The CHAIRMAN. We thank you for bringing your testimony to the committee.

Any questions? Mr. Ullman.

Mr. ULLMAN. Mr. Marsh, it is true that—I think my memory is correct—in the 1964 quota bill, lamb was included in the version that passed the Senate but was stricken in conference, is that right?

Mr. MARSH. Yes.

Mr. ULLMAN. I am trying to figure out what the reason was that it was stricken. I think it probably was that percentagewise lamb imports in comparison to domestic production were not as high as in other species such as beef and mutton. If that is true then what is the problem on imports as far as domestic producers are concerned?

Mr. MARSH. Mr. Ullman, while lamb imports in comparison to domestic production of lamb, percentagewise, are not as large as in some other species of meat imports, the effect of these imports has a much larger impact than the percentage would indicate they should have.

That is because frozen lamb carcasses and cuts of lamb can come here from New Zealand and Australia with a duty of less than 3½ cents a pound, and eventually it is going to be cut to 1.7 cents per pound, and with this low tariff and substantially lower production costs in New Zealand and Australia the lamb cuts can be retailed here from 20 cents to as high as 90 cents per pound under the current retail prices of the same fresh domestic lamb cuts.

When a quantity of New Zealand lamb comes, for example, to the Port of New York and is retailed in New York City, which is an important price basing point for lamb in a number of areas, retailed I should say at fire-sale prices, it does cause retailers to resist prices for domestic lamb.

Once we get a combination of these low prices with a bigger volume of imports the domestic lamb producer may have to go out of business.

Mr. ULLMAN. Obviously, domestic lamb prices couldn't possibly be reduced to meet that kind of competition. What is the solution to your problem?

Mr. MARSH. I would say that one solution would be to, if we could, increase the tariff to about 20 cents per pound. I don't think that would keep any lamb out of here and I don't think it would stop any plans to increase lamb imports. I think the other solution would be to add lamb to the quota provisions of the bill under consideration, H.R. 9475, and see that lamb and other meats have their quotas set separately on a specie basis.

That isn't the perfect solution but at least it would hold the cutthroat competition in line by holding the volume to a point where we could still have a market for domestic lamb at prices for which it has to be sold at the retail level in order to meet domestic costs of production.

Mr. ULLMAN. I have before me a chart showing the ratio of imports to production and consumption. There has not been a significant change since 1964 in the ratio of imports, is that right?

Mr. MARSH. Not a substantial change; no. For the first quarter of this year lamb imports are running about 2.7 percent of domestic lamb production.

Mr. ULLMAN. You are seeing some increases now and it is your fear that if tariff-cutting authority did extend to this area it might significantly affect imports; is that right?