H.R. 9475 be amended to set quotas by species on the average volume of imports for the base period 1958 to 1962.

I go into that in a little more detail in my written statement, Mr. Chairman.

Another change made by the conference in 1964 was to strike lamb meat from any quota provisions. In the 1964 bill passed by a substantial majority in the Senate, a quarterly quota on imported lamb had been established in the amount of 3,200,000 pounds.

In the first quarter of this year that quota was exceeded by 217,000 pounds.

Lamb imports are not only on the increase this year but they are a problem in that retailers in our larger cities frequently use imported frozen lamb as a fire sale item. This can and frequently does have a detrimental effect on the price of fresh domestic lamb.

Examples of fire sale tactics by chainstores are shown individually in recent newspaper advertisements, three of which I would like if possible to have reproduced in the hearing record, Mr. Chairman.

The CHAIRMAN. We don't ordinarily do that but without objection we will for you, Mr. Marsh, as a part of your entire story to us.

Mr. MARSH. Thank you. In these ads New Zealand leg of lamb is advertised at 78 and 79 cents per pound while fresh domestic leg of lamb in the same area during the same period was selling at 99 cents to $1.09 per pound.

In these ads New Zealand loin lamb chops are advertised at 89 and 99 cents per pound compared to domestic at $1.69 to $1.79.

As a result we are advised that three major chains have cut back sharply on domestic carcass purchases and have substituted New Zealand lamb.

New Zealand frozen lamb is generally recognized as frequently not meeting quite as good acceptance as fresh chilled domestic lamb. However, the price differential is not 90 cents per pound or even 20 cents per pound. Furthermore, some meat merchandisers predict the day is not far off when frozen lamb will be readily accepted by the housewife. When imports force down the retail price of domestic lamb you can be sure the reduction is immediately felt by the domestic producer. It always has been.

Officials of the New Zealand Meat Producers Board at a meeting last fall with officials of our organization admitted they had no control over the retail price of New Zealand lamb in this country. It is quite obvious the absurdly low tariff duty of 3½ cents per pound on frozen lamb would come nowhere near meeting increased production and wage costs in this country.

However, even though the duty has been so extremely low, New Zealand and Australian producers are now to be given an even further price advantage in competing with domestic lamb by an additional 51 percent reduction in that duty, negotiated in the Kennedy round.

This is certainly not discouraging imports. In fact, for the first quarter of this year lamb imports increased 42½ percent compared to the same period a year ago. Obviously, unless this tariff duty can be increased to at least 20 cents per pound, quotas provide the only effective means of holding imports at reasonable levels and protecting the domestic market for lamb.