE 7010-02-14

(Investigation No. 337-TA-2761

Certain Erasable Programmable Read Only Memories and Products Containing Such Memories; Decision to Review and Modify an Initial Determination Amending the Notice of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined (1) to review on its own motion an initial determination (ID) (Order No. 137) issued by the presiding administrative law Judge (AL() amending the notice of investigation in the above-captioned investigation. (2) to modify the ID to correct the omission of the specific patent claims in controversy from the amended notice of investigation. and (3) to deny respondents petition to review the ID on other grounds.

ADDRESS: Copies of the ID and all other non-confidential documents filed in correction with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary. U.S. International Trade Commission. 500 E Street SW.. Washington. DC 20430. telephone 202-252-1000.

FOR FURTHER INFORMATION CONTACT: Michael J. Buchenhorner. Esq.. Office of the General Counsel. U.S. international Trade Commission. 500 E Street SW. Washington. DC 20436, telephone 202-252-1097, Hearing impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TOD terminal at 2n2-252-1810.

SUPPLEMENTARY INFORMATION: On September 30. 1988. the presiding At.J issued an ID amending the notice of investigation to reflect amendments made to section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) effected by the Omnibus Trade and Competitiveness Act of 1988 (Pub. I. No. 100-418, 102 Stat. 1107) (the OTCA). The notice of investigation was also amended to reflect the fact that complainant Intel Corporation has withdrawn its allegations of infringement of U.S. Letters Patent 4.519.849. However, the claims of the patents remaining in controversy were omitted from the scope of the investigation as set forth in the ID. The Commission on its own motion reviewed and modified the ID to correct that omission.

Respondents Flyundai Electronics Industries Co.. Ltd. and Atmel Corporation petitioned for review of the ID. arguing that the OTCA does not apply to section 337 investigations instituted prior to the effective date (August 23. 1988) of the OTCA amendments to section 337. Intel and the IAs both filed responses in opposition to respondents' petition for review.

By order the Commission.

Kenneth R. Mason,

Secretary.

Issued: November 2. 1988.

(FR Doc. 88-25942 Filed 11-8-88: 8:45 am)

BILLING COOS 7020-02-M

1332-2841

U.S. Imports of Lamb Meat

AGENCY: United States International Trade Commission.

ACTION: Institution of Investigation.

EFFECTIVE GATE: October 20. 1908.

SUMMARY: As required by section 1937 of the Omnibus Trade and Competitiveness Act of 191111 (Pub. Law 100-418. 102 Stat. 110. approved Aug. 23. 1988). the Commission has instituted investigation No. 332-264 under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). for the purpose of monitoring and investigating foi two years U.S.-Imports of fresh, chilled, or frozen lamb meat. The Commission will issue reports after the first and second year of monitoring.

FOR FURTHER INFORMATION CONTACT: David E. Ladwick; Agrfcnlhrre. Fisheries. and Forest Products Division: U.S. International Trade Commiesinn: Washington, DC. 20438; Telephone (202) 252-1329.

Background and Scope of Investigation

In the course of this investigation, the Commission will monitor end investigate U.S. imports of fresh, chilled. or frozen lamb meat and the primary components of the U.S. market for the product. The Commission will gather data and information, to the extent possible. on U.S. producing facilities in such areas as sales, market share. employment levels, inventories, profit levels, and capital generation, and will examine U.S. Imports in relation to levels of domestic production and to imports by other major consuming countries. The Commission will also analyze the relative strengths and weakenesses of U.S. imports and the domestic product in the U.S. market.

Written Submissions

Interested persons are invited to submit written statements at any time during the investigation but no later than May 1. 1990. Commercial or financial information which a submitter desires the Commission to treat as confidential mast be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirement of section 201.8 of the Commissions *Rules of Practice and Procedure* (19 CFR 201.8). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, DC.

Hearing-impaired persons are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 252-1810.

By order of the Commission.

Kenneth R. Mum.

Secretary.

Issued! November 3. 19811.

(FR Doc. 8M1-25943 Filed 11-6-80: 11:45 am(

8111.140 CCOE 7010-02-11I

(investigation No. 337-TA-2511

Certain Recombinant Erythropoietin; Commission Decision Not To Review an Initial Determination Designating the Investigation More Complicated

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.$. International Trade Commission has determined not to review an initial determination (ID) (Order No. 24) issued by the presiding administrative law Judge (AL)) designating the above-captioned investigation "more complicated" and extending the administrative deadline for issuance of the final ID by two months. *i.e..* from November 10. 1988. to January 10. 1989. The Commission has also extended the deadline for completion of the investigation by two months. *i.e..* from February 10. 1989. to April 10, 1989.

ADDRESSES: Copies of the ID and all other nonconfidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary. U.S. International Trade Commission. 500 E Street SW., Washington. DC 20438. telephone 202-252-1000.

FOR FURTHER INFORMATION CONTACT: Jean Jackson. Esq.. Office of the General Counsel. U.S. International Trade Commission. 500 E Street SW., Washington. DC 20438, telephone 202-252-1104.

Hearing impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810.

SUPPLEMENTARY INFORMATION: On October 12. 1988. the presiding AL) issued en ID designating the subject investigation "more complicated" because of the complexity of the technology underlying the investigation and because of the complex legal issues involved. No petitions for review of the ID or government agency comments were received.

This action is taken under the authority of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) and § 210.59(a) of the Commission's Interim Rules of Practice and Procedure (53 FR 33307. Aug. 29. 19(18.).

By order of the Commission.

Kenneth R. Mason.

Secretory.

Issued: November 1988.

(FR Doc. 88-25944 Filed 11-8-88: a45 orni

siumus Cope 7011642-0

(Investigation No. 337-TA-2821

Certain Venetian Blind Components; Decision Not To Review an Initial Determination Amending the Notice of investigation

AGENCY: U.S. International Trade Commission.

*crow Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review,an initial determination UM (Order No. 10) issued by the presiding administrative law judge (AL)) amending the notice of investigation in the above captioned Investigation.

ADDRESS: Copies of the ID and all other non-confidential documents filed in connection with the investigation are available for inspection during official business hours (0:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission. 500 E Street SW.. Washington. DC 20436. telephone 202-252-1000.

FOR FURTHER INFORMATION CONTACT: Andrea Casson. Esq.. Office of the General Counsel. U.S. International Trade Commission, 500 E Street SW.. Washington, DC 20438, Telephone 202-252-1105.

SUPPLEMENTARY INFORMATION: On September 341 1988. the presiding AL) issued an ID amending the notice of investigation to reflect amendments to section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) effected by the Omnibus Trade and Competitiveness Act of 19811 (Pub. L 100-418. 102 slat. 1107). The notice of investigation was amended to delete the reference to the former requirement that an industry in the United States be efficiently and economically operated and to delete the reference to the former requirement that complainant be required to prove that the effect or tendency of the alleg -I unfair act of patent infringement or registered trademark infringement is to destroy or substantially injure an industry in the United States. No petitions for review or agency comments regarding the ID were received.

This action is taken under authority section 337 of the Tariff Act of 1930 (lb

APPENDIX C
PERTINENT PARTS OF THE
HARMONIZED TARIFF SCHEDULES OF THE UNITED STATES

Howling/ Subheading	Stat. Suf. & cd	. Article Description	Units of Quantity	Rates of Duty General	Special	1
0204	1/	Meat of sheep or goats, fresh, chilled or frozen:				
0204.10.00	00	Carcasses and half-carcasses of lamb, fresh or chilled	kg	1.10/kg	Free (E,IL) 0.80/kg (CA)	15.44/kg
		Other meet of sheep, fresh or chilled:				
0204.21.00	00	Carcasses and half-carcasses	kg	3.30/kg	Free (E.IL) 2.90/kg (CA)	114/kg
0204.22		Other cuts with bone in:				
0204.22.20	00	Lamb	kg	1.1C/kg	Free (E,IL) 0.60/kft (CA)	15.40/kg
0204.22.40	00	Other	kg	3.30/kg	Free (E,IL) 2.90/kg (CA)	110/kg
0204.23		Boneless:				
0204.23.20	00	Lamb	kg	1.14/kg	Free (6,IL) 0.80/kg (CA)	15.44/kg
0204.23.40	00	Other	kg	3.34/k8	Free (E,IL) 2.90/kg (CA)	110/kg
0204,30.00	00	Carcasses and half-carcasses of lamb, frozen	kg	1 10/kg	Free (E,IL) 0.80/kg (CA)	15 4e/kg
		Other meat of sheep, frozen:				
0204,41.00	00	Carcasses and half-carcasses	kg	3.30/4	Free (E,IL) 2.90/kg (CA)	110/kg
0204.42		Other cuts with bone in:				
0204.42.20	00	Lamb	kg	1.10/kg	Frei, (6,21.) 0,80/kg (CA)	15.40/kg
0204.42.40	00	Other	kg	3.30/kg	Free (E,IL) 2.90/kg (CA)	110/kg
0204.43		Boneless:				
0204.43.20	00	Lamb	kg	1.10/kg	Free (6,IL) 0.80/kg (CA)	15.40/kg
0204.43.40	00	Other	kg	3.30/kg	Free (E,IL) 2.44/kg (CA)	110/kg
0204.50.00	00	Meat of goats	kg	Free		110/kg
0205.00.00	00	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	kg	Free		Free
0206		Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen:				
0206.10.00	00	Of bovine animals, fresh or chilled	kg	Free		302
		Of bovine animals, frozen:				
0206.21.00	00	Tongues	kg	Free		302
0206.22.00	00	Livers	kg	Free		302
0206.29.00	00	Other	kg	Free		302
0206.30.00	00	Of swine, fresh or chilled	kg	Free		302
		Of swine, frozen:				
0206.41.00	00	Livers	kg	Free		302
0206.49.00	00	Other	kg	Free		301
0206.00.00	00	Other, fresh or chilled	kg	Free		302
0206.90.00		Other, frozen	......	Free		302
	20	Of sheep (including lamb)	kg			
	40	Of goats, horses, asses. mules or hinnies	kg			

1/ P.L. 88-482, as amended, provides that certain meats may be made subject to an absolute quota by Presidential Proclamation.

APPENDIX D
TARIFF AND TRADE AGREEMENT TERMS

TARIFF AND TRADE AGREEMENT TERMS

The *Harmonized Tariff Schedule of the United States* (HTS) replaced the *Tariff Schedules of the United States* (TSUS) effective January 1, 1989. Chapters 1 through 97 of the HTS are based upon the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description, with additional U.S. product subdivisions at the 8-digit level. Chapters 98 and 99 of the HTS contain special U.S. classification provisions and temporary rate provisions, respectively.

The *Harmonized o Description and Coding System,* known as the Harmonized System or HS, is intended to serve as the single modern product nomenclature for use internationally in classifying products for customs tariff, statistical, and transport documentation purposes. Based on the Customs Cooperation Council Nomenclature, the HS is a detailed classification structure containing approximately 5,000 headings and subheadings describing articles in trade. The provisions are organized in 96 chapters arranged in 20 sections which, along with the interpretative rules and the legal notes to the chapters and sections, form the legal text of the system. Parties to the HS Convention agree to base their customs tariffs and statistical programs upon the HS nomenclature. Recent legislation replaced the TSUS as of January 1, 1989, with an HS-based tariff schedule known as the Harmonized Tariff Schedule of the United States (HTS).

The rates of duty in rate *column 1-general* of the HTS are most-favored-nation (MFN) rates and, in general, represent the final stage of the reductions granted in the Tokyo Round of the Multilateral Trade negotiations. Column 1-general duty rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general note 3(b) to the HTS, whose products are dutiable at the rates set forth in *column* 2; the People's Republic of China, Hungary, Poland, and Yugoslavia are the only Communist countries eligible for MFN treatment. Among articles dutiable at column 1-general rates, particular products of enumerated countries may be eligible for reduced rates of duty or for duty-free treatment under one or more preferential tariff programs. Such tariff treatment is set forth in the *special rates of duty subcolumn* of column 1.

The *Generalized System of Preferences* (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976, and before July 4, 1993. Indicated by the symbol "A" or "A*" in the special duty rates subcolumn of column 1, the GSP provides duty-free entry to eligible articles the product of, and imported directly from, designated beneficiary developing countries, as set forth in general note 3(c) (ii) to the HTS.

The *Caribbean Basin Economic Recovery Act* (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67 and implemented by Presidential Proclamation 5133 of November 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; it is scheduled to remain in effect until September 30, 1995. Indicated by the symbol "E" or "Es" in the special duty rates subcolumn of column 1, the CBERA provides duty-free entry to eligible articles the product of, and imported directly from, designated Basin countries, as set forth in general note 3(c)(v) to the HTS.

Preferential rates of duty in the special duty rates subcolumn of column 1 followed by the symbol "IL" are applicable to products of Israel under the *United States-Israel Free Trade Area Implementation Act* of 1985, as provided in general note 3(c) (vi) to the HTS. Where no rate of duty is provided for products of Israel in the special rates subcolumn for a particular subheading, the rate of duty in the general subcolumn of column 1 applies.

Preferential rates of duty in the special duty rates subcolumn of column 1 followed by the symbol "CA" are applicable to eligible goods originating in Canada under the *United States-Canada Free-Trade Agreement, as* provided in general note 3(c)(vii) to the HTS.

The *General Agreement on Tariffs and Trade* (GATT) (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) is the multilateral agreement which sets forth the basic principles governing international trade among its more than 90 signatories. The GATT's main obligations relate to most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national (nondiscriminatory) treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, and other measures. The results of GATT-sponsored multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Officially known as "The Arrangement Regarding International Trade in Textiles," the *Multifiber Arrangement* (MFA) provides a framework for the negotiation of bilateral agreements between importing and producing countries, or for unilateral action by importing countries in the absence of an agreement. These bilateral agreements establish quantitative limits on imports of textiles and apparel, of cotton and other vegetable fibers, wool, man-made fibers and silk blends, in order to prevent market disruption in the importing countries—restrictions that would otherwise be a departure from GATT provisions. The United States has bilateral agreements with more than 30 supplying countries, including the four largest suppliers: China, Hong Kong, the Republic of Korea, and Taiwan.

APPENDIX E

COMMISSION'S DETERMINATION IN INVESTIGATION NO. 701-TA-80

Subject to compliance with these conditions, under 49 U.S.C. 10505(a) we find that the 30 day notice requirements in these instances Is not necessary to -rry out the transportation policy of 49 1010Ia and is not needed to ect shippers from abuse of market pOiver. Further, we will consider revoking these exemptions under 49 U.S.C. 10505(c) if protests are filed within 15 days of publication in the Federal Register.

This action will not Significantly affect the quality of the human environment or the conservation of energy resources.

(49 U.S.C. 10713(e))

Dated: November 9, 1981.

By the Commission. Division 1. Commissioners Clapp. Gresham and Taylor. Commissioner Taylor did not participate.

Agatha L Mergenovich.

Secretary.

(FR Doe. 51-33155 FU.d 11-17-51; &46 amt

BILLING CODE 7035-01-51

(Finance Docket No. 29744)

Consolidated Rail Corp.; Exemption—Sale of 2 Miles of Track and Retention of Trackage Rights Near Lockport, NY

AGENCY: Interstate Commerce Commission.

' ¯¯rtoN: Notice of exemption.

AARY: The Commission exempts the sate of 2 miles of rail line near Lockport. NY by Consolidated Rail Corporation (Conrail) to the Somerset Railroad Corporation, and retention by Conrail of trackage rights over the same line.

DATES: Exemption effective 30 days from this publication. Petitions for reconsideration must be filed within 20 days.

ADDRESSES: Send pleadings to: (1) Section of Finance, Room 5415, interstate Commerce Commission. 12th St. and Constitution Ave.. Washington, D.C. 20423 and (2) petitioner's representative: Charles E. Mechem, 1138 Six Penn Center. Philadelphia, PA 19104

FOR FURTHER INFORMATION CONTACT: Ellen D. Hanson. (202) 275-7245.

SUPPLEMENTARY INFORMATION: Copies of the complete decision may be obtained from Room 2.227 at the Commission's Headquarters at 12th and Constitution Avenue. NW.. Washington, D.C. 20423, or by calling the Commission's toll-free number for copies at 800-424-5403.

necided: November S. 1981.

By the Commission. Chairman Taylor, Vice-Chairman Clapp, Commissioners Gresham and Gilliam.

Agatha L. Mergenovich.

Secretary

(FR Doc. tn-ssuss Flied 11-17-51: 1:46 seat

mum CODE 1035-01-51

ICC Senior Executive Service; Performance Review Board

November 9. 1981.

Richard A. Kelly, Assistant Deputy Director and Assistant Chief, Section of Finance. Office of Proceedings, has been appointed as a third alternate to the Performance Review Board.

Reese H. Taylor, *Jr.,*

Chairman.

(FR Doc. 61-33151 nItml 114741: 1545 amt

BILLING CODE 7035-01-64

(Ex Parte No. 415)

Railroad Cost of Capftal; 1981

AGENCY: Interstate Commerce Commission.

ACTION: Extension of time for reply comments.

SUMMARY: By notice published in the Federal Register on August 27, 1981 (48 FR 43320), we instituted a limited revenue adequacy proceeding to update our estimate of the railroads' cost of capital rate for 1981. By notice published on October 2. 1981, (48 FR 48799), we extended, at the request of the railroads, the statement date of the railroads to October 23, 1981, and the date for statements from other parties to November 17, 1981. The National Industrial Traffic League. et al. has requested a 20 day extension to file opening statements. The petition shall be granted. Additional time is necessary to study and respond to the highly complex evidence submitted by the railroads on October 2S. 1981.

DATES: Statements of other interested parties are due December 7, 1981. and rebuttal statements by the railroads are due December 22. 1981.

ADDRESSES: Send the original and 15 copies to: Office of Proceedings, Room 5340, Interstate Commerce Commission, Washington. D.C. 20423.

FOR FURTHER INFORMATION CONTACT: *Jane* F. Mackall (202) 275-7856.

Decided: November 10. 1981.

By the Commission. Reese H. Taylor, Jr.. Chairman.

Agatha I. Mergenovich,

Secretary.

(FR Doe. 51-33164 Filed 11-17-131:1545 454

BILLING COOS 7035-01-14

INTERNATIONAL TRADE COMMISSION

[Investigation No. 701-TA-80 (Preliminary))

Lamb Meat From New Zealand

Determination

On the basis of the record ' developed in investigation No. 701-TA-80 (Preliminary), the Commission determines that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury,' by reason of imports from New Zealand of lamb meat, provided for in items 108.30 of the Tariff Schedules of the United States (TSUS), which are allegedly being subsidized by the Government of New Zealand.

Background

On April 23, 1981, a petition was filed with the U.S. Department of Commerce by counsel for the National Wool Growers Association, Inc., Salt Lake City, Utah, alleging that imports of lamb meat from New Zealand are being subsidized within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303). The National Lamb Feeders Association. Inc., Menard, Tex., became a copetitioner on May 12. 1981. As New Zealand was not at that time a "county under the Agreement" within the meaning of section 701(b) of the act (19 U.S.C. 1671(b)), there was no requirement for the petition to be filed with the Commission pursuant to section 702(b)(2) (19 U.S.C. 1871a(b)(2)) and no requirement for the Commission to conduct a preliminary material injury investigation pursuant to section 703(a) (19 U.S.C. 1871b(a)).

Howevei, on September 17. 1981. the United States Trade Representative announced that New Zealand had become a "country under the Agreement" (48 FR 48283). Accordingly. Commerce terminated its investigation under section 303. initiated an Investigation under section 702, and

'The record Is defined In II 207.20) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(0).

'Chairman Alberger and Commissioner Stern ellssentints.

'Commissioner Frank finds only that there Is reasonable indication of threat of material Injury.

notified the Commission of Its action on September 21. 1981.

Therefore. effective September 21, 1981. the Commission, pursuant to section 703(a) of the act (19 U.S.C, 1871b(a)), instituted preliminary countervailing duty investigation No. 701-TA-80 (Preliminary) to determine whether there is a reasonable indication that an industry in the United States is . materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded. by reason of imports from New Zealand of lamb meat, provided for in item 106.30 of the TSUS. upon which bounties or grants are alleged to be paid.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary. U.S. International Trade Commission, Washington. D.C., and by publishing the notice in the Federal Register on September 30, 1981 (46 FR 47898). The conference was held in Washington. D.C., on October 16. 1981. and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of Vice Chairman Calhoun and Commissioners Bedell, Eckes, and Frank

The Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as—

> The domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.'

Section 771(10), in turn, defines "like product" as—

> (At product which is like. or in the absence of like. most similar in characteristics and uses with. the article subject lo an investigation under this

Thus, in order to determine the appropriate domestic industry for purposes of a Title VII investigation, we must first determine the domestic product that is "like, or in the absence of like, most similar in characteristic!' and uses, with" the imported product under investigation. Then, we must identify the domestic producers of that "like product."

flie imported product under investigation *is lamb* meat from New Zealand. The meat is imported frozen to prolong shelf life and to facilitate shipping. Most of the imports are primal cuts (e.g., loins, racks), although some smaller cuts (e.g., lamb chops) and whole carcasses are imported as well.' New Zealand lamb carcasses are typically smaller than the U.S. product. in part because of the breed of lamb, and in part because New Zealand lambs are never fattened with grain. Only the top five grades of New Zealand meat are exported to the United States.' These five grades correspond approximately to the U.S. Choice grade. the grade of lamb meat strongly preferred by the U.S. consumer. New Zealand lamb meat is marketed by the New Zealand Lamb Co., Inc.. through grocery chains and through hotel, restaurant, and institutional (IIRI) outlets. New Zealand Lamb Co., Inc. was established by New Zealand lamb producers as a subsidiary of the Meat Export Development Company (DEVCO) to promote and expand the sale in the United States of New Zealand lamb meat.

Lamb of the same cut and the equivalent grade is produced in the United States. However, domestic lamb is sold fresh or chilled. rather than frozen. U.S. consumers have a strong preference for fresh meat. Most of the lambs slaughtered, as well as most of the lamb carcasses destined for table use. are graded Choice. As with New Zealand lamb meat, the U.S. product is sold in grocery chains and through fiR1 outlets.

Counsel for the New Zealand Meat Board argues that fresh lamb and frozen lamb are not like products, because they are sold at different lcoations in the retail store, and because frozen lamb competes with items other than fresh lamb for shelf space. In addition, other distinctions are cited, namely, that the appearance of frozen lamb is not as appealing to the U.S. consumer, that the taste and texture of New Zealand Lamb are slightly different, and that it has a longer shelf life.

We find no significant differences between the characteristics and uses of fresh lamb and those of frozen lamb. U.S. frozen lamb meat accounts for a negligible percentage of total domestic production, substantially all of which is fresh. In such circumstances. there can be no serious question as to domestic lamb meat being a like product to the imports under Investigation. While freezing lamb meat eases handling and prolongs shelf life for the long distance supplier, it does not substantially change the characteristics or uses of the meat, nor is that the purpose of freezing the product. Any distinction in taste and texture between fresh domestic meat and the frozen imported meat does not appear to be commercially significant, based on the record developed to date

The fact that imported lamb is sold frozen rather than fresh does not alter the market in which it competes. Although-it may affect some of the factors in marketing the product. it does not alter the goods with which it competes, or the ultimate consumer for which it competes. While frozen lamb meat is in competition with products other than fresh lamb and other fresh meats for shelf space, its primary competitor remains fresh lamb meat. Similarly, the New Zealand product has to overcome the U.S. consumer's preference for fresh meat, but that does not alter the fact that imported lamb is competing to provide the same product to the same customer as is fresh lamb. The record evidences the fact that frozen New Zealand lamb competes directly with fresh, domestic lamb.•

The issue here is whether fresh lamb meat is "like" or "most similar in characteristics and uses with" frozen lamb meat. Since domestically produced lamb meat is. in essence, all fresh meat. nothing is gained in this preliminary proceeding by distinguishing between the two.'Plainly, fresh lamb meat is at the least "most similar." It may well be "like." Thus, for purposes of this preliminary investigation, we conclud that fresh domestic lamb meat is "like' or "most similar in characteristics and uses with" the imported lamb meat from New Zealandunder investigation.

