Under this change, imports of mutton could be increased if there was a surplus in Australia, for example, simply by decreasing imports of beef. The cattle industry of this nation could likewise suffer economic injury under this law if mutton imports were decreased and beef imports were increased. In order to help control any adverse effects on either the domestic sheep industry or the domestic cattle industry which can occur through increases of one specie, we urge that H.R. 9475 be amended to set quotas *by species* on the basis of the average volume of imports for the base period of 1958–62.

Another change which was 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 but they continue to be a problem in that retailers in our larger cities, which are price-basing points, 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 are shown vividly in recent newspaper advertisements. For example, one chain in Louisville, Kentucky, this past month advertised leg of lamb at 79 cents per pound. While a check showed this was New Zealand frozen lamb, the ad did not so indicate. A spot-check of prices in Louisville at the same time showed fresh domestic legs of lamb selling at $1.09 per pound. This and two other chain store ads which we would like to have reproduced in the hearing record show New Zealand lamb at the following prices compared to domestic prices in the same area and during the same period:

	New Zealand (per pound)	Domestic (per pound)
Leg of lamb	$0.78 and $0.79	$0.99 to $1.09
Loin lamb chops	.89 and .99	1.69 to 1.79
Lamb rib chops	.79	1.39 to 1.59
Lamb shoulder chops	.65	.89 to .93

New Zealand lamb sold here is, of course, frozen. While it is generally recognized that frozen lamb presently does not meet as good acceptance as fresh lamb, the price differential is certainly not 90 cents per pound, 80 cents per pound or even 20 cents per pound. Furthermore, some meat merchandisers predict that 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. Furthermore, the producer is at the bottom of the totem pole and has no place to pass on price reductions.

Officials of the New Zealand Meat Producers Board, at a meeting last fall with officials of the National Wool Growers Association, admitted they had no control over the retail price of imported lamb in this country.

One of the purposes of an import duty has been to compensate for increased cost of production in this country. It is quite obvious that the absurdly low tariff duty of 3.5 cents per pound on imported fresh, chilled or frozen lamb, would come nowhere near meeting increased production and wage costs in this country. However, in spite of the fact that the tariff duty has been at this extremely low level during recent years, New Zealand producers will now be given an even further price advantage in competing with domestic lamb by an additional 51 per cent reduction in that duty, negotiated in the recent Kennedy round. That will certainly do nothing to discourage imports. In fact, for the first quarter of this year imports of lamb increased 42.5 per cent, compared to the same period a year ago, from 2,397,000 pounds in the first three months of 1967, to 3,417,000 pounds in the first three months of 1968. Suppliers report that heavy shipments of New Zealand lamb may be expected in the near future at all our distribution points. Obviously with such an extremely low tariff duty, quotas provide the only effective means of holding imports at reasonable levels.

Mutton imports increased from 12,567,000 pounds to 19,322,000 pounds in the first quarter of this year compared to the same period a year ago, an increase of 53.9 per cent. In fact, on the basis used for setting the overall quota in the present meat import law, based on average imports for the five years, 1959–1963,