One of the major issues in this investigation is to decide what group of producers constitutes the "domestic producers as a whole of (the] like product." [10] Based on the statute, our finding concerning the domestic industry is a matter of first defining the like product, then aggregating those entitites which produce that product. In most

'19 U.S.C. I 167214RA) ISupp. III 1980).

`19 U.S.C. 116:7110))Sapp. III 10601.

'Commission report on Inv. No. 701-TA-60 tPreliminoryl. *Lang, Ateue Fritm New Zealand* at A-2 lheretnefter cited as "Report⁻).

New Zealand's grading system. which uses 11 iliffi.rent grades. Is more complex than that of the United Staten. Report at A-2.

'For example. advertisements showing frozen lamb meat from New Zealand being marketed side by side with fresh. domestic lamb meat were submitted as exhibits at the Conference. Mr. Sims of the National Wool Growers Association INWGA) also testifies at the Conference that as much as 10¹4-IS% of the frozen New Zealand meat is tha wed and sold as fresh. Respondents did not deny this. although they do not condone it. See also the testimony of Mr. Cram, Lindsey. Executive Vice President of the New Zealand Lamb Co., Inc.. Conference transcript at 117–16.

'Congress indicated in Its discussion of the definition of the like product that the statute should not be interpreted "in such a fashion as to prevent consideration of an industry adversely impacted by the imports under investigation." S. Rep. No. 96-249. 96th Cong.. 1st Sess. 91 (1979).

[16] 19 U.S.0 167714)(A) (Supp. 111 19601.

investigations, such an approach is easy to undertake and results in no serious anomalies.

In this investigation, such an approach, as a mechanical process. is ether easy to undertake. In the strictest nse, fresh lamb meat cuts and _arcasses are "produced" by meat packers who process live lambs into cuts and carcasses. But such a mechanical analysis leads to a troublesome practical anomaly: to define the domestic industry as only processors and not growers and feedlot operators would seem. at this point in the investigation, to ignore the highly interdependent nature of lamb meat production.

Ignoring such a high degree of interdependence and otherwise defining the industry as comprising only processors would focus our assessment of the impact of the allegedly subsidized imports on that segment of the lamb meat production process most able to minimize the impact of these imports, thereby disregarding the impact of such imports on the growers, that segment least able to adjust.

Because the true value of our analysis is a function of how well we integrate realities in the market place with the requirements of the statute, this case seems to compel us to view the industry as more than an aggregate of those entities producing cuts and carcasses. We must also take note of the structure 'he system by which Iamb meat is duced domestically.

fhe production of lamb meat for consumption begins with the breeding and raising of the ewe and ends with the slaughter and packing of lamb meat." The industry structure is highly integrated. with each step having as its primary, if not sole purpose. the production of one end product—lamb meat. In the United Slates today, sheep are raised for the primary purpose of producing lamb meat. The revenue from wool and other byproducts of sheep is secondary to that obtained from the production of lamb meat. Similarly, the principal purpose of the feeding stage of processing is to make the meat on the lamb the preferred grade for consumption. The process of slaughtering, dressing. cutting the carcass, and packing the meat represents the final stage of preparing the lamb meat for consumption.

The structure of this production process is accurately characterized as a single, continuous line of production, starling with one raw material that yields only one commercially significant end product. In this regard. this process is distinguishable from. for example. those in the industrial sector characterized by a high degree of interdependence between parts/ components suppliers and manufacturers. Here, the initial raw material, a live lamb, yields only one major product, lamb meat. The lamb meat is not transformed into a different article throughout the process. The product remains substantially unchanged. The product yielded by each stage of the process has no commerical use except as a "raw material" for the next stage of processing. The structure of this industry is significantly different from, for example, a structrue in which several different raw materials yield one end product, or one raw material yields several different end products.

We note that, in addition to integration, there is a high level of interlocking ownership in the U.S. lamb meat industry. Two major packers are owned by feedlot owners."One packer is owned by growers." Two packing companies are fully integrated: they produce. feed, slaughter and pack lambs."The petitioner estimates that these five packers account for over 50 percent of domestic packer capacity." Similarly, a number of commercial-scale feedlots are owned by growers.•

Were we to exclude the growers from the scope of this domestic industry, we would effectively preclude a significant portion of the domestic industry from any relief against subsidized imports. Such an anomalous result was not intended by Congress. as indicated by the legislative history. The purpose of the countervailing duty statute is to provide relief to industries adversely impacted by subsidized imports." In this regard. Congress foresaw special problems in the application of the countervailing duty provisions of the Trade Agreements Act of 1979 to agricultural products. The Senate Committee on Finance stated in the Committee report on the Trade Agreements Act of 1979:

> Because of the special nature of agriculture, • • special problems exist in determining whether an agricultural industry is materially Injured. For example. in the livestock sector. certain factors relating to the elate of a particular industry within that sector may appear to indicate a favorable situation for that Industry when in fact the'opposite is true. Thus. gross sales and employment in the industry producing beef could be increasing at a time when economic loss is occumng. i.e.. cattle herds are being liquidated because prices make the maintenance of the herds unprofitable."

We note that, in its discussion, the Committee in the context of analyzing material injury to an agricultural industry by reason of subsidized imports refers to the "industry producing beef," which clearly includes meat packers and processors. and "cattle herds." which encompasses ranchers and feeders. Thus, it is clear that Congress not only aniticipated this very issue, but also contemplated the inclusion of processors and growers in one industry. It is clear that Congress recognized the highly interdependent nature of the livestock sector of the economy, and did not intend the statutory definition of industry to preclude an assessment of material injury to an adversely impacted segment of a meat producing industry. For these reasons, we find the domestic industry to be comprised of packers, processors, growers and feeders.

Reasonable Indication of Material Injury"

In assessing material injury, the Act directs the Commission to consider, among other factors. (i) the volume of the imports under investigation. (ii) the effect of those imports on domestic prices of the like products. and (iii) the impact of the imports under investigation on domestic producers of like products."

Volume of Imports.—The average of annual imports of lamb meat from New Zealand for the period of 1970 through 1977 is approximately 19 million pounds." Since 1976 the volume of imports from New Zealand has gradually increased, with import levels remaining higher than the 1978 level for all years except 1977." Despite a small decline from 1979 to 1980, the 1980 level

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" See Report at A-9 far • more detailed ilecrriro ion of the production of live lambs.

"Denver Lamb Co. and Texas Lamb Co. Report at A-12: Petitioner's Brief at 8.

"American Lamb Co. Petitioner's Rile(at 5.

"Mike Chiapetti Co. and Superior Packing Co. Petitioner s thief rat 8.

"Petitioner's Itrief at 8-9.

"For a partial list of fred lots owned by growers, ;re Petitioner's flrirf at 9. It is worthy of noir here that two•thirds of ell lambs slaughtered spend soma tone on feed lots.

" Iv 11 S C. 1671 fStIpp.111

"S. Rep. No. 96-249, 98th Cong.. lit Sess. gl turn Although it was discussed under the legislative history of nun the definition of the term "material Injury." it unquestionably evidences congressional awareness of unique problem, that could be confronted in providing relief under ths statute for certain agncultural commodities.

'Commissioner Frank found a reasonable Indication of threat of material injury only.

"19 U.S.C. tem/ (Stipp. III 19801.

"Compiled by the Commission investigative start from official stattstics of the U.S. Deportment of Commerce.

"Compiled from ofn.cial statistics of the U S. Department of Commerce. In thousands of pounds. total imports from New Zealand were as billows: 27.217 in are: 17.219 in ten: 29.378 to 19:11: 30,550 In Wu. and 28.782 In 1900.

was 1,565.000 pounds higher than the 1976 import total.'

The share of apparent U.S. consumption held by imports from New Zealand rose from 7.3 percent in1978 to 9.9 percent in 1979, decreasing to 8.9 percent in 1980.[24] 111e 1980 level of import penetration represents a 22 percent increase in the market share held by New Zealand lamb imports in 1976.'[3]

Thus, data presently available indicate clear trends regarding these imports. With regard to volume and market penetration, New Zealand lamb exports have increased gradually and steadily. This pattern together with the apparent market conditions warrants further inquiry.

Effec: of imports on prices.-In evaluating the effect of imports on prices, we have examined domestic lamb prices at two levels: sale of live lambs to a meatpacker. and sale of carcasses and selected primal cuts to wholesalers. Since 1979, domestic live lamb prices have declined 12 percent." Wholesale prices dropped similarly," reflecting the pricing relationship inherent between these two levels of trade.

During the period since 1979, a period of relatively flat apparent domestic consumption and declining domestic wholesale lamb prices, import prices were steadily increasing, with the carcass equivalent price increasir.g at an average annual rate of 8 percent." At the same time the margins of underselling for carcasses and legs, which were considerable at the beginning of the period, decreased as imported lamb prices continued to increase and domestic prices decreased." However, there continues to be underselling. This pattern of underselling during the period since 1979 may have contributed to the domestic price decline.

DEVCO, through its U.S. subsidiary, has been able to maintain prices that are free of the fluctuations common to an agricultural commodity sector. These are, in large part, due to the U.S. producers' inability to control supply in the short run in response to changing market conditions. In contrast, DEVCO has control of the supply of the allegedly subsidized imports for marketing in that the Imports are frozen and have much longer shelf life." Further. DEVCO has the ability to determine prices for all lamb supplied from New Zealand." These factors facilitate DEVCO's ability to control the price of imports. It also appears that both the domestic producers and DEVCO offer discounts on meat sales as part of advertising/ marketing stra tegies." Although import prices appear to be without fluctuation, further information regarding price data reflecting these discount practices may demonstrate more clearly how Import prices affect domestic pricing.

Domestic producers contend that imported lamb prices act to limit domestic price increases commensurate with increased costs. They believe that, if they raise prices too far above the imported price, they will lose further market share to imported lamb. The loss of market share is critical because of the industry's low profitability, if not losses. Each incremental loss in market share becomes an additional loss of income needed to cover increasing production costs. That the total value of imports has increased significantly since 1979 along with consistent price increases, while domestic prices have declined indicates the possibility of an adverse impact of imports on domestic pricing.

It is evident that the complex relationship between import prices and domestic prices in this agricultural commodity market warrants further inquiry.

Impact of imports on the domestic industry.-We turn now to an examination of the impact of the imported lamb meat on the domestic industry. Our analysis, which is based upon the best information available to us in a rather limited amount of time, has included a careful review of the state of this industry and the conditions of trade. competition, and trends regarding it." We conclude that the domestic industry is in such a weakened condition that, even with the rather limited presence of allegedly subsidized lamb meat in the market place, there is a reasonable indication that these imports are a cause of material injury.

Several factors are immediately striking in an assessment of the state of the industry. First, from 1976 to 1980, annual lamb meat consumption in the United States declined from 372 million pounds to 323 million pounds." Also, the production of lamb meat fell from 341 million pounds in 1978 to 291 million pounds in 1980." Operations with sheep declined from 122,480 in 1976 to 115.530 in 1980." The number of sheep and lambs in feedlots declined irregularly from 1.884 million in 1978 to 1.622 million in 1980 before increasing in 1981 to 1.824 million, still less than the 1976 level." The number of lamb slaughtering plants has fluctuated, but generally has declined in recent years from 878 in 1978 to 849 in 1980." Lamb slaughter declined from 8.3 million head in 1976 to 5.2 million head in 1980.[39] During the most recent period of this downturn, the returns above cash costs of producing sheep declined steadily per breeding ewe from $27.65 in 1978 to $24.87 in 1979 and $20.93 in the preliminary 1980 figures for a total 24 percent decline." When allowances for long run costs associated with borrowing capital are included in the analysis of costs and returns of producing sheep, the declining profits become net losses for 1979. 1980 and 1981 (projected)." In contrast, total non-land costs have increased steadily from $42.34 per breeding ewe in 1978 to a projected $60.37 in 1981." Thus. the declines in the lamb crop and Iamb slaughter obviously have not led, as might have been expected, to price increases which would offset the rise in costs associated with lamb production

This long term deterioration in thc output of the U.S. lamb meat ind:iFt:r_ must have seriously weakened its ability to withstand even slightly increasing import competition. Given this clearly

"Report at n-zn. The 1978 figure is based on data compiled by the Commission investigative staff from official statistics of the U.S. Department of Commerce.

"Based on official statistics of the U.S. Department of Commerce.

'Report at A-32. Table 19.

"See *Report* it A-A9. Table 21.

"See Report at A-18.

"See Report at A-40.

"See Report at A-2.

"See Report st A-12.

"Report at A-39.

"See. S Rep. No. P6-249. 9Gth Cong., 1st Sess. 88 (19791

"Compiled by the Commission investigative staff from official statistics of the U.S. Department of Agriculture and Commerce.

"Report at A-22. Because of an insuffide.-0 number of responses to questionnaires by 1.1eth meat packers/processors, the Commission ;v.'s unable to examine their capacity. capacity utilization and profitability. Data, if it were available. would be of [United assistance becau:o most lamb meat production occurs in plants can switch from processing one meat to another. bused largely on market demand. We do know that lamb accounted for less than I percent of total red meet production in 1980. *H.* Since the Commission does have reliable secondary source data concerning groWers. who represent a major portion of the industry our enlysis is based largely on that data. .

[aa] Report at A-8.

"Report at A-7, Table 3. The 1976 Nitre is based on data compiled the Commission investigative staff from official statistics of the U.S. Department of Agriculture.

"Report at A-10.

"Report at A-11. Table A.

'° Report at A-21. Table 13. 1978 data for returns above cash costs are not on the record.

" Report at A-21.

"Report at A-21. 1976 data for total non lend costs of raising sheep are not on the record.

vulnerable. though viable. industry, we have found that the impact of imports of Iamb meat from New Zealand has been such that the continuation of this investigation is warranted.

In the past. the market share held by imports may not have been significant with regard to its impact on the domestic industry. However, because the domestic industry has suffered several years of economic decline, it obviously has a decreasing ability to withstand a level of competition from allegedly subsidized imports which in prior years it countered. Thus, the impact of these imports might well be sufficient now to be found to be a cause of material injury or threat. Moreover, it is likely that the sustained presence of allegedly subsidized lamb over the past three years, even at a level of approximately 10 percent. during a period of rather steady decline in the health of the domestic industry, might have a cumulative impact of material injury today that was only marginal in any given period in the past.

For these reasons. we determine there is a reasonable indication of material injury to the domestic industry by reason of allegedly subsidized imports. A more complete investigation will afford all parties and the Commission an opportunity to develop information which will address the concerns we have expressed here.

Reasonable Indication of Threat of Material Injury

New Zealand is the world's largest exporter of sheep meat, exporting more than twice as much as the second largest exporter. Australia. New Zealand has the third largest sheep population, and preliminary estimates for 1981 indicate that its total sheep population exceeds that of the United States by over 5 times. Moreover, both sheep population and lamh meat production in New Zealand have been Increasing in recent years."

Additionally, the record evidences intent on the part of the New Zealanders to expand their share of the U.S. lamb market. Petitioners submitted an article from *The New Zealand* ***Herald.*** Feb. 28, 1980. which stated that "The (United Statesj market has reached a point where DEVCO believes that sales can improve by 20 percent a year and eventually reach a total of 5 million lambs." In addition, letters submitted on behalf of two lamb processors " stated that the Executive Vice-President of the New Zealand Lamb Co.. Inc. had indicated to them at regional woolgrower association meetings that New Zealand exports to the United States would increase by 7 to 10 percent next year. Further, inventory levels indicate that New Zealand has the capacity to vastly increase its current level of exports to the United States. Inventories of lamb meat imports from New Zealand increased by 13 percent from December 31, 1979, to December 31, 1980. and by 34 percent from August 31. 1980. to August 31. 1981, showing an increase from • to • percent of apparent U.S. domestic comsumption for the latter comparative year to year period."This capacity is demonstrated by New Zealand's dramatic growth of exports of lamb meat to the Middle East. The May 1980 adoption by the European Economic Community (EEC) of a voluntary re-traint agreement for imports of New Zealand lamb meat commencing October 1980. apparently precludes any opportunity for significant increase in such exports to the EEC by New Zealand."

Commissioner Frank. in making his determination of a reasonable indication of threat of material injury, notes that New Zealand in recent years has also evidenced skillful and aggressive marketing capabilities, with an ability to fill particularized demands of new market opportunities with speed and agility." In this regard. it bears reiteration that New Zealand authorizes only one company. DEVCO, through its U.S. subsidiary the New Zealand Lamb Co. to import and sell Iamb in the United States. DEVCO has stated that its pricing policy in the United States is to maintain a relatively stable price, with general price levels based on its costs.• However, it is worthy of note that. as import prices generally increased while domestic wholesale prices of lamb were in decline during 1979 through September 1981. thus lessening margins of underselling; nonetheless imports were able to maintain relatively stable market penetration in a relatively flat domestic market. Imports certainly are subject to certain other exogenous factors in the domestic market *affecting* prices of domestic products which may dampen prices (e.g.. competition with other domestic meats. dicretionnry personal income levels). Yet, the import products' sole U.S. "distributor" is insulated from the vagaries of the domestic commodity market. unlike domestic grower/feedlot operators and packers, by virtue of its ability to control inventory quantities and timing of entry of the imported product and therefore potentially more precisely control pricing; and it is reasonable to assume New Zealand's advertising and promotional programs are tailored to exploit or are, in effect. exploiting domestic seasonality and commodity market fluctuations to which it is comparably immune.

In view of New Zealand's large capacity to produce sheep, the stated intent to significantly expand sales in the U.S. market, the evident comparative advantage in shaping a pricing policy that appears at this juncture to have some possible adverse impact on domestic prices. coupled with *an* indication of potential domestic industry vulnerability to the above, we have determined that there is a reasonable indication of threat of material injury to the domestic Iamb industry by reason of imports of New Zealand lamb.

Dissenting Views of Chairman Bill Alberger and Commissioner Paula Stern

On the basis of the record developed in this preliminary investigation we have found that there is no reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of imports of frozen lamb meat from New Zealand, for which subsidies are allegedly provided by the Government of New Zealand.

The Domestic Industry

We concur with the majority's definition of the scope of the domestic industry. We agree with their conclusion that the "like product" for the purpose of this investigation is domestic lamb meat, the bulk of which is retailed in fresh or chilled form. Respondents argue that fresh or chilled domestic lamb meat is not "like" the frozen product from New Zealand. However, the record establishes that all these products have identical uses and very similar characteristics. The form in which they are retailed does not alter the fact that they are virtually interchangeable and compete head to head in the marketplace.

Another issue upon which there was controversy is whether our analysis of the industry should include growers who raise live lamb for slaughter. For various reasons, we believe it should. First. there is evidence of common ownership among growing and processing operations. Second, and more important, growe"q annear to depend en lArrk sgt,

"Report et A-14 in A-IS.

"Drover Lamb Co.. letter of October 13. 1901. to Kenneth Mason: American Limb Co- letter of October 20. Mil. to Kenneth R Melon.

"Report et A-28.

"Report at A-17.

"F. a.. New Zeeland has rapidly increased its exports of Iamb to Iran recently.

""mart at A -

revenue. While there are other commercial by-products from growing lamb, the only reason for the extensive and costly feeding operations is to prepare the lamb'meat for human. consumption. Thus, the industry appears to be a continuous line of production. with growing, feeding, and processing all inseparably connected with the marketing of lamb meat.

For all of these reasons, we find that the domestic industry includes not only the packers and processors of lamb meat, but also those entities which grow and feed live lambs for eventual slaughter. We note that this approach is consistent with *Fish from Canada,"* where the industry was defined to include fishermen and fish processors even though the imported product was frozen and fresh fish fillets. It should be noted that this definition of the industry also gives petitioners benefit of the best possible case in their favor, which is appropriate in this preliminary phase.

The *Question of a Reasonable Indication of Material Injury by Reason of Allegedly Subsidized Imports*

Although information presented to the Commission does indicate a decline in lamb grower's profitability and prices in 1980 and 1981. with an accompanying decline in employment and feed-lot capacity utilization, the record clearly establishes that the allegedly subsidized imports from New Zealand did not contribute to such declines. The quantity of lamb from New Zealand has remained virtually stable since 1978. and actually declined in both 1980 and the period January-August 1981." Even if 1978 is taken as the base year, New Zealand's imports have increased only slightly (from 27.2 million pounds in 1978 to 28.8 million pounds in 1980). Obviously, an increase in imports from New Zealand of 1.8 million pounds is insignificant in a market which consumed an average of 330 million pounds of lamb meat annually from 1978 to 1980. and has not contributed to the decrease in domestic production, which totaled 50 million pounds over the same period. In addition to the lack of any increase in absolute volume, the market share of imports from New Zealand has remained steady at approximately 9–10 percent.s t In fact, it declined somewhat in 1980. Hence. declines in domestic firms' profitability can hardly be attributed to significant increases in the volume or market share of the allegedly subsidized goods.

'Investigation 701 -TA-40. USIIC Publication IMO INNy

"Report. p. A-23.

"Report. p. A-30.

A further indication of the lack of any causal link lies in the total absence of any discernible correlation between domestic and imported prices. In fact. while domestic prices have declined irregularly since 1978, prices of the subject imports have steadily increased. Clearly. the recent reductions in domestic prices have not been in response to price suppression or sudden price cuts by importers. It is true that importers generally undersold domestic products during the period under investigation, but the gap has been steadily narrowing. Since 1978. prices of imports from New Zealand have increased about 20 percent on a weighted average basis. For some cuts. the domestic product now undersells the imported article. Thus, the deterioration in domestic prices which has taken place since April 1979 has occurred in the face of rising import prices and declining import volume. Obviously, the problems currently being experienced by domestc growers must be attributed entirely to factors other than imports.

There are several recent developments totally unrelated to imports which explain the decline in growers' profitability in 1980 and early 1981. First, there has been a fairly dramatic increase in lamb slaughter since 1979.[3]: This reversed the trends from 1964-79. during which slaughter was curtailed and prices rose steadily. The result was an apparent glut of lamb meat on the market in November 1980. The President of the National Lamb Feeders Association was quoted in the April 1981 *National Wool Grower* as saying the following about American lamb supply:

> Instead of being scattered out from October to January. they were all ready for slaughter by November and a lot carrying too much weight. We had created a drastic over-supply of heavy lamb for the present demand."

In the same issue, the Chairman of the Board of Directors of the National Wool Growers Association said:

> The real market break seems to be triggered by too many lambs marketed at one time in the fall."

The result of this phenomenon has been a decline in growers' return per breeding ewe during a period when their costs were increasing substantially. Commenting on this problem. a recent Task Force on iamb noted that:

> Domestic lamb produrers should realize they are competing with the New Zealand product, but there should be no great danger providing they supply the consumer with a lean handy weight product consistently and not vary the supply and the weights drastically throughout the year."

"Report. p. A-18. 33.

-- ,Vdronol It'oad Grower. Volume 71. Number 4. at p. in.

"Id. et p. 4.

Despite the recent decline in growers' prices for live lamb, retail prices of lam' meat have risen considerably since 197. This has affected annual per capita consumption of lamb and mutton, which has declined from 2.0 pounds (1975) to 1.4 pounds (1980). At the same time, the price of lamb relative to other red meats has increased considerably since 1974. Pork prices, for example, have only increased 30 percent during this period. while lamb prices have risen approximately 70 percent." This has made substitute meat products more attractive to consumers and has contributed to declining per capita consumption of lamb. A final complicating factor is the overall decline in annual per capita consumption of all meat products. which has fallen by almost 14 pounds since 1975." While this decline does not threaten the continued viability of the lamb industry. it does help to explain why domestic growers are beginning to see their prices, sales, and profitability drop.

All of these factors in conjunction with one another have caused a reversal in the fortunes of domestic growers. These growers benefited from increasing prices and sharply limited supply from 1984–79. When their costs began to increase dramatically in recent years. they found it impossible to raise their prices because of reduced demand for lamb and the lower prices of substitute meats. Efforts to increase their rate of slaughter since 1979 have not produced higher revenues, because uneven marketing patterns caused a glut on the market and a further reduction in prices.

We believe these problems are transitory in nature. Eventually, more even marketing of domestic products will eliminate rapid price fluctuations and moderate cycles of glut followed by shortage. This would lead to more stable prices, higher per capita consumption (because of greater availability during periods of peak consumption), and higher returns fcir growers. In connection with this theory, we cannot help but note that some industry sources believe New Zealand lamb has had a beneficial effect on the market by making certain cuts available on a wider geographic

"National Wool Grower, Volume 71. Number 4. at p. 23.

"Brief of Respondents. New Zealand Meat Producers Board. p. A-13 (Citing U.S. Department of Agriculture figures).

"Id.. p. A -a Kiting U.S. Department of Agriculture figures and AMI *Meat Facts* 1980).

and seasonal basis. As one questionnaire respondent noted:

'Ye have experienced no negative effect. he contrary, the N.Z. product has filled s in the market when domestic supply Was inadequate. This has the positive effect of keeping lamb available to the consumer. A case in point is the N.Z. rack which has kept rack of lamb a popular menu item when domestic racks were so short that the restaurants considered taking them off their menu.

The overwhelming evidence of New -Zealand's prudent pricing behavior and stagnant market share, together with the many indications that any injury is attributable to factors totally unrelated to imports. compels us to find that there is no reasonable indication of material injury by reason of the allegedly subsidized imports.

The QUestion of the Threat of Material Injury

There is no credible evidence of a threat of material injury. The majority views cite the capacity of New Zealand to export lamb meat and the optimistic forecast of Devco that exports to the U.S. could improve by 20 percent per year. This ignores the recent trend in imports from New Zealand, which are declining. as well as the steady Insion of export markets other than Inited States for New Zealand ._aib. The predictions of a growing U.S. market were obviously wrong. and in any event there have been similar predictions regarding domestic shipments." Absent any empirical evidence which actually demonstrates a trend, such as a history of predatory pricing, substantial U.S. import inventories, or recent increases in the volume or market share of imports. a finding of possible threat is nothing more than speculation and conjecture. Such a standard for finding a threat has recently been rejected by the Court of international Trade."

Conclusion

The purpose of preliminary investigations is to cut off at an early stage those cases in which there is no reasonable indication that a meritorious final case can be made. The record in the present case is well established and does not support an affirmative finding.

By order of the Commission.

",1;nrocon Sheep industry llighltghts. 1979-80. Prepared by Market Analysis Department, A c",-o rn.,711 11,

Issued: November 10. 1981.

Kenneth R. Mason

Secretry

(FR Doe. 111-33258 Filed U-17-81: ILO am/

MUM* CODE 7020.024E

Termination of Countervailing Duty Investigation Concerning Die Presses From Italy

AGENCY: International Trade Commission.

ACTION: Termination of countervailing duty investigation under section 104(b)(1) of the Trade Agreements Act of 1979, with regard to die presses from Italy.

EFFECTIVE DATE: November 11, 1981.

FOR FURTHER INFORMATION CONTACT: Mr. Daniel Leahy. Office of Investigations, telephone number (202) 523-1369.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979. section 104(b)(1), requires the Commission in the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930. upon the request of a government or group of exporters of merchandise covered by the order, to conduct an investigation to determine whether an industry in the United States would be materially injured, or threatened with material injury, or whether the establishment of such an industry would be materially retarded, if the order were to be revoked. On March 28. 1980, the Commission received a request from the Delegation of the Commission of the European Communities for the review of the outstanding countervailing duty order on die presses from Italy (T.D. 74-165).

On August 24. 1981, the Commission was notified by letter that Herman Schwabe, Inc., the original petitioner for the countervailing duty order, wished to withdraw its petition on die presses.

While there is no provision in the Trade Agreements Act of 1979, or in its legislative history, permitting termination of a transition case investigation, termination of a properly instituted countervailing duty investigation is permitted under section 704(a) of the Tariff Act of 1930. That section directs the Commission to solicit public comment prior to termination and approve such termination only if it is in the public interest. Termination authority is explicit in cases based on newly filed countervailing duty petitions: it Is implied with respect to existing countervailing duly orders. comment by October 23, 1981 on the proposed termination of the Commission investigation on die presses from Italy. No adverse comments were received in response to the Commission's notice.

The Commission is therefore terminating its investigation under section 104(b)(1) of the Trade Agreements Act of 1979 on die presses from Italy (T.D. 74-165). The termination of this investigation has the same effect as a determination that an industry in the United States would not be materially injured, or threatened with material injury, nor would the establishment of such an industry be materially retarded, if the countervailing duty order were to be revoked.

In addition to publishing this Federal Register notice, the Commission is serving a copy of this notice on all persons who have written the agency in connection with this investigation and is also notifying the Department of Commerce of its action in this case..

By order of the Commission.

Issued: November 13, 1981.

Kenneth R. Mason.

Secretory.

IFS Doe. 111-3334 riled 11-17-111: ILC1 urns

BILLING COI* 7020-02-41

1731-TA-38 (Final))

Truck Trailer Axle-and-Brake Assemblies and Parts Thereof From Hungary; Cancellation of Hearing

AGENCY: International Trade Commission.

ACTION: Cancellation of hearing.

SUMMARY: On November 12, 1981, the United States Department of Commerce notified the Commission that pursuant to the provisions of section 734 of the Tariff Act of 1930 (19 U.S.C. 1673c), that Commerce and the Hungarian Railway Carriage and Machine Works by their counsel, accepted a proposed agreement on the basis of which Commerce proposes to suspend its investigation concerning less-than-fair-value sales of truck trailer axle-and-brake assemblies, and parts thereof, provided for in items 692.32 and 692.00 of the Tariff Schedules of the United States (TSUS).

Accordingly, the Commission hereby gives notice of the cancellation of its hearing, originally scheduled for December 9, 1981. (46 FR 49687: October 7, 1981) in connection with investigation No. 731-TA-38 (Final) to determine whether an industry in the United States

APPENDIX F
INTERNATIONAL TRADE ADMINISTRATION
AFFIRMATIVE DETERMINATION OF SUBSIDY (1981)

The review covers the only known exporter of this merchandise to the United States. Plasser A Theurer. Gmbll. Linz. Austria. and is limited to two product lines. ballast regulators and tamping machines. The review covers the time period January 1. 1980 through 'unitary 31, 1981. There were nu known shipments to the U.S. of this merchandise from Austria during the period. There nre no known unhquidaied entries.

As a result of the review, the Department has preliminarily determined that no cash deposit is required because. of the *de* nature of the calculated margin on '.he last known shipments. Interested darties are invited to comment on these preliminary results.

ifistcTiva OKI NovemL,:r 30. 1981.

FOR PIMITNER INFORMATION CONTACT: Susan Crawford or Sheila Forbes. Office of Compliance. International Trade Administration. U.S. Department of Commerce. Washington. D.C. 20230 (202-377-2209/5255).

EUPPLEMIWTANY INFORMATION:

Background

On Augu;t 13, 1981. the Department of Commerce ("the Department'') published in the Federal Register (46 FR 40913) the final results of its first administrative review of 'lie antidumping finding on railway track maintenance equipment from Austria (43 FR 6937, February 17, 1978). The Departs ent announced in the Federal Register , March 18. 1981 (40 ER 169211 its intent to conduct the next administrative review by the end of February 1982. As required by section 751 of the Tariff Act. the Depot timid has conducted that administrative review.

Scope of the Review

The imports covered by this review are shipments of hillast regulators and limping machine!, two specific tvpes of raiiw A track Milli 'finance equipment. Any oil 1 r types of machinery used in the maintenance of railway track are excluded from this finding. All railway track muinten,.nce equipment is currently classifiable under item 890.2000 of the Tariff Schedules of the United States Annotated (TSUSA).

Plasser & Theurer, Gmbl i, is the only known exporter to the United States of Austrian railway track maintenance equipment. The review covers the period January 1, 1980 through January 31. 1981. There ire no known shipments to the United States daring the review period and there are no known unliquidated entries.

Preliminary Results of the *keview*

Because there were no shipments during this period and the margins on the last shipments were *de =minis.* the Department shall waive requiring a cash deposit, as provided for in t 353.48(b) of the Commerce Regulations. on any shipment of Austrian railway track maintenance eauipment entered. or withdrawn from warehouse. for consumption on or after the date of publication of the final results. This deposit waiver shall remain in effect until publication of the final results of *the* next administrative review.

Interested parties may submit written comments on these preliminary result. on or before December 28, 1981 and may request disclosure and/or a hearing on or before December 7, 1981. The Department will publish the final results of tbl administrative review including the results of its analysis of any sod comments or hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act of 1930(19 U.S.C. 1675(a)(1)) and f 353.53 of the Commerce Regulations (19 CFR 353.51).

November 23. 1981.

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"KU NO COOS 1010-16-41

Lamb Meat From New Zealand; Preliminary Affirmative Countervailing Duty Determination

AGENCY: International Trade Administration, C- -nmerce.

ACTIOW Preliminary affirmative countervailing duty determination.

SUMMARY: We have preliminarily determined that the Government of New Zealand is giving its producers, Processors. and exporters of lamb meat benefits that are subsidies within the meaning of the countervailing duty low. We estimate the net subsidy to be 6.19 percent of the f.o.b. value of lamb meat exports to the United States. Therefore. we are directing the U.S. Customs Service to temporarily suspend the liquidation of duties on U.S. entries of this merchandise and to require a cash deposit, bond. or other security equal to the estimated net subsidy. We expect to make our final determination by February 4. 1982.

EFFECTIVE DAM November 30, 1981.

FOR FURTHER INFORMATION CONTACT'. Miguel Pardo De Zela or Roland MacDonald. Office of Investigations. Import Administration. International Trade Administration. U.S. Department of Commerce. 14th and Constitution Avenue, NW., Washinston. D.C. 20230 (M2-377-1279).

suPounsawranv INFORMATION:

Preliminary Determination

[Lied on our investigation, we have pri determined that there Is reason to believe or suspect that the Government !If New Zealand gives its producers. processors, and exporters of lan-.b meat certain benefits that arc subsidies within the meaning of si ,cion 701 of the Tariff Act of 1930. as emended (the Act). We estimate the net subsidy to be 6.19 percent of the f.o.b. value of lamb meat exports to the United States We expect to make our final determination by February 4. 1382.

Scope of the Investigation

The merchandise covered by this investigation is lamb meat currently provided for in 1011.30 of the Tariff Schedules of the United States.

Case History

On April 23. 1981. we received a petition from the National Wool Growers Association of Salt Lake City. Utati, Filed on behalf of the U.S. industry producing lamb meat, alleging that the New Zealand government grants selisidies to its producers and exporters of lamb meat. They were joined in this petition by the National Lamb Feeders Association on May 12. 1981. After reviewing the petition. we decided dust it contained sufficient grounds to initiate o countervailing duty investigation. Therefore. on May 18. 1981, we announced the initiation of the investigation in the Federal Register (48 FR 271!.1).

Because the case was "extraordinarily complicated." on July 1. 1981. we postponed our preliminary determinationirom July 17, 1981. to September 19. 1981 (48 FR ;i4357).

On September 17, 1981, the office of the united States Trade Representative announced that New Zealand had signed the Agreement on Subsidies and Countervailing Measures and was now a "country under the Agreement," as defined in section 701(b) of the Act (46 FR 48283). As ir result,.Title Vii of the Act became applicable to the then pending countervailing duty investigation anti required that the International Trade Commission make a determination on whether . ports of New Zealand lamb meat ca _se, or threaten to cause, material injury to a domestic industry.

Therefore, this case iv treated as if it were initiated under section 702 as of September 17, 1981, the date Title VII first applied to the case. In an earlier notice (48 FR 47108. later amended) we announced the date for the preliminary determination to be December 11.1981. We determined subsequently that the appropriate date for the preliminary determination should be November 23. 1981.

We notified the U.S. International Trade Commission (ITC) and made available to it information relating to the matter under investigation. On October 29. 1981. the ITC found that there is a reasonable indication that imports of lamb meat from New Zealand are materially injuring a U.S. industry.

Programs Believed To Be Subsidies

We have preliminarily determined that certain programs identified in the petition and investigated are used by tiew Zealand's producers. by its slaughterhouses. and by The Meat Development Company Ltd (Devco) and are subsidies within the meaning of the U.S. countervailing duty law.

The petitioner alleged that programs from the Income Tax Act 1976 and the 1978 and 1979 Amendments provide tax incentives for producing. processing, and exporting lamb meat.

We have preliminarily determined that Devco uses the Increased Exports of Goods. and the Export Market Development and Tourist Promotion incentive programs. and that the producers use the Livestock Incentive Scheme and miscellaneous production assistance programs.

Increased Exports of Goods (Section 156. Income Tax Act 1976)

The Increased Exports of Goods (IETI) permits a deduction (1) when exports for the income tax year have increased or (2) there are export sales for the income tax year and increased exports from the preceding income tax year. The program allows the taxpayer to deduct from assessable income (taxable income) the greater of the following amounts: (1) 25 percent of the value of the qualifying f.o.b. export sales in excess of the average annual level of export sales in the base period (defined as the first three of the seven years immediately preceding the income tax year); or (2) an amount equal to the value of the export sales during the current income tax year (e.g.. 1900). divided by the value of the export sales during the preceding income tax year (e4.. 1979). multiplied by 25 percent of the increase in export sales for the preceding income tax year (e.g.. 1979).

After taking normal deductions. Devco used this special deduction to reduce further its current year assessable income and consequently eliminate all 1980 income tax liability. In addition. since the special deduction exceeded net assessable income. Devco is eligible for a tax refund per section 17 of the 1978 Income Tax Amendment. *Credit in Relation To Export of Goods (section 157A).* The refund equals the amount by which the special deduction exceeds net assessable income dates 45 percent (the corporate tax rate).

This special deduction and tax refund relating to export performance constitute an export subsidy under the meaning of the countervailing duty law. For the deduction and tax refund we computed a subsidy of 3.88 percent *ad valorem* of the value of Iamb meat exports to the United States.

Export Market Development and Tourist Promotion Incentive (Section issF. Income Tax Act 1976)

Under the 1979 Amendment of the Income Tax Act 1978. export market development expenditures include expenses incurred principally for seeking and developing markets. retaining existing markets. and obtaining market information. These experter expenditures may qualify for a tax credit of 67.5 percent of the total expenditure. If the exporter takes advantage of this section 156F. however he may not deduct these expenditures as ordinary business expenses in calculating the assessable income derived by the taxpayer in any income year. Consequently, we have offset the tax credit rate of 67.5 percent by 45 percent. the normal corporate income tax rate. The net benefit is nil percent of the qualifying expenditure amount.

Devco used this program and received a tax credit from the Government of New Zealand. Because this program provided direct incentives for exports, it is an export subsidy within the meaning of the countervailing duty law. By allocating the tax credit amount for U.S. expenditures over Devco's total U.S. sales of lamb meat. we found a subsidy amount of .31 percent *ad valorem.*

Livestock Incentive Scheme

The Rural Banking and Finance Corporation (MC) was established by statute on April 1, 1374. as a domestic program to provide loans to individuals or organizations ',paid in any type of farming, the fishing industry. or "industries in these areas". Its powers include the acquisition of land and other property by purchase or lease and the management. development, sale, or ' lease of such property.

The organisation consists of a chairman and four other directors appointed by the Minister of Finance. with two of the directors appointed after consultation with the Federated Farmers of New Zealand. Inc.

The RBFC administers the Livestock incentive Scheme. which encourages farmers to permanently increase the number of livestock carried on an existing holding. A farmer whose property has an unused carrying capacity and who intends to permanently increase pastoral production may use one of two options: a suspensory loan or a taxation incentive.

The loan is an interest-free suspensory loan of NZ $12 for each additional qualifying unit of stock. If the farmer sustains the increase in livestock numbers for two years after completing the development program, the government will forgive the loan. Where the farmer does not achieve or sustain this increase, or where he has otherwise defaulted before the loan is forgiven. It becomes repayable to the RBFC.

The taxation option is a deduction of NZ 824 from assessable income for each additional qualifying stock unit. The tax deduction may be used in whole or.in part in any of the three tax years after the increase has been sustained for two years (Farmers Increase in Stock Units. Section 130. Income Tax Act 1978).

Because the .oan and tax option *are* directed at the farm sector to encourage the increase in livestock numbers. and since this domestic program benefits exports, we believe the Livestock Incentive Scheme is a subsidy. *The 1980 New Zealand Official Yearbook* has estimated that for fiscal year 1979-80. the value of the loan option was NZ $15.18 million. and that the value of the tax option was NZ 111.43 million. Of the total benefit of NZ 516.81 million we allocated NZ 11141641,92 to U.S. lamb meat shipments (based on the proportion of total New Zealand lamb productionto U.S. imports of New Zealand lamb). On this basis we calculated a subsidy of 0.88 percent *ad valorem*

Production Ambience

The Government of New Zealand administers a variety of production assistance programs for the agricultural sector. Although the payments under these programs usually are not made directly to the farmer by the Government, the Government does require that the subsidy be passed through to the farmer. This reduces the farmer's production costs, such as the costs for transporting and spreading fertilizers and herbicides. and for land development.

Fertilizer Price Subsidy

From June 2. 1978 through 1979. the Government of New Zealand paid NZ S32 per ton on locally manufactured and imported fertilizer. For superphosphate. the payment reduced the fertilizer producer's cost of raw materials by NZ $32 per ton. For imported fertilizers. it reduced by NZ$= per ton the price at point of first sale in New Zealand. The Government reduced the payment to NZ S15 per ton for 1980 and 1981. These cost reductions are passed through to the farmer in the form of price reductions equal to the Government payment.

Since these payments to the producers of fertilizer are required by the Government to be passed through to the farmer in the form of reduced prices. we regard them as a subsidy. Since lamb meat shipments to the United States were about 0.3807 percent of total agricultural production. we allocated this percentage of the 10(11 fertilizer price subsidy as the benefit to U.S. lamb meat shipments. This subsidy is 0.43 percent *ad valorem* of the value of lamb meat exports to the U.S.

Fertiliser Aerial Spreading Subsidy

Since June 2.1978. fertilizer spread by a commercial aerial-spreading contractor has qualified for a payment of NZ S2 per ton. The contractor invoices the farmer for this service, less the amount of the subsidy payment. Again, because the Government requires that the payment be passed through to the farmer, we regard this program as a subsidy. We allocated 0.3807 percent (the percent of U.S. lamb meat shipment to total agricultural production) of the total fertilizer aerial spreading subsidy paid by the Ministry of Agriculture and Fisheries in fiscal year 1981 as the benefit to U.S. lamb meat shipments. The subsidy is 0.03 percent *ad valorem.*

Transport Subsidies on Fertilizer and Liras

The Government pays a subsidy on the transport of fertilizer and lime from the works, merchant's store, or port of entry, to the farm gate. The rates for both domestic and imported fertilizers are: first 85 kilometers-8 cents per ton per kilometer, next 185 kilometers-5 cents per ton per kilometer, and over 250 kilometers-3 cents per ton per kilometer.

The supplier invoices the farmer for the delivered price less en amount equal to the Government transport payment. Because the Government requires that this payment be passed through to the farmer. we regard this program as a subsidy. We allocated 0.3807 percent (U.S. lamb meat shipments to total agricultural production) of the total fertilizer and lime transport subsidy paid by the government in FY '81 as the benefit to U.S. lamb meat shipments. which is 0.35 percent *ad valorem.*

Noxious Plant Control Scheme

Under this program, the Government provides payments to farmers equal to 75 percent of the cost of the chemicals used to control specified noxious weeds. We allocated 0.3807 percent (U.S. lamb meat shipments to total agricultural production) of the total noxious plant control payments paid by the government in FY '81 as the benefit to U.S. Iamb meat shipments (NZ $34.371). which we calculate to be a subsidy of 0.13 percent *ad valorem.*

Land Development Loans

This program encourages farmers to develop underutilized land. Interest on these loans is not collected and only half the principal portion is ever recovered. if the borrower complies with the terms of the loan. Using the latest data available to us (FY 70) we allocate the amount of the loans and interest above by 0.3807 percent (U.S. lamb meat shipments to total agricultural production). We calculate the subsidy to U.S. lamb meat shipments to be of 0.25 percent *ad valorem.*

Meat industry Hygiene Grant

These grants were made to meet export processing companies to upgrade plant and equipment to meet certain hygiene standards. This benefit amounted to about 0.12 percent of total meat production (NZ 32.313 million divided by NZ $1.871 billion) which we calculate to be a subsidy of 0.12 percent *ad valorem.*

Programs Believed Not To Be Subsidies

New Zealand's producers, processors. and exporters use the following incentives and assistance. For the purpose of the preliminary determination we believe, however, that these benefits do not constitute subsidies within the meaning of the Act.

Tax Incentives

We have determined that the "standard and nil value of livestock" provision in the Income Tax Act of 1976. is not a subsidy within the meaning of the countervailing duty law.

Standard and Nil Values of Livestock (Section 116, Income Tax Act 1979)

Under section 85 of the Income Tax Act 1976. trading stock (inventory) must be valued at either cad market. or replacement value. The choice and use of the valuation method is subject to review by the Commissioner. If trading stock (inventory) increased in value and is recorded as such by the taxpayer, the increase in value must be included as assessable (taxable) income for that year. if an end of the year valuation of trading stock results in a decrease in value, the loss is allowed as a deduction in calculating the assessable income for that year. In addition, owners of livestock have another method of valuation offered to them: the standard value and nil value of livestock.

Briefly, the standard and nil value is a method by which livestock inventory may be valued for income tax purposes. Establishment of a standard and nil value must be approved by the Commissioner of Inland Revenue. Once the value is established changes are not permitted in the method unless approved by the Commissioner.

While not appearing to constitute a subsidy, we will seek further clarification of these taz provisions.

Export Premetiesal Assistance

We have determined that the benefits resulting from the Meat Producers Board. the Adjustment in Exchange Rates, Negotiated Ocean Freight Rates. and the Meat Export Development Company are not subsidies within the meaning of the countervailing duty law.

Meet Producers Board

The New Zealand parliament established the Meat Producers Board (MPB) through the Meat Export Control Act of 1921-22.

The MPB controls wally all aspects of the meat trade, including grading. handling, polling, slaughtering. storing. shipping. seWng. and disposing of all meat exported from New Zeeland.

Although established by Act of Parliament the MPB is not an agency of the Government. Of the nine members of the Board only two are appointed by the Government. Six are .ted as representatives of sheep and dairy farmers and one is apponted by the Dairy Board. While the ?APB is subject to Government audit of its activities and finances. it does not report to the Government nor is there any legal requirement that the MPB follow the policies of the Government. Furthermore. the lam is liable for payment of property taxes.

The MPH has two principal sources of revenue: (1) an export levy set by the MPB and collected by processors from lamb growers at the time of slaughter: and (2) return on Investments from the Meat Industry Reserve Account. *which* was established in the 1940's with a portion of profits realized on exports of lamb meat to the United Kingdom. In view of the sources of these revenues and the fact that the MPB is not an agency of the Government of New Zealand, we have determined preliminarily that the MPB and its programs are not subsidies within the meaning of the countervailing duty law. We will seek further information on these programs in the course of verification.

Preferred Loans, Debentures and .• ... Guarantees

The petitioner alleged that the MPB was issuing loans, holding debentures. and providing guarantees for various companies involved in lamb production and exports. We determined that the MPB entered into these financial transactions as one independent party. whose funds are its own. dealing with another. Therefore we find preliminarily that these programs operated by the MPB are not subsidies within the meaning of the countervailing duty law.

Adjustment of Exchange Rates

Since the New Zealand exchange rate is the same for all sectors of the economy. for export as well as import transactions, and are freely available to all to use in converting currencies. we do not consider the periodic adjustment of the rate to be a subsidy within the meaning of the countervailing duty law.

Negotiated Ocean Freight Rates

The Meat Export Control Act of 1921-22. as amended by the Meat Export Control Amendment Act 1959, empowers the MPB. acting as the agent of the owners of the meat, to contract for the carriage by sea or by air of any meat to be exported from New Zealand. The petitioner claims that the Meat Producers Board's control of lamb exports is likely to lower rates for ocean freight. Since these rates are freely negotiated and are not preferential, we determine that they are not subsidies within the meaning of the countervailing duty law.

Meat Export Development Company (Devco)

The Meat Export Development Company (Devco) is the sole exporter of New Zealand lamb meat to North America. Devco purchases lamb in carcass form and has it cut (leg, shoulder. loin. rack, and shank) and packaged according to specifications developed for the North American market. Exporting companies sell lamb carcasses to Devco at prices that meet or exceed returns they could receive from other markerts. Devco pays for the fabrication, packaging. and freight of lamb sold in the United States.

Devco is a corporate entity which receives income through the sale of lamb meat and is subject to corporate income taxes. We therefore have preliminarily determined that the business operations of Devco are not subsidies within the meaning of the countervailing duty law.

Program No Longer in Existence

Special Payment for Sheep and Livestock

In its 1978 budget, the New Zealand Government provided for special taxable cash payments to compensate farmers for loss of income from drought. Payments were made at the rate of NZ 50.50 per head of sheep, NZ $2.00 per head of beef cattle, and NZ $5.00 per head of dairy cattle. In the year ending March 31. 1961, the goverment spent NZ $13,000 under this program. As of March 31. 1981. payments under this program have ceased. and there are no relidual benefits.

Programs Not Currently Used

Export Performance Incentive for Qualifying Goods (Section 156A, Income Tax Act 1976)

This program provides an incentive on total rather than increased exports and relates directly to the product's added domestic value. Under this program all goods exported are assigned a "value-added band" to which • specified percentage is allocated. In the case of qualifying goods, the specified percentage rebate is between 1.4 and 11.9 percent. The incentive is a credit against tax payable, or a cash payment if the taxpayer's loss exceeds his profits.

This program may be used as an alternative to section 156 which is described above under the programs believed to be subsidies. Only one of the two programs (156 or 156A) may be utilized. In the 1980 tax year, Devco chose the section 156 program. For the 1981 tax year and up through March 1983 (transitional period). Devco may choose between these two programs.

Production Assistance

Price Stabilisation Program

Since the Price Stabilization Program was not used during the period of investigation we have made no determine' a as to whether or not it would col .tote a subsidy on its face.

Sulphuric Acid Transport Payments

Payments under this program were not made to producers of lamb exported to the U.S.

Export Guarantee Office

Established by the Export Guarantee Act of 1984, the Export Guarantee Office provides credit insurance for goods supplied or/services provided beyond New Zealand. Devco is the only exporter of lamb meat to the United States and is not a client of the Export Guarantee Office. Therefore, while we make no detemination whether the Export Guarantee Office operates any program which is a subsidy on its face, we have found that no benefit is conferred upon exports of lamb to the U.S.

Suspension of Liquidation

In accordance with section 703 of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries for consumption or withdrawals from warehouse for consumption of the subject merchandise on or after the date of this notice's publication. We are also directing Customs to require • cash deposit. bond. or other security in the amount of 6.19 percent *ad valorem* to be posted on this merchandise. Until further notice, this suspension will remain in effect.

Public Comment

As described in 385.34 of the 'Commerce Department Regulations, we will hold a oublic hearing to afford interested parties an opportunity to comment orally on this preliminary determination. If requested, this hearing is scheduled to be held at MOO AM on December 15,198'1, at the U.S. Department of Commerce, Room 5811. 14th Street and Constitution Avenue. N.W., Washington. D.C. 20230. All requests for bearing must be submitted, within 10 days of this notice's publication. to the Deputy Assistant Secretary for Import Administration. Room 2800. at the same address. They should contain (1) the party's name. address, and telephone number: (2) the number of participants; (3) the reason for attending and (4) a list of the issues to be discussed. ;rehearing briefs must be submitted to the Deputy Assistant Secretary by December 8. 1991. Oral presentations will be limited to the issues raised in the briefs and rebuttals.

In accordance with 1 355.43, Commerce Regulations, all written views must be filed within thirty days of this notice's publication. **at the** above address. and in at least ten copies.

Gary N. Maack,

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OWN° COOf 3610-1S-11

Sodium Gluconste From the European Economic Community; Suspension of Investigation

AOIMCY: International T'"de Administration. Commerce.

ACTIOW Suspension of Countervailing Duty Investigation on Sodium Gluconate ft m the European Economic Community.

eurismaire: The Department of Commerce has decided to suspend the countervailing duty investigation involving sodium gluconate from the European Economic Community **("EC"). The basis for the sty 'ension is a n** agreement by **Joh.** A. Benckiser Cmhtl. **manufacturer and exporter who accounts for substantially all** of the imports of sodium gluconate from the EC, to renounce all export restitution payments on sodium gluconate expor to the United States.

EFFECTIVE GATE: November N. 1981.

CON itneffOIR NIFORMATION CONTACT' Mary A. Martin. Office of Investigations. Import Administration, International Trade Administration. U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington. D C. 20230. (202-377-3534).

SUPPLEWENTAIllv INFORMATION: On June 16. 1981. we received a petition from counsel representing Pfizer, Inc. of New York. New York. Petitioner simultaneously filed a ropy of the **p.'titton** ith the United States International Trade Commission ITC"). The petition alleged It at the EC w hich is a "country under the Agreement" as defined by section 701(bl Of the Tariff Act of 1930, as amended (' the Act") is providing subsidies for the production and exportation of sodium gluconate and that the sodium gluconate industry in the United States is being materially injured. or is threatened with material injury. by reason of the importation of sodium glucunate into the United States. After conducting a summary review of the petition, we instituted an investigation. and notice way published in **the Federal** Register of July 14. 1981 101 FP 3821).

On July 31 1961. the FTC rotttrit-I xis that it had cHermined. hy section 70:1(a) of the Art. that them is a reasonable indication that an industry in the United States is materially injured. or threatened with material injury. by reason of the **importation of the subject imports.** The Commission's determination **and the reason.** therefore were published in **the Federal Register** of August 12. 1981 (46 FR **40839).**

Counsel for /oh. A. Benckiser Gmbil ("I' mckiser"). a manufacturer of sodium gluconate in the Federal Republic of Germany. in a letter dated August 14. 1981. proposed to enter into a suspension agreement pu' want to section 704 of the Act and 355.31 of the Commerce Department Regulations. In the proposal Benckiser stated that it produces sodium gluconate from dextrose and glucose. which it purchases in arms length transactions from an unrelated ,upplier. and therefore it received no production refund.. Benckiser received export restitution payments under the EC Common Agricultural Policy ("CAP") regulations which cover sodium gluconate exports. Benckiser renounced all exeort restitution payments on sales of soctium gluconate to the United States effective August 18, **1981.**

On September 9. 1981, we preliminarily determined that the EC is subsidizing the manufacture. production. **and** exportation of sodium gluconate within the meaning of the countervailing duty taw. **The programs found preliminary countervailable were the** production refund payments on corn and potatoes and the export restitution puymenta on sodium gluconate. We directed the U.S. Customs Service to suspend liquidation of **all unliquidated** entries **of the merchandise entered.** or withdrawn from warehouse. and to require **a** cash deposit. bond. or other security in the amount of $107.05 per metric ton to be posted on this merchandise. Notice of the preliminary affirmative countervailing duty determination was published in the **Federal Register on** September 16. 1981 (4o FR 45975).

On October 7-8, 1981. we verified Benckiaer's response to the producer's questionnatre. We determined that Benckiser's exports of sodium gluconate to the United States exceeded 85 percent of total EC exports of the merchandise to the United States during the period July 1. 1980-June 30. **1981.** We also verified that Benckiser has received no export restitution payment on sodium gluconate exports to the United States since it renounced the payments.

On October **21. 1981, the** Department and counsel for Renckitter initialled a proposed suspension agreement. Copies of the proposed agreement were provided to the petitioner for its consultation and to other parties to the proceeding for their comments. The proposal **concerning** suspension of the investigation **was published in the Federal Register of October 30. 1981** (45 FR 53738).

The Department consulted with the petitioner and has considered the comments submitted with respect to the proposed suspension agreement. We have determined that the criteria for suspension of an investigation pursuant to section 704(b) of the Act have been satisfied. We are satisfied that the **agreement offsets completely the amount of the net subsidy on exports to the United States. can** be monitored effectively, and is in the public interest. The terms and conditions of the agreement are set forth in Annex 1 to this notice.

Pursuant to section 704(f)(2)(A) of the Act, the liquidation of entries of sodium gluconate from the EC suspended effective September 18. 1981. as directed in the Preliminary Affirmative Countervailing Duty Determination is terminated. Any cash depiisits on entries of sodium gluconate from EC pursuant to that suspension of liquidation shall be refunded and any bonds or other security shall be **released.**

The Department intends to conduct an administrative review within twelve months of the publication of this suspension as provided in section 751 of the Act.

Notwithstanding the suspension agreement. **the Department and the ITC will continue the investigation, if we receive such a request in accordance with section 704(g) of the Act on or before December 21, 1981.**

This notice is published pursuant to section 704(r(1)(A) of the Act.

Gary N. Nadia

D•mity Assistant Secretary far Import Administration.

November 23. **1981.**

Annex I-Sodium Gluconate From the European Economic Community Agreement

Pursuant to the provisions of section 704 of the Tariff Act of **tirso ('the** Act") and section 355.j1 of the Commerce Department Regulations. the UnitedStates Department of Commerce **("the Department") enters** into the following agreement **with** fah. A. Benckiser GmbIl. **Benckiterplatx 1. D-0700.** Ludwigshafen/Rhein. Federal Republic of Germany ("Benckiser"). On the basis of this agreement. the Commerce Department shall suspend its countervailing duty investiaation with respect to sodium gluconate from the Europciat Economic Community rm') in ti«.orrlance with the trans end provisi ns set forth below.

,4 t Coverage

This suspension agreement is applicable to all sodium gluconate manufactured by

APPENDIX G

COMMISSION'S DETERMINATION IN

INVESTIGATION NOS. 701-TA-214 and 731-TA-188

August 10. 1984. Alf persons desiring to appear at the hearing and make oral presentations should file prehearing . . briefs and attend a prehearing . conference to be held at 10 a.m. on August 17. 1904. in room 117 of the U.S. International Trade Commission Building. The deadline For filing prehearing briefs is August 16. 1904. A public version of the prehearing staff report containing preliminary findings of fact in this investigation will be placed in the public record en August 6. 1984.

FOR FURTHER INFORMATION CONTACT: . Larry Reavis (202-523-0296), Office of Investigations. U.S. International Trade Commission. Washington. D.C. 20436.

Issued: June 7. 1984.

By order of the Commission.

Kenneth R. Mason.

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MUNE{ coo[7520-02-41

(investigations Nos. 701-TA-211 (Preliminary) and 731-TA-lee (Preliminary))

Lamb Meat From New Zealand

Determinations

On the basis of the record developed in the subject investigations, the Commission determines.' pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 18711.1(a)). that there is no reasonable indication that an industry in the United States is materially injured. or threatened with material injury, or that the establishment of an industry in tc Uni'ed States is materially retarded. be reason of imports from New Zealand of lamb meat. provided for in item 106.30 of the Tariff Schedules of the United States (TSUS). which are alleged to be subsidized by the Government of New Zealand.

The Commission also determines.' Pursuant to section 733(a) of the Tariff Act of 1330 (19 U.S•C 1673)40. that there is no reasonable indication that an industry in the United Stales is materially injured. or threatened with nialerial injury. or that the establishment of an industry in the United States is materially retarded. by reason of imports from New Zealand of lamb meat, provided for in TSUS item 100.30. which are alleged to be sold in the United States at less than fair value.

' The record is (1,1 colt ie 9 2tr.2:i1 yr :hr. Commission's Rules of Practice and Procedure (iv CFR 207.2101.

'Cninmissioncrs I leg; irt and 1.iiilwick determine teat th•r• is a rr winnable iniliration !hot on i•d..,:st:ti In the Unl'ed Simi..., is is re•son of imports of Iamb meat from New Zealand which are attested to lie solisidired Ity the covernment of New Zealand.

Cnmmieeimlets I tagrrirt and ortsvick determine ot there is a renconeble indiehtion that an Industry In the United States Is materioilv injured bF fra<011 of imports of lamb meal from New Zealand which are alleged to he sold at less than Isle value.

Background

On April 18.19114. petitions were filed with the United States International Trade Commission and the U.S. Department of Commerce by counsel on behalf of the American Lamb Co.. the Denver Lamb Co.. and the Iowa Lamb Corp.7alleging that imports of lamb meat from New Zealand are being subsidized and are being sold in the United Stales at less than fair value. Accordingly, the Commission instituted preliminary countervailing and antidumping investigations under sections 703(a) and 733(a). respectively, of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United Stales is materially injured. or is threatened with material injury. or the establishment of an industry in the United States is materially retarded, by reason ot imports of such merchandise.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary. U.S. international Trade Commission. Washington. D.C.. and by publishing the notice in the Federal Register on April 25. 1984 (49 FR 17828). The conference was held in Washington. D C., on May 10. 1984. and all persons who requested the opportunity were permitted to ;1;:pc•;.r jr person or by counsel.

The Commission transmitted its report on the investigations to the Secretary of Commerce on June 4. 1984. A public version of the Commission's report. Lam? lb•/ ;Veit' ariiii;tri (investigations Nos. 701-1'A-214 (Preliminary) and 731-TA-188 (Prchm:nary), USITC Publications 1:)34. 1984). contains the views of the Commission and information developed during the investigations.

Issued: June 4. 1901.

fly order of the Commission

Kenneth R. Mason,

Strretary.

IVA 44-1SWO hit,I R-1:44, II 45 00111
BILLING COOS 7020-02-N

(investigation Ho. 337-TA- 1C4

Certain Modular Structural Systems: Review of Initial Determination and Termination of Investigation

AGENCY: U.S. International Trade Commission:

ACTION: Notice is hereby given that the Commission has determined to review the presiding officer's initial determination that there is a violation of section 337 in the above captioned investigation and to terminate this investigation on the basis that the investigation is moot and that. in any event. there is no violation of section 337.

Authority: The authority for the • Commission's disposition of this matter is contained in section 337 of the Tariff Art of 1930 (19 U.S.C. 1337) and in ti 4 210.53-210.50 of the Commission's Rules of Practice and Procedure (47 FR 25134. June 10. 1982 and 48 FR 9242. March 4. 1983: codified at 19 CFR .. 210.53-210.58.

SUPPLEMENTARY INFORMATION: On March 29. 1984. the presiding officer issued an initial determination that there is a'vioiation of section 337 in the importation and sale of certain modular structural systems. On April 30. 1984. the Corrimission extended the time for determining whether to review the initial determination until June 4. 1904. *and* ordered the complainant to show cause why this investigation should not • be terminated as moot as a result of a judgment of the Federal Court of Canada. issued January 10. 1984. 49 FR 19746 (Nlz. y 9. 1984).

After considering the record and the initial determination. the Commission determined to review the initial determination and to terminate this investigation because it is moot and brcause, in any event. there is no violation of section 337.

Notice of this investigation was publii4ied in the Federal Register of September 15. 1983 (48 FR 41531).

Copies of the Commission's Action alai Order, 'the ?Amoral alum Opinion to be issued by the Ceinmission. and all other nonconfidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary. U.S. international Trade Commission. 701 E Sli PO NW.. Washington. D.C. 20436. telephone ;202-523-0161.

FOR FURTHER INFOnMATION CONTACT: Wayne %V. Herrington. Esq.. Office of the General Counsel. 1.'.S. International Trade Commission. tel. 202-523-0180.

Issued: lune 4. Mg.

fly order of 'he Commission.

Kenneth R. Mason,

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APPENDIX H
INTERNATIONAL TRADE ADMINISTRATION
AFFIRMATIVE DETERMINATION OF SUBSIDY (1985)

determination in this case not later than October 23. 1985.

The public hearing is also being postponed until 910 a.m. on September 28. 1985 at the U.S. Department of Commerce. Room 1412. 14th Street and Constitution Avenue NW, Washington. DC 20230. Accordingly. prehearing briefs must be submitted to the Deputy Assistant Secretary by September 23. 1905.

This notice is published pursuant to section 735(d) of the Act.

Gilbset B. Kaplan.

Acting Deputy Assistant Secretary for Import Adminzsuotion.

September 3.1915.

[FR Doc. 65-22216 Filed 9-16-85: 6:45 am)

SLUNG coon 3111046-41

International Trade Administration

IC4144031

Final Affirmative Countervailing Duty Determination and Countervailing Duty Order; Lamb Meat from New Zealand

AGENCY: Import Administration.. International Trade Administration. Commerce.

ACTION: Notice.

Stemaleiev: We determine that certain benefits which constitute bounties or grants within the meaning of the countervailing duty law are being provided to producers. processors or exporters in New Zealand of lamb meat as described in the "Scope of Investigation" section of this notice. The net bounty or grant for the review period is NZS0.3602/1b. Therefore, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of lamb meat from New Zealand which are entered. or withdrawn from warehouse. for consumption, and to require a cash deposit on these products equal to the net bounty or grant.

arracnva oara: September 17. 1985.

SON MOTION INFONMATION CONTACT: Gary Taverman or Mary Martin. Office of Investigations. Import Administration. International Trade Administration. U.S. Department of Commerce. 14th Street and Constitution Avenue NW.. Washington. DC 20230: telephone (202) 377-0181 or 377-3484.

SUPPLEINENTANY INFORMATION:

Final Determination

For purposes of this investigation. the followin g programs have been found to confer bounties or grants:

- Meat Producers Board Price Support Scheme
- Supplementary Minimum Price Scheme
- Export Market Development Taxation incentive
- Export Performance Taxation incentive
- Export Suspensory Loan Scheme
- Regional Development Suspensory Loan Scheme
- Livestock Incentive Scheme

The net bounty or grant for the review period is NZS0.3802/1b.

Case History

On March 28. 1985. we received a petition from the American Lamb Company of Chino. California; the Denver Lamb Company of Denver. Colorado; and the Iowa Lamb Corporation of Hawarden. lows. filed on behalf of the U.S. lamb meat industry. In compliance with the filing requirements of 355.28 of our regulations (19 CFR 35528), the petition alleged that producers. processors or exporters of lamb meat in New Zealand directly or indirectly receive benefits which constitute bounties or grants within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act).

On April 11. 1985 (after the filing of the petition and prior to the int atior. of this investigation). the Office of the United States Trade Representative terminated New Zealand's status as a "country under the Agreement" within the meaning of section 7019(b)(1) of the Act.

Since New Zealand is no longer a "country under the Agreement" within the meaning of section 701(b) of the Act and the merchandise under investigation is dutiable, sections 303(a)(1) and 303(b) of the Act apply to this investigation. Accordingly, the ITC is not required to determine whether imports of these products cause or threaten material injury to a U.S. indusxy, or are materially retarding the establishment of an industry in the United States.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation. and on April 15. 1985. we initiated the investigation (50 FR 15949). We stated that we expected to issue our preliminary determination by June 19. 1985.

On April 25. 1985. we presented a questionnaire to the New Zealand government in Washinton. D.C. concerning the petitioner's allegations. Responses to the questionnaire were received on May 31, 1985. with supplementary information submitted on June 17. 1985.

On June 25. 1985. we published our preliminary determination that benefits which constitute bounties or grants are . ::2 *provided* to producers. proves* '-< e•cporters in New Zealand (50 FR

During the period July 1 to 16. 1985. we conducted a verification of the response submitted by the government of New Zealand.

At the request of the petitioners. we held a public hearing on July 30. 1985. to allow the parties en opportunity to address the issues arising in the investigation. Both petitioners and respondents filed briefs discussing these issues.

Scope of Investigation

The product covered by this investigation is lamb meat from New Zealand. currently classified in the *Tariff Schedules of the United States* (TSLIS) under item 108.30.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of this investigation. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Fiat-Rolled Products from Argentina: ' Fral Affirmative Contervailing Duty De ermination and CountervailIng D.„•;. Order." which was published in the April 26. 1984, issue of the Federal Register (49 FR 18008).

For purposes of this determination, the period for which we are measuring bounties or grants ("the review period") is April 1. 1984. through March 31. 1985. which corresponds to the 1985 fiscal year of the government of New Zealand.

Based upon our analysis of the petition, the responses to our questionnaire. our verification. and comments submitted by interested parties. we determine the following:

I. Programs Determined To Confer Bounties or Grants

We determine that bounties or grants are being provided to producers. processors. or exporters in New Zealand of lamb meat under the following programs:

.4. Meat Producers Board Pr: ce Supports Scheme

Pursuant to the Meat Export Prices Act of 1955 (amended in 1976 and 1982). the Meat Board Price Support Scheme was established to compensate meat producers for fluctuations in market prices and to guarantee them a minimum return on export sales their products. The scheme is administered by the Meat Producers Board (the Board. the Ministry of Agriculture and Fisheries. and the Meat Export Prices Committee.

It is financed through the Meat Income Stabilization Account (MISAI. as overcireit account imertinmeti by the amend at nes Roam Gm* *at* New Zealand

The New Zaahead Parliment established the Board throw* the Meat Export Corr= *Act of* 1922-21 The Board conarinis virtually MI aspects of *the meat* trade sreneding grading. handing. *Mg. *fir*loiter r a& stionng. shi pp*. Nang rand silepoitag of ail meat exported frees New Zaaimai. Although estaislisived by *Act* of ,. Parliament. the *Beard is* sot as *agestcy* of *tie* government. Of the =a merniters of the Board two we appototed by the goverment. six are elected as cepreeemetives al sheep and diary fans= and one Is appoiated by the Dairy Board. While the Board is subtem to government audit of its activities and finances. it does not report to the government and is not iegefty required to follow getiecomeast *policy.*

The Bawd arras= 'us° *k*ʷ primary sources of *funds: (1j* A levy set by the /nerd and collected by process= from iamb. "beep end *cattle* growers et *the* time *of* slaughter. {24 return on investraeam: (3) short-term borrows w from commercial lenders in New Zealand and overseas: *and* advances Irons the Meal *Industry Reserve Amax u =Ohm MULA.).*

Each product= seas= the Meat Export Prices Committee (the Committee), an indepeedeaL non-governmental committee. establishes a "schedule Lannionsm) price" for each grade of lamb dituehtered for export These prices are set at the beginning of the season and remain in effect for the entire season. At the time of slaughter. the processing company pays the schedule price. less slaughtering and freezing costs. to the producers. The processing company. in turn. is reimbursed by the Board at the schedule price. Th; Board. in effect buys all the meat which is subsequently exported. In attention. the Committee anneafty estabfishen a ¯trigger price" above wirich the meat income etabilizaeon levy is coflected from producers. The men Mourne stabilih.ation levy is deposited into the !RSA when the market price exceeds the trigger price.

The Board has two methods by which it can stipport the price of meat. if the market price frith betew the secede-1e price. :he Board miry either fl) Pt rchase meat at the schedule price. or (21 purchase meet it the market price and make a sotbficarkie penitent terra! to the ±flerence between the market price and schedule price. In either case. the funds seed *to* support the price are draws from the MISA. Since November. 1983 te Board has eiecied to purchase ail expx-, lamb meat at the schedule price.

Accordine to the questionnaire response. the MtSA is meant to be self- • balancing. *Le_* wodecer levies collected Ong periods of high prices cover the con of support payments made during periods *of* low prices. When the MISA is in a deficit position. the government authorizes the Beard to roma its commitments throvigh a losecast over inet arrangement *with* the Reserve Bank of New Zealand (M SA Acceett No. 1). On October I. MIL a new over account (MISA Aeon= Ne. 1) was estalitished to provide owesage on deficits incurred subsequent to the date. TheNew Zealand Meat Prochmers Board 1944 Animal Report helical. that the Account No. 1 deficit would be converted to a 30-year subordinated loan. with ne titer= at principal repayable until September 311. *MOB*

We do not consider the minimum price support payments funded by producer levies to oonettlate a bounty or gram within the tne1111111 ef the countervailing duty law. However. this program doei operate to gm:Mee produces a 'nineteen MIMI on export sales. and ;Provides goverment fonds the Meet Produces Board on terms that are not available from commercial sours. Therefore. we determine that the portion of the payments represented by government fends provides an indirect bounty *or* greet as exports within the nreetteag of the conntervaiTing duty taw.

In ow !mainline, determination. we treated the accaramiseed Iamb meat defied in the MISA Account No. 1 as a one-year. hisetem-free Ma. However. we have reconsidered this Mee and have now determined that the goverment's coverage of the *RSA deficit shored be viewed *de rocto* as a continuing price 'Import payment to Iamb meat producers and. as SISICit counter radable in the yew of receipt. This support program has been in operation since ?re mid. while theory the MISA is self-funding. deficits on lamb meat have gravvn to a level of N11332 million as of March 31. 1984. Counsel for petitioners has stated. and we COMM% that it rs unrealistic to expect the !RSA Account Ne. 1 deficit to be repaid. Trigger prices have conniventiy been higher than market prices and. as such. producer levies have not been generated. Given the current pricing mediation in effect prociecer levies are not likely to be gemmed is the immediate fahire..kh:hough the Beard. in its 19114 Anneal Report ifescessed die aseversive of the accamstated deficit in the MISA Account No. I into a Meeer ;(24:-.. we hare verifier! eat the ci.:¯version agreement has not been finalized Therefore. we have no evidence that the deficit will in fact be repaid. nor do we *bare* evidence indicating that additional deficits wend not be incurred. To the contrary. we were informed at verification that the first advance against the %OSA Accoeet No. 2 overdraft facility is expected Later this yew to cover carrent deficits. Therefore. consistent with our treatment of government price support payments in the *Final Affirmative Countervrniing Duty Deterreinadare* Live Since *cried Fresh. Chilled and Frozen Pork* Prodarts *from Canada* (50 FR 250971 we have determined that benefits provided tinder this program are. in fact. recurring price support payments and should be allocated to the year of receipt. Dividing the value of the MISA Account No. 1 deficit attributable to lamb meat during the period of investigation by the total weight of the lamb products exported resulted in a net bounty or grant amour of NZ311.10171/1b.

& Samleareatary Miaia,am Picas Sc,'reme (SAM

The Ministry of Agriculture and Fisheries established the S'i.CP in 1978 augment the support payments provided under the Meat Producers Board Price Support Scheme. Each *year. the sever: rent* eatabrished a supplemestary ininiMera *;mice support* level (suppiesoanuiry *price) which* was set above the Board's schedule price level. Support paymeste equal to the difference between Use two prices were drawn from the government-funded Supplementary Minimum *Meat* Prices ACCailikt iStiAMPAL If the market price falls below the Board's sr-hedule pace. payments are than made from both the Meat Board's Minimum Price Support Scheme and the Supplementary Minimum Price Support Scheme. Supplementary payments are made only on meat sold for export consumption.

In September. 1944, the Minrs-ter of Finance terminated the SNIP and it-stead provided the SNL'IPA with a lump-som payment estimated to equal the i ¯arue of payments that were provided the &VP. Because of the overiap between the government's focal year (April-March) and the droducuon period (October-Septembert. the Board recerved percents tinder both tre SMP and the thme•sorn chsborsernent chinas the review period

Because price support payments provided tinder the SMP and lump-riot schemes remand direct goverinnew payments Incesed to the exported produce NO degeranne them to be

;g2rants the meaning of co !ntt-;, ',ling du.; lAw To benefit this program. di%ided the •)! Ow 1984_85 payments ISMP's ard itunp-som payments) by the tot.i! weight of lamb products exported during the revie w period. This msulted in net ho,:nt or grant of NZSO.1741/11).

C. Export Mori,. .• •vr Toxoton ['Se! util Income Tax Art

Under the 1999 Ani•rdment of the Income Tax Act 1476. export m...iket development expenditures. such as expenses incurred principally for seeking and det eloping markets. retaining existing markets. and obtaining market information. qualify for a tax credit equal to 67.5 percent of the total expenditure However. an exporter who takes advantage of this program may not deduct the qualifying expenditures as ordinary business expenses in calculating taxable income. Because the normal corporate tax rate in New Zealand is 45 percent. the net benefit to exporters under this program is 22.5 percent of the qualifying expenditure amount. We have verified that the Meat Export Development Company (Devco) received benefits under this program during the review period.

According to our tax methodology. tax benefits earned during a given fiscal/tax year are treated as received the following year. the year the tax return is filed.

Because eligibility for this program is limited to exporters. we determine that the EMDTI provides a bounty or grant within the meaning of the countervailing duty law. Accordingly, we divided 22.5 percent of the U.S.-related qualifying expenditures incurred by Devco in 1903/84 by the weight of its lamb products exported to the United States during the review period. This resulted in a bounty or grant amount of NZS0.0348/lb.

D. Export Performance Tu ution Incentive (Section 136A. Income Tax Act 1978) (EPTI)

Under the 1979 Amendment of the Income Tax 1978. exporters receive a tax credit based on the f.o.b. value of qualifying goods exported. Credits are available as a deduction against income tax payable and, if the tax credit exceeds the income tax payable. the balance is paid to the taxpayer in cash. The rate. or specified percentage of the tax credit is dependent upon the predetermined government value-added category into which the product falls. The amount of the tax credit is calculated by multiplying the specified percentage corresponding to the value-added category into which the product falls by the f.o.b. value of export sales. Lamb meat processed beyond the primal cut stage falls into value-added category D. for which the corresponding specified percentage is 7.7 percent. The specified percentages under this program will be reduced in the tax years ending on March 31. 1988. and March 31. 1987. Devco received benefits under this program during the review period.

Becaues eligibility for this program is limited to exporters. we determine that it provides a bounty or grant within the meaning of the countervailing duty law. To calculate the tax benefit. we divided the amount of the tax credit claimed for qualifying laws products exported to the United States in 1983/84 by the weight of lamb products exported to the United States during the review period. This resLIted in a net bounty or grant of NZ$0.0292/1b.

E. Export Suspensory Loon Scheme

The Export Suspensory Loan Scheme (ESLS) administered by the Department of Trade & Industry and the Development Finance Corporation (DFC), was establisned in the 1973 budget and modified by Cabinet decision in 1978. The purpose of the program is to provide loans to assist exporters in purchasing equipment needed to expand their production of export goods. The loans cover up to 40 percent of eligible expenditures and are converted to grants if pre-determined export targets are met. If the export targets are not met. the loans may be partially converted to grants or celled in full at the DFC's long-term interest rates. The ESLS terminated on March 31,1995; no new loans under this program will be granted.

Because this program is contingent on export performance and provides loans: (1) That may be at rates lower than those available from commercial sources. and (2) that may be converted to grants. we determine it confers bounties or grants within the meaning of the countervailing duty law.

To calculate the benefit from this program, we treated the loans which had not yet been forgiven as a series of one-year loans rolled over each year. For our benchmark, we used national average commercial interest rate n overdraft accounts, as this is the preponderant source of short-tei financing in New Zealand. In thi c a. the interest rates charged were abuve our benchmark rate and. therefore. no countervailable benefits were bestowed. For loans which had been forgiven because the export targets were met, the amount forgiven was treated as a grant. The amounts forgiven prior to the review period were small enough that the benefits would have been allocated to the year of forgiveness. Therefore. we have not included these grants in our calculation. We have included the forgiveness that occurred during the review period and allocated the entire benefit to the review period because the *ad valorem* benefit was less than 0.5%.

Dividing the benefit from the grant portion of the program by the total weight of the lamb products exported during the review period resulted in a net bounty or grant amount of NM/0.00005/lb. We have not adjusted the net bounty or grant amount to account for this program's termination because there are still loans outstanding that may be converted to grants in the future.

F Regional Development Suspensory pan Scheme (RDSL)

The New Zealand Government established the Regional Development Assistance Program to encourage utilization of resources in priority regions of New Zealand. Regions designated by the government as non-priority do not qualify for regional developement assistance. The RDSL program, one of a variety of regional development programs administered by the DFC, provides interest-free loans which are later converted to grants if development objectives are met. One freezing works (*i.e.*, a company that slaughters lambs and processes lamb meat) located in a priorty region in New Zealand has received a loan under this program to be used for the production of products subjects to this investigation.

Because this p provides government-fund'a'gi'ancing to specific regions in New Zealand on terms inconsistent with commercial considerations, we determine it to be a regional subsidy, and is therefore countervailable. To calculate the benefit from this program. we treated the loans which had not yet been forgiven as • series of one-year loans rolled over each year. For our benchmark. we used the national average commercial interest rate on overdraft accounts. For loans which had been forgiven because the development targets were met. the amounts forgiven were treated as grants, and because the *ad raiment* benefit was less than 0.516, were allocated to the year the convulsion occurred. There were no conversions made during the review period.

Dividing the value of the beneffts from the loan portion of the program by the total weight of the lamb portion of the program by the total weight of the iamb products sold during the re .:. t. per.od resulted in a net bounty Lir of NZS0.00001/ lb.

G. Livestock Incentive Scherre

The Livestock IncentiveScherse (the scheme) was introduced in 1976 under section 174 of the Income Tax Act 1976. and is administered by the Rural Banking and Finance Corportion (RBFCl. The RBFC was established to provide loans and other development assistance for farming. other primary industnes. and related service industries.

This particular schemes encourages farmers to increase permanently the numbers of livestock carried. Under the scheme. a farmer employing a stock increase program for a minimum of one and a maximum of three years may opt for one of two incentives: (1) An interest-free suspensory loan of NZ312.00 for each additional qualifying stock unit carried. or (2) a deduction of NZS24.00 from assessable income for each additional qualifying stock unit carried. (A "stock unit" represents one breeding-ewe equivalent: e.g.. one breeding ewe=1 stock unit. other sheep=0.7 stock units. a dairy cow =7 stock units. *etc.)* The last date for making applications under :he scerre was March 31. 1982.

• Under the loan option. no interest was charged on the loan if the recipient complied with the conditions of the scheme. Upon breach of the conditions. the principal was repayable in cash or over a term with interest at the RBFC rate for development loans.

Farmers choosing the tax incentive could claim deductions at the time of livestock increases or at the end of the program plus the two-year sustaining period. All other qualifying criteria are the same as for the loan option.

If the livestock increase was sustained for two years following the development program s completion. farmers who elected to take out suspensory loans could *write the* loans off as tax-free grants. For farmers electing the tax option. the grovisional tax deduction was confirmed and could be applied toward tax liability in any of tne three years after completion of the development program.

Because benefits under this program are limited to farmers with livestock herds and are on terms inconsistent with commercial considerations. we determine that it is limited to a specific enterprise or industry. or group of enterprises or inaLstnes. and is therefore countervailable.

To calculate the benefit.received from the loan option portion of tnis program, we treated the amounts forgiven as grants and allocated those benefits over fit e years. the average useful life of breeding stock. The discount rate chosen for allocation purposes was the national weighted-average trading-bank loan rate. For the portion that has not yet been forgiven. we treated the amount as a one-year loan and compared the interest rate to the benchmark as described above. The benefit under the tax option was determined to be the amount of the tax deductions that were available to be used during the review period. We added the value of the benefits from the loan and tax option portions of the program. and multiplied the result by a factor determined to represent the value of lamb meat as a percentage of total sheep production. Dividing that result by the total weight of the lamb products sold during the review period resulted in a net bounty or grant amount of NZS0tn49/1b.

II. Programs Determined Not To Confer Bounties or Grants

We determine that bounties or grants are not being provided to producers. processors. or exporters of lamb meat in New Zealand under the following programs:

.4. *Loans and Loon Guarantees Provided by the Meat Producers Board*

The petitioners alleged that the Board is issuing loans and providing guarantees for various companies involved in lamb production and exportation. loans and guarantees that they claim are countervailable. In our preliminary determination. we stated that the Meat Board entered into these financial transactions as one independent party. whose funds are its own. dealing with another. We have since verified that the funds used for the loans and loan guarantees are not its own. but those of the MIRA.

During World War II. the government of New Zealand took control of the marketing of all meat products. and entered into a bulk-purchasing agreement with the United Kingdom. The profits from the sale of meat products remaining when that agreement was terminated in 1942 were put into the Meat Pool Account. the stated purpose of which was to provide a fund for the future benefit of the industry. Additional profits resulting from increases in the price paid by the United Kingdom for meat products were credited to the Meat Income Stabilization Account.

Note.—T'nis Meat Income Stablization Account is different (torn the one discussed previously in this nonce.

Like the Meat Pool Account. the fends in this account were also to be held for the future benefit of the industry. These two accounts were eventually combined and provided the seed money for the .MIRA. Since its establishment. the MIRA has grown through investment to approximately NZS150 million. There have no government infusions of funds into the account. The Board administers the account for the benefit of the industry. and determines how its funds are to be used.

Therefore. because the MIRA contains industry money, which the Board administers for the benefit of the industry. we determine that the use of the MIRA to fund these programs operated by the Meat Producers Board is not a bounty or grant within the meaning of the countervailing duty law.

B. Fertilizer Price Subsidy

Under the administration of the Ministry of Agriculture and Fisheries. the government of New Zealand provides payments to wholesalers or importers of phosphate rock. phosphatic. potassic. nitrogenous and compound fertilizers. and on all organic fertilizers. The response indicates that wholesalers and fertilizer producers pass these payments on to farmers in the forts of reduced prices.

In our preliminary determination. we stated that the purpose of this program was to maintain a low cost of fertilizer to farmers in order to encourage adequate *pasture* maintenance and development. As such. we determined that its benefits were limited to a specific enterprise or industry. or group of enterprises or industries. and were countervailable.

We have since verified that benefits under this program were available to and used by a wide variety of agricultural producers. We found no government restrictions. either de *fore* or *de facto. that* would lead us to conclude that the provision of benefits under this program was limited by industry. sector or region. Therefore. we find this program not countervailable.

C. Fertilizer and Lime Transportation Subsidy

Under the administration of the Ministry of Agriculture and Fisheries. the government of new Zealand provided payments to retailers and wholesalers of fertilizer and lime to cover their costs of transporting those product: from the superphosphate works. ports of landing. or approved limeworks. We verified that these payments are. in turn. passed on to farmers in the form of reduced prices pr?iiminar$ determination it ell; ..nGerstanding that the purpose of the p-ogram was to enmity that the raze of fertilizer application was kept at le% eis allowing for adequate *posture* maintenance and development. We sta *ted* that because benefits under this program appeared to be provided primarily to sheep and other livestock farmers we determined that its benefits ..ere limited to a specific enterprise or industry. or group of enterprises or industries. and were countervadable.

We 'nave since vertUed that benefits under this program were available to and used by a wide variety of aricuitural producer's. We found no go% ernment restriction, either *de lure* or *de facto.* that would lead us to conclude that the provision of benefits under this program was limited. Therefore. we find this program not countervailable.

D. Fert:liter and Lime Bounty

L'ndet the administration of the Ntir.istry of Agriculture and Fisheries. the government of New Zealand sponsored two programs under this he adIng. The first. called The Fertilizer and Lune Botuity..' v. as terminated in 1379. Tne second. palled "The Fertilizer Aena: Spreading Bouncy.' provided payments to aerial spreading companies. payments which were then credited to the farmer.

In our prilimmary determination. we found this program to be limited to a specific enterprue or utdostry. or group of enterprises or industries. because the mammy of payments appeared to be provided to sheep and other livestock farmers.

We nave since yenned that benefits under this program were evadable to and used by a wide variety of agnmuturai producers. We found no government restriction. *either at lure* or *de facto.* that would lead us to conclude that the provision of benefits under this program was limited by industry. sector or region. Therefore. we find this program not counter..ailable.

E. DeCt;:t7rirs 'or Cr.:::c1 Expenditures Detexprren: Dc7rest:c Fa.-mland

This program is ad-•-istered by the Inland Revenue Deparnert. Under sections 126. 127 and 129 of the Income Tax Act 1976. a deduction is available for certain expenditures incurred in clearing and preparing farm:nit and agncultuai land. The decucttons may be taken in the year incur-ed or spread over that year and the next four tax ears. Any 'expo er engaged Ir. farming or agncuiturai business on iand in New Zealand may claim a deduction for qualifying capital expenditures.

We verified that any taxpayer engaged in any fanning or rgncutural business or land in New Zealand may apply for this deduction. Therefore. we determine that this program is not - limited to a specific enterprise or industry. or group of enterprises 01 industries, and is not countervailable.

F Land Development Encouragement Loons

Under the administration of the Rural Bank. contingent liability loans were provided for the development of pastoral and agricutural land. All farmers were eligible for financing provided the minimum area for development was 10 hectares. Expenditures qualifying for these loans included sowing of permanent pastures. clearing. cultivation. seeding, fertilizing. and drainage. The program, which was open for applications from August 1. 1978. to March 1981. offered maximum loans of NZS250 per hectare of land. The loans were for a 15-year term and. provided the land was maintained to the satisfaction of the Rural Bank. no interest was charged on the loan and half of the principal could be written off.

This program was preliminarily found to be countervailable in our 1981 *Prei:minary Affirmative Countervailing Duty Determination: Lamb Meat from New Zealand* (46 FR 58128). However. we have verified that this program neither desipsates specific epic -taut! products for receipt of funding. one established differing terms for specific products. Therefore, we determine it is not countervailable. *See Find Affirmative Countervailing Duty Destratatatiom Live Swine and Fresh. Chilled and Frozen Pork Products from Ccurodo* (50 FR 25097. 25107).

C. Standard and Nil Value of Livestock

Under section 85 of the Income Tax Act 1976. trading stock (inventory) must be valued at either cost. market. or replacement vain. The choice and use of the valuation method is subject to review by the Commissioner of Inland Revenue. If inventory increased in value and is recorded as such by the taxpayer. that increase must be included as (assessable) taxable income for that year. If an end-of-the-year valuation of trading stock ?vaults in a decrease of value. the loss is allowed as a deduction in calculating the assessable income for that year. As an alternative to this system. owners of livestock may adopt the standard value and a nil value of livestock method for recording inventory for income tax purposes.

Under the standard value of livestock system, the Commissioner of Inland Revenue will periodically establish minimum acceptance levels if standard value. i.e.. value per head of livestock. These values are based on average market returns over a *period* of hoe. taking into account costs of production. and serve as.a buffer against price fluctuations. A farmer may elect to value his inventory using the standard value or any higher value. However. once s standard value has been adopted by a farmer for a class of livestock. it cannot be reduced without the approval of the Commissioner. 'This system has been in operation since 1915.

Under the nil value of livestock system. a farmer can elect to adopt a nil value for all or part of *the increase* in his herd over a basic number of livestock. That basic number is established as *the* greater of the number of livestock on hand at the end of either of the two income years immediately preceding the year in which the decision is made to join the system. By using this scheme. the farmer can defer part of *his* tax liability by not paying tax on increeses in stock until the livestock is actually sold. Upon sale. income taxes are payable on the net proceeds.

This program appears merely to be a method of taxation accounting. used not only by livestock producers, but by other manufacturers in New Zealand as well that hold reserve stocks for maturity purposes fag.. manufacturers of wine, brandy, and whiskey). As inch. we determine that this program does not bestow a countervailable bounty or grant within the meaning of the Act.

H. Government Contributions to the Meat Industry Research Institute

In 1965. antler the administration of the Department of Scientific and Industrial Research (DS/R). the government of New Zealand estabhshed the Meat Incbsstry'Reeearch Institute (MBUNZ) to carry out research and development in all aspects of meat and meat by-product processing and to promote the adoption of new technology in the meat industry. MIRINZ is funded by the Meat Board. the New Zealand Freesng Companies Association and the government.

In our preliminary determination. eve found government contributions to M1111NZ research limited to the meat industry. At the time. we had no indication that the results of the research and development were publicly available. However. at verification. we learned that MTRRYZ is one of many DSIR•funded remain-Ai institutions. Other institutions conduct research for the fertilizer logging. dairy. leather and shoe. heavy engineering. building. concrete. coal. textile and wool industries. The results of government-funded DSIR/MIRINZ research are published in scientific papers. technical reports. journals. digests and bulletins.

Because DSIR funds are provided to a variety of industrial and agricultural sectors and because the results of such government-funded research are publicly available. we find that government funding of MIRINZ does not provide a countervailable bounty or grant. *See. Final Affirmative Countervailing Duty Determination: Certain Carbon Steel Products from Belgium (47* FR 393041. Appendix 2.

I. Noxious Plants Control Scheme

The Ministry of Agriculture and Fisheries provides to farmers payments that are equal to 50 percent of their costs for chemical or mechanical control of specified weeds. *i.e..* sweet briar. blackberry. broom. gorse. and barberry. While projects must be approved in order to receive funding under this scheme. there is no indication that this scheme is limited to producers of any particular agricultural commodities. In fact. we are informed that the control of these weeds is as crucial to producers of corn. soybean and other grain as it is to livestock farmers. Therefore. we determine that this program is not limited to a specific enterprise or industry or group of enterprises or industries. nor to a specific region. and is not countervailabie.

I Suspension of Government inspection Fees

This service. administered by the Ministry of Agncuiture and Fisheries. ensures that all meat and meat by products comply with domestic :nspection and hygiene star.dards. and ihe requirements of overseas importing countries. Since 1978. government .nspection fees on meat for domestic consumption. as well as for export. have been waived. It is reported that the government of New Zealand will phase in a partial cost recovery program. *i.e..* a collection of some inspection fees. Jeginning October 1998.

As the government beers the cost of inspecting mearfor both the domestic export markets. inspection fee • s at% ers do not confer a subsidy on exports. Moreover. numerous other agricultural products. such as poultry. fish. rabbits and margarine are similarly inspected. We find the provision of this type of service to be a legitimate function of government. namely ensuring that agricultural products sold domestically and abroad meet minimum health and quality standards. in addition. the provision by the government of this type of service is as beneficial to consumers as to producers. *i.e..* consumers get a better quality product and producers receive higher returns for their commodities. Thus. we determine that this practice is not countervailabk as an export subsidy. nor is it limited to a specific enterprise or industry. or group of enterprises or industries.

III.Programs Determined Not To Be Used

Based on our verification of the responses of the New Zealand Meat Producers Board various freezing companies. and the government. we determine that producers. processors. or exporters in New Zealand of lamb meat did not use the following programs:

*.4. Export Programme Grant Scheme (EPGS/Export Programme Suspensory Loan Scheme (EPSLS)**

The EPGS was established in the 1979 Budget to encourage marketing research in targeted foreign markets. The grants. amounting to 84 percent of budgeted expenditures. were available for up to three years. In 1981 the grant program was converted to the EPSLS. a suspensory loan program. Loans covering up to 40 percent of eligible expenditures are available to established exporters who increase their net foreign exchange earnings through the marketing of specific goods or services in a designated foreign market. If a predetermined sales forecast is accomplished. the suspensory loan is converted into a grant if the forecast is not met. the exporter repays the loan with interest.

We verified that neither producers. processors. nor exporters of Iamb meat to the United States received benefits under either portion of this program.

E. Rum/ Export Suspensory Loans

The purpose of this program. which was introduced in 1974 and closed to new applicants on March 31. 1985. was to promote the export of non-traditional agricultural. horticultural. fish products not previously exported. and products for which market expansion was possible. We verified that lamb meat. considered a traditional export product. has never been eligible for this program. and that no loans have been granted to the producers. processors. or exporters of lamb. Therefore. we determine that this program was not used.

IV. Program Determined To Be Terminated

A. Meat lnCus!.¯y Hygiene Grants

The government of New Zealand. in its 1977 budget. provided special temporary grants to ass =, ^neat export processing companies !r. buildings. plant and maciriery. and operations in freezing works required to meet the hygiene standards imposed by importing countries. We verified that the scheme expired on September 30. 1981. and that final payments were made in 1983/84.

In our preliminary determination. we stated that since this program provided benefits which were limited to processors who produce meat for export. we determined it to be countervailable. Despite the fact that payments had been terminated. because these were grants. we allocated the benefits over 10 years. the average useful life of machinery and equipment used for freezing-works facilities.

We have since verified that the total value of grants bestowed in any given year was less than 0.5 percent of the value of production of lamb meat in those years. and are therefore allocable to the year in which they were received. Since the federal payments under this program were made in 1983/84. no' products now entering the United States are benefiting from grants provided under this program. Therefore. we determine this program to be terminated.

Petitioners' Comments

Comment 1. Petitioner argue that because statistics on domestic and non-U.S. export sales are reported on a carcass-weight basis. and are reported on a product-weight basis for exports to the United States. a conversion factor. must be applied to achieve weight equivalency. They believe that most of the iamb legs and shoulders exported to the United States are in boneless form and therefore the appropriate conversion factor should be either the one published by Devco for boneless cuts (excluding breast/flap and neck) of 59.8 percent. or an average of that factor and the one published by Devco for bone-in cuts of 80.4 percent. Respondents rebut this argument by stating that boneless cuts enter the United States under TSUS 1177.78 (lamb or mutton (prepared or preserved)). a duty-free classification and not subject to this investigation.

DOC Position. We agree with petitioners that weight equivalency should be achieved in order to determine the proper denominator used in our benefit calculations. However. we disagree with their proposal that a factor of 59.8 percent be used. There is no verified evidence on the record indicating: 1) that most of the lamb :esis and shoulders entering the United States are in boneless form. or 2) what the product mix (legs. loins. racks. shoulders shanks. breast/flap) of iamb meat exported to the United States was during our period of investinanon. We do known. however, that most of the imported product does indeed enter the United States in cartons (*i.e..* cut form). and that the TSUS classification covering the products subject to this investigation does include ¯meat even though completely detendonized or deboned". *Therefore, since* both boneless and bone-in cuts are entering the United Sidltes. we are using and average of the boneless and bone-in factors. We have, however. included the breast/Bap and neck because this factor is being used to convert total lamb meat production. and not only that portion exported to the United States.

Comment 2. Petitioners state that the establishment of* risk premium for uncreditworth institutions should be based. not on the difference between the Moddy's Aaa and Bea corporate bond rates calculated as a percentage of the prime rate in *the* United States. but instead on the difference in rates between high yield bonds. (as reported by Morgan Stanley & Company) and Moody's Asa rated bonds. They olefin that this methodology more closely approximates the risk premium for uncreditworthy *institutions.*

DOC Position. This issue is moot. None *af* the calculation methodologies used in this determination required the use of ire= premium.

Comment 3. Penni:mere sweat that. with respect to grants to sheep product= under the Ltvertock Incentive Scheme. benefits should be spread over five years. and not ten years as was done for the pre nary determination. This would be in accordance with the U.S. Internal Revenue Service Can Life Asset Deprecation Range System for breeding sheep. Respondents contend that a four year range should be used. as this is the standard for breeding stock in New Zealand.

DOC Position. We agree with petitioners. When determining the period over which to allocate benefits resulting from grants. our practice is to use the Internal Revenue Service's depreciation range. We followed that practice in this case.

Comment 4. Petitioners contend that. if duties are assessed uniformly on a per pound basis. it will act as an incentive for New Zealand to export only the higher-valued cuts and thereby significantly avoid the remedial nature of a countervailing duty. They suggest that the amount of the bounties or grants be countervailed by apportionment to the primal cuts imported from New Zealand according to their relative value. They believe that there would iiv no significant administrative inconvenience in the assessment of duties based on the method suggested.

DOC Position. We disagree. First. none of the programs found to be countervadable provides benefits on a per cut basis. Both the SMP and Meat Board Price Support Schemes provide benefits on the basis of a certain dollar amount per kilogram of lamb. Other programs found to be countervailable. provide benefits without regard for the type of cat produced or the relative value of individual cuts. Second. we believe that any future increase in New Zealand's export to the United States of more valuable cuts would be the result of market demand. not because the duty rate is on a per pound basis. We do not believe that the New Zealand exporters would ship more valuable cuts in order to evade the effect of a countervailing duty order if those cuts could not be sold in the United States. Finally. it has been our practice in recent countervailing duty investigations to establish countervailing duty rates that are on terms consistent with the costoms duty rates published in the TSUS. In this case. lamb meat classified under TSUS 106.30 has a duty rate 0.5 cents per *pound. See Final .4 ffirmative Countervailing Duty Determination: Live Swine and Fresh. Chilled and Frozen Pork Products from Canada (50* FR 25097).

Comment 5. Petitioners argue that the MISA has no assets and will generate income only in the event that market prices for lamb meat exceed the trigger prices. an event they claim is unfikely to occur. As tech. if government funding of the MISA through September 30. 1984. is not regarded as a continuing. recurring price support payment to producers. they claim that it should be treated as a long-term loan to an uncreditworthy borrower (*e.e..* the Meat Board) and the benchmark interest rate should reflect that fact. They further argue that the government funding of the MISA since October 1. 1964. should be regarded as a continuing. recurring price support payment to producers. and therefore countervailed at the time of receipt. While the theoretical framework is in place for repayment of the MISA advances. petitioners contend *that* such repayments can hardly be expected given the current and projected condition of the industry.

DOC POSItIOn. We have treated the M1SA deficit as a price support payment countervailable in the year of receipt. and. therefore. the benchmark issue is moot.

Comment & Petitioners ques;icn the accuracy of the amount *of the* 5N4P payments reported for the 1984.'85 ri Ira! year (our period of investigation) given (I) the intent of the government of New Zealand's to keep SMP payments on an equivalent basis with the preceding year. and (2) the fact that payments for the year ended September 30. 1984. were considerably higher than those reported for the 1964/83 fiscal *year.*

DOC Position. We have verified the value of the actual SMP *and* lump-sum payments made during the period of investigation and have used these figures in calculating the net bounty or grant.

Comment 7. Petitioners claim that a benchmark interest rate based on prime commercial bills is inappropriate for purposes of calculating benefits under the Export Suspensory Loan Scheme. They claim that these loans are provided to farmers. and that even in the United States. borrowers *such* as these would have to pay at least 2 percentage points over the prime lending rate.

DOC Position. For the preliminary determination. we used the rate for prime commercial bills because. at thai *time.* we believed that at was the most representative rate for alternative snort-term financing. For *the* final determination. we have *used the* national average commercial interest rate on overdraft accounts. published by the Reserve Bank of New Zealand in the *Reserve Bank Bulletin.* and reported in the questionnarie response. Because this is a weighted-average rate on all overdraft loans. and not just a rate for prime borrowers. the question of including an additional spread over prime is moot. This choice of benchmark is consistent with the policy for short-term loans outlined in the Subsidies Appendix (49 FR 18008) loans.

Comment & Petitioners suggest that government contributions to the Meat Industry Research Institute be allocated only over export production because the activities of that organizanon are related solely to export production and export processing of lamb.

DOC Position. We have found this program not countervailabie. See section 11.H of this notice.

Comment 9. Petitioners contend that nearly all of the benefits provided under the Livestock Incentive Scheme are attributable to increases in sheep stock. not only 8.6 percent as was allocated in the preiirriinary determination. They reference the Meet Producers Board's 1983 Annual Report. which indicates that white the number of dairy cattle has remained unchanged and the number of beef ratite has declined since MA. *the* number of sheep has incraitaad by approximately L.5 percent. ha addition. they contend that virtually every livestock farm eligible Ear beeefits wader this program *alines* sheep.

DOC Positron. Our preliminary analysis was based ort unverified information contained in the response. We have since verified that. in fact. *sheep farms have* recnived well over 90 percent of the money provided under /WW program. Our final caicuiateas reflect ibis *farms*

Gamiest La. With *respect to the* Fertiliser and Lime Transport Subsidy and the Fertiliser Price Subsidy. petitioners assert that *the* Department's 48 percent allocation of the total benefit to sheep production was too low. They claim that a more tessonable allocation would be 75 percent. the allocation used by the govenswient of New Zealand for the Fertilizer and lime Bounty.

DOC Position. We have found the three pinguans aft coat weaned& See section Q.a.1W. cad LLD of this *mike.*

Comm s% it. Petitioners assert that the sesame of teal for the Meat Board Issas and lose gsamasees is the MERA. which they alai= is ea account of the government. Therefore. those loans and loan guarantees should be found countervailable to the extent that their terms are inconsistent with commercial considerations.

DOC Position While we agree thin. technically. the MtRA is an apnoeas of the keeintry *at Artricalture* and Fisheries. we do cot *agree* with petitioners' assertion that the use of MIRA funds as *the source* of *the* Matt Boards loans sad loan guarantees provides a amenserraltable benefit. See section 8.A of the notice.

C.onment 12 Petitioners argue that. while inspection of meat for ciornestx consumption is an appropriate action of government. inspection of meat to meet speaa standards of importum calcines is a serene desegeed *'piety* to benefit export marttaing. and is &nohow counters% deltic.

DOC Peahen We disagree. See section Qs(this amide.

Comment 73. Petitioners contend that the Noximrs Plains Cuntrol Scheme *is* limited to specific weeds which *are solely pastoral soil that the* program a of benefit ody to livestock prodder* therefore. this program share be found ouatervailabie.

DOC POidillia. We Wearer. See section 11.1 of this nonce-

Continent 14. Petitioners *ague* that because the MISA and SMP complement one another. the titre perfects for calculansti *4lse* two programs' benefits citould be identical. They contend *111.4* the appropriate period should be Octooer 1. 1983. through September 1984 (the Meat Board's fawn:hal *yes* rt.

DOC PasiLon. What selecting the period used *for* the measurement of bounties or grants. the Department attempts to look at the most recent fiscal period for which complete information is available. In this case. we selected the government of New Zealand's 1165 fiscal year (April 1.. 1164. through March 31. 19851. Choosing dtis period enabled us to he the information contained in the response to audited government budget documents and financial statements. Whin the two price 'import programs do operate on an October through *September* bans. the gpverviroent of New Zealand was *able* to *compile.* and we were able to *verify.* expenditures en these programs made during our period of investigation.

Comment Li Petitioners take issue with the respondents' ratio of the value of Iamb meat:pe/bzwooheeaL They argue That. based on information available to them. the lamb meat accounts for a significantly higher portion of the value of a lamb than that reported by respondeme.

DOC Position. We are required to *wee* verified *information* for our final deterrainatioa. in this *cam.* while petitioners have provided data on this issue. we mote that the spumes of their information *are* (1) a three-year old New Zealand Meat and Wool Board Report and (2) U.S. domestic industry experience. On the other hand. respondents have provided. and we have verified. information on the *product ratans* that is current and reflective of the *New* Zealand *industry. Accordingly.* we have used *respondents'* information *for* allocation purposes.

Respondents' Camemets

Comment 1. Respondents contend that the Fertilizer and Lute Transportation Subsidy. the Fertilizer and Lime Bounty. and the Fertilizer Price Subsidy programs are generally available and. even dtough the Department recognized the termination of the first two programs in its preliminary determination. ail three programs should be found not cournervalabit for the final determination.

DOC Position. We wee. See sections LLB. BC and ILD of this notice.

Corntnent 2 Raispoociena also contend that government contributions to *the* Meat Industry Research institute are not countervailable because government funding in New Zealand is available to a wide vancry of research associations and industries, end that the findings of government fancied research is publicly available.

DOC Posioca. We agree. See section 11.H of this notice.

Comment 3. Respondents state that because the Meat Industry Hygiene Grant program was terminated ie September. 1961. and *that* the valise of grants in *any* given year were verified to be less than (1.5 percent *od valorem.* the Department should find this program terminated with no benefits bestowed during the period of investigation.

DOC Position. We agree. See section IV of this notice.

Comment 4. With respect *to the* Export *Suspensory* Loan Scheme. respondents contend that the bowling rate should reflect the program's *terITUAation* and take into *account* only those loans austaeding. They also ague that there is ea aancessional element is *the* rate of interest charged on those loans and. therefore. there is as ooraniervallabie aerial with respect to interest.

DOC Position. We recognize the termination of the program. With Impact to any concemional element in thews of interest charged we verified that the DFC charges its borrowers rates of interest that are higher thee its oust costs to borrow. Our benchmark Merest rate. however. is not based on the DFCs borrowing history. bat on what comparable commercial leans *amid cost in New Zeeland.

Comment 5. Respondents assert that with respect to the Meat Board Price Support Schema (a) Devco has not contributed to the li8SA deficit. (b) our preliminary determination did not take into account the fact that 1 percent interest was paid by the Meat Board on the deficit. and (c) that the appropriate benchmark interest rate should be a weighted-average of term-loans and overdraft rate in New Zealand...e.. *the* commercial rates that *are* charged to prime borrowers such as packing companies in New Zealand.

DOC Position There is no erideace on the record to support respondents' assertion that Devices sales *to* Nord, America have not *contributed :a the* MISA deficit. We did cot *take* into account the 1 percent interest charged on the S.USA deficit *in* our preliminary determination *because the Salmi's* annual report indicated that the deficit has been converted so a 30-year loss. interest-free for the first five years. We have since verified that I percent interest lead been pan and. accorthogly. have taken *the* interest payment use account for *the* final detemunatton We are now treating the deficit as • once support payment to *lamb* meat producers and *coamervalling it* is *the* year of receipt. Therefore. the benchmark issue is moot.

Comment 6. Respondents submit that because the.SMP program was terminated as of September 20. 1984. the bonding rate for this program should be based solely on the lump-sum payment allocable to the period of investigation.

DOC Position. We disagree. While we have verified that the SMP program was terminated. we note that the state purpose of its replacement. the lump sum payment. was to provide an equivalent level of benefits to lamb meat producers for the 1984/85 production year. While the lump-sum program itself is scheduled to be terminated on September 30. 1985. we have verified that the price supports for subsequent periods are being considered. At its August 1984 mid-year meeting. the Meat Board's Electoral Committee stated that a review would be undertaken to identify an alternative means of support for the period after 1984/85. Therefore. given that the lump-sum program is not scheduled to terminate until September 30. 1985. and because there may be another support system in place after that date. we do not believe that it is appropriate to reduce the bonding rate for this program.

Comment 7. Respondents argue the EPT1 is not a tax program requiring a cash flow analysis under the Department's traditional tax methodology. Respondents maintain that EPTI tax benefits are earned on • sale-byeale basis for specffic tax years. The Department has verified that under the New Zealand government's schedule for phasing-out the EPT1 program. Devco's exports of lamb meat to the United States will earn a 3.85 percent EPTI credit during Devco's 1986 tax year (October 2 1984-October 1. 1965), a 1.9= percent EFT' credit during Devco s 1987 tax year (October 2. 1985-October 1. 1988). and nemore credits on or after I October 2. 1986. Respondents conclude that any EPTI tax credits can be offset precisely by assessing a countervailling duty rate equal to the specified EPT1 credit rates in effect during the tax years of the phase-out period.

DOC Posaton. We disagree. We consider tax benefits to the countervaiiable when a company • actually receives the benefits. rather than when a company becomes eligible to receive them. Tax law changes. such as the EPTI phase-out schedule. cannot be considered to be in effect until fully implemented by the government and used by the respondent. We verified that Devco claimed and received a 7.7 percent EPTI tax credit in its most recently completed tax return. The 3.85 percent EPT1 credit will not be available to Devco until the company's 1986 fiscal year. and. under our tax methodology. these benefits are not realized until the 1986 tax return is filed. As such. current exports to the U.S. of lamb meat are benefiting from a bounty or grant equal to the 7.7 percent EPT1 rate. which is the rate we are using for duty deposit purposes. If the scheduled EPTI changes are claimed in future tax returns. we will consider these changes in a section 751 administrative review. if one is required.

Verification

in accordance with section 776(a) of the Act. we verified the data used in making our final determination. During verification we followed normal verification procedures. including meeting with government officials and inspection of documents. as well as on-site/ inspection of the accounting records of the company producing and exporting the/ merchandise under investigation to the U.S.

Administrative Procedures

¡We afforded interested parties an opportunity to present oral views in accordance with our regulations (19 CFR 355.35). A public hearing was held on July 30. 198.5. In accordance with the Department's regulation (19 CFR /355.34(a)), written views have been 'received and considered in this 'determination.

Suspension of liquidation

The suspension of liquidation ordered in our preliminary affirmative countervailing duty determination shall remain in effect until further notice. The net bounty or grant is NZ.S0.3802/1b. Therefore. in accordance with section 706(a)(3) of the Act. we are directing the United States Customs Service to require a cash deposit in the amount indicated above for each entry of the subject merchandise from New Zealand which is entered. or withdrawn from warehouse. for consumption on or after the date of publication of this nouce to the Federal Register and to assess countervailing duties in accordance with section 706(e)(1) and 751 of the Act.

This notice is published in accordance with section 703(f) of the Act (19 U.S.0 1671b(n)

Dated: September 3. 1985.

Walter J. Olsoet.

Acting Assistant Secretary for Trade .4am:71st:12:ion.

(FR Doc. E15-22193 Filed 9-16-85: 8.45 am)

owl= coot 3S1040-01

Wool Froth Argentina; Snot Reddlb of Administrative Review of Countenrening Duty Order

AGENCY: International Trade Administration/Import Administration. Commerce.

Arnow Notice of Final Results of Administrative Review of Countervailing Duty Order.

summer On May G. 1985. the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on wool from Argentina The review covers the period July 1, 1963. through June 30. 1984. and six programs.

We gave interested parties an opportunity to comment on the preliminary results. After review of the comment received. the final results of the review are the same as the preliminary results.

severriva Dem September 17. 1985.

FOR FORT ER INFORMATION CONTACT: Sylvia Chadwick or Lorenz* Olives. Office of Compliance. International Trade Administration. U.S. Department of Commerce. Washington. DC 20230: telephone: (202) 377-7798.

SUPPLEMENTARY INFORMATION

Background

On May 6. 1985. the Department of Commerce ("the Department") published in the Federal Register (50FR 19048) the preliminary results of its administrative review of the countervailing duty order on wool from Argentina (48 FR 14429. April 4. 19631. The Department has now completed that administrative review, in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

Scope of the Review

Importa covered by the review are shipments of Argentine wool. Such merchandise is currently classifiable under items 305.3152 306.3172. 306.3253. 308.3273. 306.3354. and 306.3374 of the Tariff Schedules of the United States Annotated.

The review covers the period July 1. 1983. through June 30. 1964, and six programs: (1) Incentives for exports from southern ports: (2) the reembolso. a cash rebate of taxes: (3) perferential pre. export financing: (4) multiple exchange rates; (5) government assistance *ta* wool growers in Patagonia: and (6) financial reorganization aids.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the

APPENDIX I
INTERNATIONAL TRADE ADMINISTRATION
REVIEW OF SUBSIDY

Notices

Federal Register

Vol. 53. Na. 112

Friday. lune 10. 1988

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications end agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF COMMERCE

International Trade Administration

IC-55I-802 and C-549-802I

Postponement of Preliminary Countervailing Duty Determinations: Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From Singapore and Thailand

AGENCY: Import Administration. International Trade Administration: Commerce.

aenost Notice.

SUMMARY: Based upon the request of petitioner, the Torrington Company. the Department of Commerce (the Department) is postponing its preliminary determinations in the countervailing duty investigations of antifriction bearings (other than tapered roller bearings) and parts thereof from Singapore and Thailand. The preliminary determinations will be made on or before August 29. 1988.

EFFECTIVE DATE: June 10. 1988.

FOR FURTHER INFORMATION CONTACT: Gary Taverman or Eleanor Shea. Office of Investigations, Import Administration. International Trade Administration. U.S. Department of Commerce. 14th Street and Constitution Avenue NW.. Washington. DC 20230: telephone (202) 377-0161 or 377-0184.

SUPPLEMENTARY INFORMATION: On April 20. 19811, the Department initiated countervailing duty investigations on antifriction bearings from Singapore and Thailand. In our notices of initiation we stated that we would issue our preliminary determinations on or before June 24, 1988 (53 FR 15084-15088, April 27. 1980).

On May 27. 1988. the petitioner filed a request that the preliminary determinations in these investigations be postponed for 85 days.

Section 703(c)(1)(A) of the Tariff Act of 1930. as amended (the Act). provides that a preliminary determination in a countervailing duty investigation may he postponed where the petitioner has mode a timely request for such a postponement. Pursuant to this provision, and the timely request by petitioner in these investigations, the Department is postponing its preliminary determinations until no later than August 29. 1988.

This notice is published pursuant to section 703(c)(2) of the Act.

June 3. 1988.

Joseph A. Spetrini.

Acting Assistant for Import Administration.

(FR Uoc. 88-13137 Filed 8-9-88: 8:45 am)

MUMS COOt 31110411141

IC-814-5031

Lamb Meat From Now Zealand; Final Results of Countervailing Duty Administrative Review

AGENCY: International Trade Administration/Import Administration: Commerce.

ACTION: Notice of final results of countervailing duty administrative review.

SUMMARY: On January 4, 1988. the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on Iamb meat from New Zealand. We have now completed that review and determine the total bounty or grant during the period June 25. 1965 through March 31. 1988 to be NZS0.31/1b.

EFFECTIVE DATE June 10. 1988.

FOR FURTHER INFORMATION CONTACT: Cynthia Sewell or Paul McGarr. Office of Compliance. International Trade Administration. U.S. Department of Commerce. Washington. DC 20230: telephone: (202) 377-3337.

SUPPLEMENTARY INFORMATION:

Background

On January 4. 1988. the Department of Commerce ("the Department") published in the Federal Register (53 FR 47) the preliminary results of its administrative review of the countervailing duty order on Iamb meat from New Zealand (SO FR 37708: September 17. 1985). The Department has now completed that administrative review in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

Scope of Review

Imports covered by the review are shipments of lamb meat from New Zealand. Such merchandise is currently classifiable under item number 100.3000 of the Tariff Schedules of the United States Annotated and under *item* numbers 0204.10.00-0. 0204.22.20-0. 0204.23.20-0, 0204.30.00-0. 0204.42.20-2. .43.20-0 of the Harmonized System.

The review covers the period June 25, 1985 through March 31. 1986 and ten programs: (1) Export Market Development Taxation Incentive ("EMDTI"): (2) Export Performance Taxation Incentive; (3) Livestock Incentive Scheme: (4) Meat Producers Board Price Support Scheme ("MPBPS"): (5) Supplementary Minimum Prices/ Lump Sum Scheme ("SMP/LS"): (6) Export Programme Grant Scheme: (7) Export Programme Suspensory Loan Scheme: (8) Export Suspensory Loan Scheme; (9) Regional Development Investigation Grants Scheme: and (10) Regional Development Suspensory Loan Scheme.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received written comments from the New Zealand Meat Producers Board ("the Board").

Comment 1: The Board contends that the Department's preliminary results. which propose a change from a cents-per-pound to an *ad voloreni* assessment rate, are contrary to the duty structure set forth in the Tariff Schedules of the United States ("TSUS"). The Board argues that, because regular duties are assessed in cents-per-pound. Congressional intent suggests that countervailing duties for this product he assessed on a specific-rate basis *(i.e..* any basis other than *ad valorem).* Further. the Board asserts that importers and exporters made pricing and marketing decisions on a cents-per-pound basis and that such decisions would be tendered hopelessly inaccurate by a change to an *ad valorem* assessment rate. Finally, the Board contends that the Department's method of calculating the amount of the bounty or grant from the MPBPS and the SMP/ LS schemes overstated the benefit. Because the benefits from these programs are paid in cents•per-kilogram of carcass weight rather than on the export value of lamb cuts, the Department's calculation of the countervailing duty should be on the same basis as that on which the benefit was bestowed.

Department's Position: Congressional direction concerning the method of collecting regular duties, as manifested in the TSUS, is unrelated to the assessment of countervailing duties. In determining the rate of countervailing duty to be assessed on any product, the Department calculates the amount of the benefit from each program and allocates each benefit over the basis on which it was received (*e.g.*. total sales, total exports. exports to the U.S.).

In our final determination, we considered the fact that the MPBPS and SMP/LS schemes provided benefits on the basis of cents-per-kilogram and determined that the collection of cash deposits of estimated countervailing duties on a specific-rate basis was more appropriate. When assessing countervailing duties, however, the Department concerns itself with countervailing the aggregate benefit received. Allocating that benefit in cents-per-pound, over the volume of exports to the United States, or on an *ad valorem* basis. as a percentage of the value of those exports, makes no difference in the total amount of the countervailing duties collected. For this reason, the Department proposed to change to an *ad valorem* assessment rate, which is consistent with the way countervailing duties are assessed in nearly all other countervailing duty proceedings. Further, with the termination of the MPBPS and SMP/LS schemes, there was no reason to continue collection of cash deposits of estimated countervailing duties on a specific-rate basis. Nonetheless. because importers and exporters made pricing and marketing decisions on a cents-per-pound basis we will assess countervailing duties for the review period in cents-per-pound.

Finally, we agree with the Board's claim that we overstated the benefits received from the MPBPS and SMP/LS schemes. Lamb meat exports to the United States are predominantly cuts. whereas a much larger percentage of New Zealand's total lamb meat exports are carcasses. Consequently, the average value per pound of exports to the United States is much higher than the average value per pound of total exports. Therefore, in our revised calculations, we took into account the fact that benefits from these programs were received on a carcass-weight basis and, by using the ratio of the weight (edlusted for waste) of U.S. sales to total export sales to all countries, we calculated the benefits attributable to lamb meat exports to the United States.

Based on our revision In the method of calculating the amount of benefit from the MPBPS and SNIP/LS schemes and the change from our preliminary results to assessing countervailing duties on a specific-rate basis, we determine the total bounty or grant to be NZ50.31/lb. during the review period. The rate of cash deposit of estimated countervailing duties remains unchanged from the preliminary results.

Comment 2: The Board contends that, when calculating the rate of cash deposit of estimated countervailing duties. the Department did not take into account the reduction in the benefit resulting from the continuing phase-out of the EMDTI program.

Department's Position: In calculating the rate of cash deposit of estimated countervailing duties, we considered changes that occurred prior to publication of our preliminary results. At verification we examined the New Zealand Lamb Company's 1985 and 1988 federal income tax returns. Based on a comparison of the tax credit rate and the normal corporate tax rate, we determined that the rate of the benefit from this program declined after the review period. We reduced the rate for cash deposits of estimated countervailing duties accordingly.

Final Results of Review

After considering all the comments received, we determine the total bounty or grant during the period June 25. 1985 through March 31. 1988 to be NZ.$0.31/ lb.

Section 707 of the Tariff Act provides that the difference between the deposit of an estimated countervailing duty and the final assessed duty under a countervailing duty order shall be disregarded to the extent that the estimated duty is less than the final assessed duty and refunded to the extent that the estimated duty is higher than the final assessed duty, for merchandise entered. or withdrawn from warehouse, for consumption before the date of publication of a countervailing duty order, which in this case was September 17. 1985 (50 FR 37708).

Therefore, the Department will instruct the Customs Service to assess countervailing duties of NZS0.25/1b. on all shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after June 25, 1985 and before September 17. 1985 and to assess countervailing duties of NIS0.31/ lb. on all shipments of this merchandise entered, or withdrawn from warehouse. for consumption on or after September 17, 1985 and exported on or before March 31. 1988.

The Department will instruct the Customs Service to collect a cash deposit of estimated countervailing duties of 4.55 percent of the f.o.b. invoice price on all shipments of this merchandise entered, or withdrawn from warehouse. for consumption on or after the date of publication of this notice. This deposit requirement shall remain in effect until publication of the final results of the next administrative review.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(u)(1 and 19 CFR 355.10.

((mob A. Spetrint,

Acting Assnitont Secretory. Import Administration.

Date: June 3.1988.

(FR Doc. 88-13138 Filed 84-88; 8:45 am)

MAW COW 1410-01141

University of Colorado it al.; Consolidated Decision on Applications for Duty-Free Entry of Scientific Instruments

This is a decision consolidated pursuant to section 8(c) of the Educational. Scientific, and Cultural Materials Importation Act of 1968 (Pub. L 89-851, 80 Stat. 897; 15 CFR Part 301). Related records can be viewed between 8:30 a.m. and 5:Q0 p.m. in Room 1523. U.S. Department of Commerce. 14th and Constitution Avenue NW., Washington. DC.

Docket Number: 88-115. Applicant: University of Colorado. Boulder. CO 80309-0440. Instrument: FT-IR Spectrometer System, Model IZMOL Manufacturer: BOMEM, Inc., Canada. Intended Use: See notice at 53 FR 15102. April 27, 1988. Reasons for This Decision: The foreign instrument provides an unapodized resolution of .028 cm— '.

Docket Number: 88.129. Applicant: University of California. Los Alamos National Laboratory, Los Alamos, NM 87545. Instrument: Inductively Coupled Plasma-Mass Spectrometer. Model VG . PlasmaQuad. Manufacturer. VG Elemental, Ltd., United Kingdom. Intended Use: See notice at 53 FR 15103. April 27, 1988. Reasons for This Decision: The foreign instrument provides detection of less than 0.1 ppb for elements greater than mass eighty (80).

Docket Number:88-130. Applicant: Dartmouth College, Hanover, NH 03775.

APPENDIX J
INTERNATIONAL TRADE ADMINISTRATION
SUBSEQUENT REVIEW OF SUBSIDY

an affirmative presentation at the public hearing only on arguments included in that party's case brief, and may make a rebuttal presentation only on arguments included in that party's rebuttal brief. Written argument should be submitted in accordance with 355.38 of the Commerce Department's regulations published in the Federal Register on December 27, 1988 (53 FR 52308) (to be codified at 19 CFR section 355.38), and will be considered if received within the time limits specified in this notice:

This determination is published pursuant to section 703(f) of the Act (19 U.S.C. 1871b(f)).

May 1, 1989.

Timothy N. Sagan,

Acting Assistant Secretory for Import Administration.

[FR Doc. 89-10893 Filed 5-5-89; 8:45 am]

•ILIAPO COOS 3510-0841

[C-814-603)

Lamb Meat From New Zealand; Final Results of Countervailing Duty Administrative Review

AGENCY: International Trade Administration/Import Administration, Department of Commerce.

ACTION: Notice of Final Results of Countervailing Duty Administrative Review.

SUMMARY: On January 13, 1989, the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on lamb meat from New Zealand. We have now completed that review and determine the total bounty or grant during the period April 1. 1988 through March 31, 1987 to be NZ$0.21/lb. for all firms.

EFFECTIVE DATE: MAY 8, 1989.

FOR FURTHER INFORMATION CONTACT: Paul McGarr or Bernard Carreau, Office of Countervailing Compliance, International Trade Administration, U.S. Department of Commerce, Washington. DC 20230; telephone: (202) 377-3337.

SUPPLEMENTARY INFORMATIOIC

Background

On January 13, 1989, the Department of Commerce ("the Department") published in the Federal Register (54 FR 1402) the preliminary results of its administrative review of the countervailing duty order on lamb meat from New Zealand (50 FR 37708; September 17, 1985). The Department has now completed that administrative review in accordance with section 751(a)(1) of the Tariff Act of 1930 ("the Tariff Act").

Scope of Review

Imports covered by the review are shipments of lamb meat from New Zealand. During the review period, such merchandise was classifiable under item number 106.3000 of the Tariff Schedules of the United States Annotated. This merchandise is currently classifiable under item numbers 0204.10.0000, 0204.22.2000, 0204.23.2000, 0204.30.0000, 0204.42.2000 and 0204.43.2000 of the Harmonized Tariff Schedule.

The review covers the period April 1, 1988 through March 31, 1987 and eight programs: (1) Export Market Development Taxation Incentive ("EMDTI"); (2) Export Performance Taxation Incentive ("EPTI"); (3) Livestock Incentive Scheme ("LIS"); (4) Meat Producers Board Price Support Scheme ("MPBPS"); (5) Supplementary Minimum Prices/Lump Sum Scheme; (6) Export Programme Suspensory Loan Scheme; (7) Export Suspensory Loan Scheme; and (8) Regional Development Suspensory Loan Scheme.

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received written comments from the New Zealand Meat Producers Board and lamb meat exporters.

Comment 1: The respondents contend that the Department, when converting the volume figures in the response from tons to pounds, incorrectly used the conversion factor for short tons rather than metric tons. Consequently, dividing the EMDTI. the EPTI and the MPBPS benefits by the corrected volume figures in pounds reduces the bounty or grant from these programs.

Department's Position: We agree. We have recalculated the volume figures in pounds using a metric ton conversion factor. Using these corrected volume figures, the EMDTI benefit is NZ$0.14/lb. for all firms, the EPTI benefit is NZ$0.03/1b. for all firms, and the MPBPS benefit is NZ$0.03/1b. for all firms (see also Comment 2).

Comment 2: The respondents maintain that, in calculating the benefit under the MPBPS, the Department inadvertently used the total amount of the benefit provided for lamb meat exports to all countries rather than only that portion of the total benefit attributable to lamb meat exports to the United States.

Department's Position: We agree and have corrected our MPBPS calculations accordingly (see Comment 1).

Comment 3: The respondents contend that, with respect to the LIS. the Department inadvertently calculated a benefit based on the total loans outstanding to all livestock producers rather than on the portion of those loans attributable to sheep production.

Department's Position: We agree and have corrected our calculations accordingly. Therefore, the benefit under the LIS is NZS0.005/1b. for all companies.

Comment 4: The respondents argue that, for the EMDTI program, the Department should calculate the cash deposit of estimated countervailing duties based on the tax credit rate available for the fiscal year ending March 31, 1989.

Department's Position: We disagree. At the time our notice of preliminary results was published, the fiscal year ending March 31, 1989 was not completed, and the change in the EMDTI program was not yet in effect. It is our policy to take into consideration only those program-wide changes that occur prior to our notice of preliminary results. Therefore, we have calculated the cash deposit of estimated countervailing duties based on the tax credit rate in effect for the fiscal year ending March 31. 1988.

Final Results of Review

After considering all the comments received, we determine the total bounty or grant during the period April 1, 1988 through March 31, 1987 to be NZ$0.21/lb. for all firms.

The Department will instruct the Customs Service to assess countervailing duties of NZ$0.21/1b. on all shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after April 1, 1986 and exported on or before March 31, 1987.

Because of the termination of the EPTI and the MPBPS programs and changes to the EMDTI program, the Department will instruct the Customs Service to collect a cash deposit of estimated countervailing duties of 0.87 percent of the f.o.b. invoice price for Weddel Crown and 8.07 percent of the f.o.b. invoice price for all' other firms on all shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice. This deposit requirement shall remain in effect until publication of the final results of the next administrative review.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and ‖ 355.22 of the Commerce

Regulations published in the Federal Register on December 27, 1988 (53 FR 52308) (to be codified at 19 CFR 355.22).

Date: April 24,1989.

Michael J. Coursey

Acting Assistant Secretary, for Import Administration

[FR Doc. 89-10894 Filed 5-5-89: 8:45 am)

MUM° CODE 3510-0S-IA

United States-Canada Free-Trade Agreement, Article 1904 Binational Panel Reviews; Request for Panel Review Respecting Polyphase induction Motors

AGENCY: United States-Canada Free-Trade Agreement, Binational Secretariat. United States Section, International Trade Administration, Commerce.

ACTION: Notice of Request for Panel Review of Final Determination of Dumping and Subsidizing Respecting Polyphase Induction Motors of an Output Exceeding 200 Horsepower or 150 Kilowatts made by the Canadian Deputy Minister of National Revenue for Customs and r.:xcise which was filed by Toshiba International Corporation with the Canadian Section of the Binational Secretariat on May 1, 1989.

SUMMARY: On May 1, 1989, Toshiba International Corporation (Houston, Texas) filed a Request for Panel Review with the Canadian Section of the Binational Secretariat pursuant to Article 1904 of the United States-Canada Free-Trade Agreement. Panel review was requested of the final determination of dumping and subsidizing respecting polyphase induction motors of an output exceeding 200 horsepower or 150 kilowatts, Revenue Canada File Number 4246-67 (DPC), issued by the Canadian Deputy Minister of National Revenue for Customs and Excise and published in the "Canada Gazette" Part 1, No. 14, vol. 123, p. 1745, on April Eh 1989. The Binational Secretariat has assigned Case Number CDA-89-1904-01 to this Request for Panel Review.

FOR FURTHER INFORMATION CONTACT: James R. Holbein, Acting U.S. Secretary, Binational Secretariat, Suite 4012, 14th and Constitution Avenue, Washington, DC 20230. (202) 377-5438.

SUPPLEMENTARY INFORMATION: Chapter 19 of the U.S.-Canada Free-Trade Agreement ("Agreement") establishes a mechanism for replacing domestic judicial review of final determinations in antidumping and countervailing duty cases involving imports from the other country with review by independent binational panels. When a Request for Panel Review is filed. a panel will be established to act in place of national courts to °expeditiously review the final determination to determine whether it conforms with the antidumping or countervailing duty law of the country that made the determination.

Under Artice 1904 of the Agreement. which came into force on January 1, 1989, *the* Government of the United States and Government of Canada established "Rules of Procedure for Article 1904 Binational Panel Reviews" ("Rules"). These Rules were published in the Federal Register on December 30, 1988, (53 FR 53212). The panel review in this matter will be conducted in accordance with these Rules.

Rule 35(2) requires the Secretary to publish Notice of the receipt.of a Request for Panel Review stating that a Request for Panel Review was filed with the United States Section of the Binational Secretariat on April 26. 1989, pursuant to Article 1904 of the Agreement.

Rule 35(1)(c) of the Rules provides that:

(a) A Party or interested person may challenge the final determination in whole or in part by filing a Complaint in accordance with Rule 39 within 30 days after the filing of the first Request for Panel Review (the deadline for filing a Complaint is May 31. 1989):

(b) A Party, investigating authority or interested person that does not file a • Complaint may participate in the panel review by filing a Notice of Appearance in-accordance with Rule 40 within 45 days after the filing of the first Request for Panel Review (the deadline for filing a Notice of Appearance is June 15, 1989): and

(c) The panel review shall be limited to the allegations of earor of fact or law, including the jurisdiction of the investigating authority, that are set out in the Complaints filed in the panel review and the procedural and substantive defenses raised in the panel review.

Date: May 3,1989.

James R. Holbein,

Acting U.S. Secretary, FTA Binational Secretariat

[FR Doc. 89-10945 Filed 5-5-89; 8:45 am]

BILLING CODE 33110-0A411

United States-Canada Free-Trade Agreement, Article 1904 Binational Panel Reviews; Request for Panel Review

AGENCY: United States-Canada Free-Trade Agreement, Binational Secretariat, United States Section, International Trade Administration, Commerce.

ACTIOM Notice of request for panel review of final results of an Administrative Review of an antidiunpu4 duty order made by International Trade Administration, Import Administration, respecting certain dried heavy salted codfish from Canada filed by the Canadian Saltfish Corporation with the United States Section of the Binational Secretariat on April 26, 1989.

SUMMARY: On April 26, 1989, Canadian Saltfish Corporation filed a Request for Panel Review with the United States Section of the Binational Secretariat pursuant to Article 1904 of the United States-Canada Free-Trade Agreement. Penal review was requested of the Final Results of an Administrative Review of an Antidumping Duty Order, respecting Certain Dried Heavy Salted Codfish from Canada, Import Administration File Number A-122-057, issued by International Trade Administration, Import Administration, and published in 54 *FR* 61 on March 31, 1989. The Binational Secretariat has assigned . Case Number USA 89-1904-04 to this Request for Panel Review.

FOR FURTHER INFORMATION CONTACT: James R. Holbein. Acting U.S. Secretary, Binational Secretariat, Suite 4012, 14th and Constitution Avenue, Washington. DC 20230, (202) 377-5438.

SUPPLEMENTARY INFORMATION: Chapter 19 of the U.S.-Canada Free-Trade Agreement ("Agreement") establishes a mechanism for replacing domestic judicial review of final determinations in antidumping and countervailing duty cases involving imports from the other country with review by independent binational panels. When a Request for Panel Review is filed, a panel will be established to act In place of national courts to expeditiously review the final determination to determine whether it conforms with the antidumping or countervailing duty law of the country that made the determination.

Under Article 1904 of the Agreement, which came into force on January 1. 1989. the Government of the United States and Government of Canada established *Rules of Procedure for' Article 1904 Binational Panel Reviews* ("Rules"). These Rules were published in the Federal Register on December 30, 1988, (53 FR 53212). The panel review in this matter will be conducted in accordance with these Rules.

Rule 35(2) requires the Secretary to publish Notice of the receipt of a Request for Panel Reviw stating that a Request for Panel Review was filed with the United States Section of the

APPENDIX K
INTERNATIONAL TRADE ADMINISTRATION
REQUEST FOR COMMENT

accompanying exhibits will be available during this time for public inspection at *each* of the following locations:

Manatee County Port Authority. Port Manatee, Route #1/Tampa Say, Palmetto, Florida 34221

Office of the Executive Secretary. Foreign-Trade Zones Board. US. Department of Commerce, 14th and Pennsylvania Avenue NW., Room 2835, Washington, DC 20230

Dated: September 5.1989.

John J. Da Ponta. Jr..

Executive Secretary.

[FR Doc. 89-21303 Filed 845 am)

MUM CODE 3110.011-11

International Trade Administration

Antidumping or Countervailing Duty Order, Finding, or Suspended investigation; Opportunity to Request Administrative Review

AGENCY: International Trade Administration/Import Administration, Commerce.

=nom: Notice of opportunity to request administrative review of antidumping or countervailing duty order, finding, or suspended investigation.

Background: Each year during the anniversary month of the publication of an antidumping or countervailing duty order, finding, or suspension of investigation, an interested party as defined in section 771(9) of the Tariff Act of 1930 may request, in accordance with §§ 353.22 or 355.22 of the Commerce Regulations, that the Department of Commerce ("the Department") conduct an administrative review of that antidumping or countervailing duty order, finding, or suspended investigation.

Opportunity to request a review: Not later than September 30, 1989. interested parties may request administrative review of the following orders, findings, or suspended investigations, with anniversary dates in September for the following periods:

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runidurnping Duly Prcceeting	
Canals Replacement Parts for Selt-Pmpollad Bituminous Paving Equipment (A-122-057)	09/01/88-08/31/89
Caned& Carbon Steel Bars & Structural Shapes (A-122-005)	09/01 /88-08/31 /89
Canada: Steel Jacks (A-122-006)	09/01/88-08/31/89
Nay: Pods for Woodwind Inseurnent Keys (A-475-017).	09/01/88-08/31/09
Jaw: Filament Fabric (A-588-607)	09/01/88-06/31/89
Japan: MetalWallad Above-Ground Swimming Pools (A-588-068)	09/01/88-08/31189
Ms Federal Rallih5c of Germany: Caftan Forged Steel Crankshafts (A-428-804)	09/01/88-06/31/89
The People's Republic of China: Drags PONeNer 103110 n Pfird11091 (A-670-101)	09/01/88-08/31/89
Thu United Kingdom Carlin Forged Sent Crankshafts (A-412-602).....	.. 09/01/88-08/31/89
Suopsnslon Agreements	
Canachc Light Weight Steal SheetPiling (A-122-007)	...09/01/88-08/31/89
Argentina: Carbon SWIM Ms Rod (0-357-004)	...01/01/88-12/31/88
Pent Cotton Shop Towels (C-333-401)	01/01/88-42/31/88
Countervailing Duly Proceeding	
Argentin& Pipe *and* Tube (C-357-801)	07/14/88-12/31189
tweet Fresh Cut Roses (C-508-064)	10/01/87-09/30/88
NOM Zeakvid Lamb Meat (C-614-503)	04/01/88-03/31/89
Now Zealand Steel Wire (C-814-801)	07/01/86-08/30/89
Merice: time (0-201-402)	...01/01 /88-12/31 /88
Mexico: Portland Hydraulic Cement and Cement Clinker (C-201-013).	01/01/88-12/31/80

Seven copies of the request should be submitted to the Assistant Secretary for Import Administration, international Trade Administration Room B-099, U.S. Department of Commerce, Washington, DC 20230.

The Department will publish in the - Federal Register a notice of "Initiation of Antidumping (Countervailing) Duty Administrative Review," for requests received by September 30, 1989.

If the Department does not receive by September 30, 1989 a request for review of entries covered by an order or finding listed in this notice and for the period identified above, the Department will instruct the Customs Service to assess antidumping or countervailing duties on those entries at a rate equal to the cash deposit of (or bond for) estimated antidumping or countervailing duties required on those entries at the time of entry, or withdrawal from warehouse, for consumption and to continue to collect the cash deposit previously ordered.

This notice is not required by statute, but is published as a service to the international trading community.

Dated: August 31,1989.

Joseph A. Spetruzi.

DeputyAssistant Secretary for Compliance.

(FR Doc. 89-21208 Filed 9-8-612 8:45 am)

SLUNG CODE 11610-01141

Importers and Retailers' Textile Advisory Committee; Partially Closed Meeting

A meeting of the Importers and Retailers' Textile Advisory committee will be held on Friday, September 22. 1989. Herbert C Hoover Building, Room 143407, 14th Street and Constitution Avenue, NW, Washington, DC 20230. (The Committee was established by the Secretary of Commerce on August 13. 1953 to advise Department officials of the effects on import markets and retailing of cotton, wool, and man-made fiber, silk blend and other vegetable fiber textiles.)

General Session: 10:00 a.m. Review of import trends, international activities. report on conditions in the market, and other business.

Executive Session: 10:30 a.m. Discussion of matters properly classified under Executive Order 12356 (3 CFR. 1982 Comp. p. 18e) and listed in 5 U.S.C. 552b(c)(1).

The general session will be open to the public with a limited number of seats available. A Notice of Determination to close meetings or portions of meetings to the public on the basis of 5 U.S.C. 552b(c)(1) has been approved in accordance with the Federal Advisory Committee Act. A copy of the notice is available for public inspection and copying in the Central Facility Room H6628, U.S. Department of Commerce, (202) 377-3031.

For further information or copies of the minutes, contact Alfreda Burton, (202) 977-3737.

APPENDIX L
REQUEST FOR REVIEW

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LAW orroccS
BRONZ 6 FARRELL
ZOZI R sTPICCT, NOPTuwEST
WASHINGTON. D. C. 20006

Case Number: C-614-503
Total Pages: 1
Administrative ReVIew for
4/1/88 - 3/31/89
Public Document

September 15, 1989

The Honorable Joseph A. Spetrini
Deputy Assistant Secretary for Compliance
International Trade Administration
Department of Commerce - B-099
14th & Pennsylvania Avenue, N.W.
~Washington, D.C. 20230

Dear Sir:

This letter is submitted pursuant to your Federal Register Notice of September 11, 1989, announcing the opportunity to seek an annual administrative review of various antidumping and countervailing duty cases, to request such a review in the above captioned case on lamb meat from New Zealand. It is submitted on behalf of the New Zealand Meat Producers Board, an interested party as defined in Section 771(9) of the Tariff Act of 1930.

Sincerely,

Edwand J. F rell

APPENDIX M
INTERNATIONAL TRADE ADMINISTRATION
INITIATION OF REVIEW OF SUBSIDY

Notices

Federal Register
Vol 54. No. 205
Wednesday. October 25. 2.589

This section Cl the FEDERAL REGISTER contains docuntents other than rules or proposed voles that are applaible lo the pubfic. Notices of timings and investigations. comatittee sseelings,Y agency decisions and rulings, delegations of authonly, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF 001MAERCE

Office of the Secretary

Performance Review *Board;* Tiding

Below is a listing of hid:McInnis who are elegiThie to serve on the Performance Review Board in accordance with the Office *of* the Secretary Senior Executive Service (SES) Performance Appraisal System:

Hugh L. Brennan
Guy W. Chamberlin, jr.
David L. Ed,gell
David Father
Rafael L. Pranchi
Mary Ana T. Knauss Reit
James M. LeMunyon
Michael A. Levitt
Otto J. **Wolff.**

Edward A. McCaw,
Executive Secretary, Office of the Secretary, Performance Review Board.

[FR Doc. 89-25094 Filed 10-24-89; 8:45 am]
arM.10KI CODE 3510•118-M

International Trade Administration

Initiation of Antidumping and Countervailing Duty Administrative Reviews

AGENCY: International Trade Administration/Import Administration, Department of Commerce.

ACTION: Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews.

tUMMARY: The Department of Commerce has received requests to conduct administrative reviews of various antidumping and countervailing duty orders and findings. In accordance with the Commerce Regulations, we are initiating those administrative reviews.

EFFECTIVE DATE October 25, **1989.**

FOR FURTHER INFORMATION CONTACT: Holly Kuga **or Richard W. Moreland. Office of Countervailing Compliance or Office of Antidumping Compliance.** International **Trade Administration. Department** of **Commerce. Washingtcn,** DC 20230; **telephone** (202) 377-2786/ 2104.

SUPPLEMENTARY DIfORMATION:

Background

The Department of Commerce ("the Department") has received timely requests, in accordance with §§ 3532ga)(1). (a)(2), (a)(3), and 355.22(a)(1) of the Department's regulations, for administrative reviews of various antidumping and countervailing duty orders and findings.

Initiation of Revieses

in accordance with §§ 353.22(c) and 355.22(c) of the Department's regulations, we are initiating administrative reviews of the following **antidumping and countervailing duty orders and** findings. We intend to issue the final results of these reviews no later than September 30.1990.

Antidumping duty peoceedings and lents	Periods Jo be reviewed
Canada:	
Repiaosinem Pads for Self-P.o. palled *Bituminous Paving Equipment* A-122-057	1/1/89-8/31/89
matt Paving Equipment Division of Ingersoll-Rand Canada. Inc	
Hong Kong:	
Photo Albums and Fillet Pages, A-682-501	12/1/87-11/30/88
Far East Metal & Plastic	
General Trading	
Graphics International	
Great China Industrial	
Hang Fat	
Hip Sing Leather Products	
Pavri Bros.	
Perfect Industrial	
Sincere	
To Shun Plastic	
Unique Stationary	
Wing Shing	
Wiseman Plastic Products	
Samford Enterprises._..._.--	
Korea:	
Photo Albums and Filler Pages, A-580-501	12/1/87-11/30/88
Korea Transportation._._____	
PRC:	
&lege Polyester/Cotton Printcloth,	9/1/88-8/31/89
Chinetex	
U.K:	
Certain Raged Steel Crankshafts. A-412-602.--	9/1/88-8/31/89
United Engineering & Forging _	

Countervailing duty proceedings	Paled go be severed
Argentina:	
Pipe and Tube, C-35.7-801 -	7114188-12/311 89
Mexico:	
Poniard Nrinsiik Cement et, 0-201-.013	t168-32/31245
New Zealand:	
Lamb Meg	4/1188-5/31189

Interested parties must submit applications for administrative protective orders in accordance with § § 353.34(b) or 355.34(b) of the Department's regulations.

These initiations and this notice are in accordance with section 751(a) of the **Tariff** Act of 19313119 U.S.C. 1875(a)) and §§ 353.22(c) and 355.22(c) of the **Commerce Department's antidumping and countervailing duty regulations published in** the Federal Register on March 28, 1989 (54 FR 12742) and December **27, 1956 (53 FR 52306) (to be codified at 19 CFR 353.22[c) and 19 CFR** 355.22(c)).

Dated: DolabeP17.1989.

Joseph *a* SimasTia.
DepetyAssislaatSeczelary for Coinpliance.

(FR Doc. 89-25047 Filed 10-24-89; 8:45 am)
MUM C002 3510-08-12

[A-3074011

Final Determination of Sales at Less Than **Fair Value; Aluminum Sulfate from Venezuela**

AGENCY: **Import Administration. International Trade Administration, Department of Commerce.**

ACTION: Notice.

***SUMMARY:* We have determined that aluminum sulfate from Venezuela is being, or is likely to be, sold in the United States at less than-fair value. We have notified the U.S. International Trade Commission (ITC) of our determination and have directed the U.S. Customs Service to continue to suspend liquidation of all entries of aluminum sulfate from Venezuela as described in the "Continuation of Suspension of Liquidation" section of this notice. The ITC will determine within 45 days of this determination whether these imports are materially injuring. or threaten material injury to, the U.S. industry.**

APPENDIX N
U.S. DEPARTMENT OF AGRICULTURE
PROFITABILITY STUDY

Table B-8 --U.S. sheep production costs, all sizes of operations, 1987-89

Item	1987	1988e	1989p
		S/ewe	
Gross value of production:			
Slaughter lambs (32.6 lips)	22.96	20.07	19.26
Feeder lambs (28.9 lbs)	24.02	21.38	20.81
Cull ewes (29.5 lbs)	6.18	5.40	5.26
Wool (10.0 lbs)	7.62	11.39	11.89
Wool incentive payment	10.48	6.41	5.81
Unshorn lamb payment	1.79	0.91	0.95
Total	73.05	65.56	63.98
Cash expenses:			
Feed--			
Grain (.733 bu)	1.19	1.74	1.95
Protein supplements (.02 ton)	4.00	5.34	5.68
Salt and minerals (7 lbs)	0.4	0.41	0.43
Hay (.101 ton)	2.82	3.60	3.76
Pasture	3.41	3.53	3.68
Private range	0.00	0.00	0.00
Public grazing	0.67	0.69	0.72
Crop residue	0.05	0.06	0.07
Other--			
Veterinary and medicine	1.11	1.14	1.19
Livestock hauling	1.26	1.30	1.35
Marketing	0.30	0.31	0.32
Ram death loss	0.27	0.28	0.29
Shearing and tagging	1.34	1.39	1.45
Fuel, lobe, and electricity	1.25	1.29	1.35
Machinery and building repairs	2.35	2.42	2.53
Hired labor	6.98	7.19	7.51
Miscellaneous	1.19	1.27	1.33
Total, variable cash expenses	28.59	31.96	33.60
General farm overhead	5.50	4.94	4.82
Taxes and insurance	1.80	1.62	1.58
Interest	8.77	7.87	7.68
Total, fixed cash expenses	16.07	14.42	14.08
Total cash expenses	44.66	46.38	47.67
Value of production less cash expenses	28.39	19.18	16.31
Capital replacement	7.79	8.05	8.41
Value of production less cash expenses and capital replacement	20.60	11.12	7.90

e= Estimate
p= Projection

APPENDIX 0
MIX OF LAMB MEAT CUTS
IMPORTED FROM AUSTRALIA

LAMB EXPORTS TO THE US BY CUT*

12 MONTHS ENDED JUNE

KILOGRAMS

CARCASE	151 090	46.9%			[illegible]	076 018	39.9%	2 729 829	47.2%	1 777 896	31.4%
BONELESS MFTG LAMB	-	-		-	[illegible]	22 393	0.8%	1 182	0.02%	27 127	0.5%
LEGS	144 430	44.9%		38.1%	[illegible]	829 338	30.7%	1 291 386	22.3%	1 686 079	29.8%
LOINS	9 846	3.1%			[illegible]	323 106	12.0%	630 589	10.9%	731 436	12.9%
RACKS	102	0.03%		-	[illegible]	126 318	4.7%	451 453	7.8%	622 010	11.0%
SHOULDERS	16 366	5.12%		1.1%	[illegible]	129 922	4.8%	410 825	7.1%	512 859	9.1%
BREAST, FLAP /SPARE RIBS				-	[illegible]	33	-	1 378	0.02%	2 517	0.04%
FORESHANK	1	-	4	-	[illegible]	56	-	3 469	0.1%	18 544	0.3%
ASSORTED CUTS		-	-	-	[illegible]	192 115	7.1%	260 713	4.5%	282 924	5.0%
	[illegible]		[illegible]		[illegible]	699 299	100%	5 780 824	100%	5 661 392	100%

CARCASS

BONELESS MFTG LAMB

LEGS

LOINS

RACKS

SHOULDERS

BREAST, FLAP /SPARE RIBS

FORESHANK

ASSORTED CUTS

APPENDIX P
FORM OF LAMB MEAT IMPORTED FROM AUSTRALIA

CHILLED LAMB SHIPMENTS TO USA BY

STATISTICAL MONTH OF RECEIPT OF FORMS 4 (TONNES SHIPPED WEIGHT)

Total: 1977.1

E.C.	7.9
W.C.	3557.9

Total: 3565.8

STATISTICAL MONTH OF RECEIPT OF FORMS 4 (TONNES SHIPPED WEIGHT)

Statistical Month						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	30.2 1267.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Frozen

Received to

AUG 1989

E.C. 1529.2

W.C. 1280.4

AUG 1988

E.C. 1228.6

W.C. 989.2

COMPONENTS MAY NOT ADD TO TOTALS DUE TO ROUNDINGS

CHILLED LAMB SHIPMENTS TO [illegible]

STATISTICAL MONTH OF RECEIPT OF FORMS 4 (TONNES SHIPPED WEIGHT)

[illegible]

[redacted]

Forms 4 Received to DEC [illegible] 88

Total Chilled tonnes

E.C. [illegible]
W.C. [illegible]

Total: 4402.5

FROZEN LAMB SHIPMENTS TO USA BY

STATISTICAL MONTH OF RECEIPT OF FORMS 4 (TONNES SHIPPED WEIGHT)

[illegible]	[illegible]	[illegible]	[illegible]
70.2	1749.1	16.3	1346.8

COMPOULTTSMAY NOT

hoc. 0139F(4)

QUILLED/FROZEN LAMB SHIPMENTS SHIPMENTS TO USA BY STATISTICAL MONTH OF RECEIPT OF FORMS 4 (TONNES SHIPPED WEIGHT)

Statis-	CHILLED LAMB									
tical	East Coast				West Coast				Total	Forms 4
Month	Bone-in		Boneless		Bone-in		Boneless		Chilled	Received to
1987	C'se	Cuts	C'se	Cuts	C'se	Cuts	C'se	Cuts	Lamb	Dec 1987
Jan	-	-	-	-	138.2	209.6	-	7.8	355.6	Total Chilled
Feb	-	-	-	-	192.1	177.5	-	7.4	377.0	(tonnes)
Mar	-	-	-	-	419.9	405.7	-	33.5	859.1	
Apr	5.3	-	-	-	411.1	381.1	-	37.7	835.2	E.C. 6.6
May	-	_	-		374.6	321.8	-	11.4	707.8	W.C. 5916.2
Jun	-	0.1	-	-	327.6	278.4		13.5	619.6	
Jul	-	-	-	-	209.9	272.8	-	11.3	494.0	
Aug	-			-	167.7	222.6		8.6	398.9	Total: 6275.7
Sep	-	-			151.5	238.0		13.0	402.5	
Oct	-	-	-	-	127.4	315.5	-	14.9	457.8	
Nov	-	-	-		118.6	271.6	-	23.9	414.1	
Dec	-	0.5	-	0.7	45.3	292.3	-	15.3	354.1	
TOTAL	5.3	0.6		0.7	2683.9	3386.9		198.3	6275.7	

Statis-	FROZEN LAMB									
tical	East Coast				West Coast				Total	Forms 4
Month	Bone-in		Boneless		Bone-in		Boneless		Frozen	Received to
1987	C'se	Cuts	C'se	Cuts	C'se	Cuts	C'se	Cuts	Lamb	Dec 1987
Jan	15.0	-	-	-		17.0		-	32.0	Total Frozen
Feb	21.4	78.6	-	23.0	7.4	120.9	-	0.4	251.7	(tonnes)
Mar	7.0	104.4	-	-	-	155.2	-	-	266.6	
Apr	6.5	171.2		11.1	-	165.1	-	13.8	367.7	E.C. 1780.1
May	8.4	148.5	-	26.7		86.3		20.0	289.9	W.C. 1544.6
Jun	-8.4	144.0	-	22.8	-	155.3	-	19.1	332.8	
Jul	35.2	151.9	-	12.0	-	112.7	-	13.3	325.1	
Aug	-	58.0	33.7	20.6	11.3	121.0	-	47.7	292.3	Total 3324.7
Sep	43.7	32.5	-	53.6	20.2	116.9	-	17.6	284.5	
Oct	15.1	172.4		15.1	19.8	94.2	-	16.6	333.2	
Nov	23.9	99.4	-	8.9	-	85.9	-	7.1	225.2	
Dec	10.4	166.3	-	47.2	-	99.8	-	-	323.7	
TOTAL	178.2	1327.2	33.7	241.0	58.7	1330.3		155.6	3324.7	

COMPONENTS MAY NOT ADD TO TOTALS DUE TO ROUNDINGS

Doc. 0139F(4)

CHILLED/FROZEN LAMB SHIpMENTS SHIPMENTS TO USA BY STATISTICAL MONTH OF RECEIPT OF FORMS 4 (TONNES SHIPPED WEIGHT).

CHILLED LAMB

Statis-tical Month 1986	East Coast Bone-in C'se	East Coast Bone-in Cuts	East Coast Boneless C'se	East Coast Boneless Cuts	West Coast Bone-in C'se	West Coast Bone-in Cuts	West Coast Boneless C'se	West Coast Boneless Cuts	Total Chilled Lamb
Jan	51.6	41.1	-	6.2	67.7	135.1	-	0.2	301.9
Feb	57.1	78.9	-	2.7	64.1	108.7	-	6.7	318.2
Mar	52.1	90.1	-	0.5	74.0	219.9	-	1.1	437.7
Apr	44.7	83.1	-	0.6	94.8	116.1	-	1.3	340.6
May	15.7	13.6	-	-	92.2	137.3	-	0.6	277.4
Jun	3.0	2.4	-	-	110.9	114.6	-	1.7	232.6
Jul	-	-	-	-	137.6	130.4	-	1.2	269.2
Aug	-	-	-	-	130.3	138.9	-	1.8	.271.0
Sep		2.7	-	-	122.0	176.6	-	2.4	303.7
Oct	-	6.8	-	-	169.5	197.5	-	3.5	377.3
Nov	6.9	1.4	-	-	137.8	215.0	-	18.5	379.6
Dec		-	-	-	156.7	249.9	-	18.7	425.3
TOTAL	231.1	338.1		10.0	1357.6	1940.0		57.7	3934.5

Forms 4 Received to December 1986

Total Chilled
I (tonnes)

E.C. 579.2
W.C. 3355.3

Total: 3934.5

FROZEN LAMB

Static-tical Month 1986	East Coast Bone-in C'fle	East Coast Bone-in Cuts	East Coast Boneless C'se	East Coast Boneless Cuts	Welt Coca; Bone-in C'se	Welt Coca; Bone-in Cuts	Welt Coca; Boneless C'se	Welt Coca; Boneless Cuts	Total Frozen Lamb
Jan	1.0	21.8	-	66.2		13.8	-	21.5	124.3
Feb	7.6	49.6		49.7		91.0	-	4.6	202.5
Mar	14.3	59.3		37.4		12.4	-	-	123.4
Apr	7.3	75.1		33.6		104.8	-	-	220.8
May	7.3	51.3		16.7		105.7	-	4.6	185.6
Jun	11.0	10.7	2.8	87.0		27.6	-	-	139.1
Jul		32.5	0.3	12.6		21.8	-	-	67.2
Aug	7.7	36.8	-	19.7	-	46.2		-	110.4
Sep	7.2	0.7	16.9	-		74.0		-	98.$
Oct	20.3	82.5	-	4.1	2.4	70.1	-	-	179.4
Nov	13.9	75.8	13.2	21.6	-	44.0	-	-	168.5
Dec	21.2	74.0			10.4	190.4	-	-	296.0
TOTAL	118.8	570.1	33.2	348.6	12.8	801.8		30.7	1916.0

Forms 4 Received to December 1981

Total Frozen
(tonnes)

E.C. 1070.7
W.C. 845.3

Total 1916.0

COMPONENTS MAY NOT ADD TO TOTALS DUE TO ROUNDINGS

CHILLED/FROZEN LAMVSHIPMENTS SHIPMENTS,TO USA BY STATISTICAL' MONTH2OF'RECEIPT OF' FORMS 4 (TONNES SHIPPED WEIGHT)

Statis-tical Month 1985	CHILLED LAMB East Coast Bone-in C'se	Cuts	Boneless C'se	Cuts	West Coast Bone-in C'se	Cuts	Boneless C'se	Cuts	Total Chilled Lamb
Jan		-	-	-	-	47.9	-	-	47.9
Feb	-	-	-	-	2.8	47.3	-	-	50.1
Mar-	-	-	-	-	1.4	85.0	-	-	86.4
Apr		-	-	-	7.7	37.0	-	-	44.7
May	0.6	0.3	-	-	3.3	22.5	-	-	26.7
Jun	2.0	-	-	-	10.7	55.0	-	0.8	68.5
Jul	25.4	2.3	-	-	10.2	33.2	-	-	71.1
Aug	22.6	2.4	-	-	18.2	51.9	-	0.2	95.3
Sep	23.4	10.2	-	-	24.9	18.2	-	0.4	77.1
Oct	28.0	30.9	-	-	41.2	77.0	-	0.1	177.2
Nov	42.9	41.7	-	-	35.8	67.0	-	0.1	187.5
Dec	29.5	11.5	-	-	46.1	94.7	-	0.9	182.7
TOTAL	174.4	99.3			202.5	636.7		2.5	1115.2

Forms 4 Received to December 1985

Total Chilled (tonnes)

E.C. 273.7
W.C. 841.7

Total: 1115.2

Statis-tical Month 1985	FROZEN LAMB East Coast Bone-in C'se	Cuts	Boneless C'se	Cuts	West Coast Bone-in C'se	Cuts	Boneless C'se	Cuts	Total. Frozen Lamb
Jan	-	6.0		49.6		23.8	-	35.9	115.3.
Feb	7.6	7.3		66.7	-	31.2	-	9.1	121.9
Mar	21.4	23.2	-	49.8	7.4	47.6	-	16.7	166.1
Apr	-	15.3	9.2	64.4	-	50.9	-	52.4	192.2
May	1.3	4.4		26.8	-	36.2		4.4	73.1
Jun		10.4	-	59.2	-	12.1		27.5	109.2
Jul	1.3	21.0	-	93.9	-1.3	49.2	-	-	164.1
Aug		27.3	-	64.7	-	39.1	-	13.5	144.6
Sep	1.4	16.6	-	115.9	-	25.1	-	-	159.0
Oct	-	6.0	-	54.7	-	47.0	-	4.7	112.4
Nov	-	12.9	-	60.1	-	-	-	-	73.0
Dec	3.3	30.7	-	55.1	-	66.7	-	-	155.8
TOTAL	36.3	181.1	9.2	760.9	6.1	428.9		164.2	1586.7

Forms 4 Received to December 1985

Total Frozen (tonnes)

E.C. 987.5
W.C. 599.2

Total: 1586.7

COMPONENTS MAY NOT ADD TO TOTALS DUE TO ROUNDINGS