

2-6-2002

## "American Sheep Industry"

Max S. Baucus

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(1) Subject\*: **American Sheep Industry Speech**

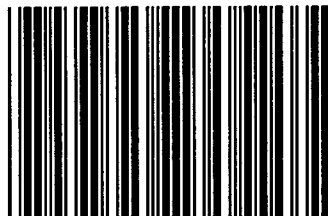
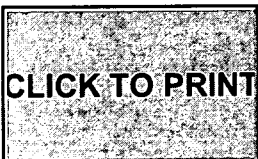
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\* "required information"



**BAUCUS**

MEMORANDUM

TO: Max  
FROM: Sara Roberts  
DATE: February 6, 2002  
RE: American Sheep Industry Speech

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Bob Gilbert will introduce you and then speak for approximately 10 minutes. You will leave as soon as you have completed your remarks.

**Montanans in Attendance**

Pachy Burns, Big Timber  
Bob Gilbert, Helena  
Agnes, Joe, and Kyla Helle, Dillon  
Chase Hibbard, Helena  
Robert Lehfeltdt, Lavina  
Larry and Madge Pilster, Alzada  
Richard Everett, Stevensville

**Current Market Conditions**

Lamb market rebounded this summer with live lamb prices in the 80 cents per pound range, Wool prices increased 70% since May of 2002, lamb pelt prices have steadily increased since the market crash in 1998. So this winter is the first time in four years that the lamb industry has at least break even if not profitable prices on all three products! They now export over one-third of the U.S. Wool Clip with American wool sales to European and Asian customers.

Drought continues to be severe in much of the sheep country in addition to Montana..the Dakotas, Colorado, Utah, Nebraska with regions of California, AZ NM and TX still in trouble. Funding the Livestock Assistance Program is top issue.

Senator Max Baucus  
American Sheep Industry  
February 6, 2003

Thanks, Bob, for that kind introduction. I'm pleased to be here tonight. And I'm sorry that I can't stay for the dinner. But I should note that Sara Roberts, who I think many of you know, will be joining you. Sara's been on my staff for several years now, and she's done a terrific job on agriculture issues. So good, in fact, that I've promoted her to Legislative Director. Montana's economy – and particularly the farm and ranch economy – are a priority for me. And Sara's promotion reflects that.

I want to touch on several issues today – both international issues and domestic issues.

First on the international side. We were disappointed that the World Trade Organization ruled against the U.S. safeguard on lamb that limited imports. We had worked very hard to get an adequate level of relief, so it was frustrating to face the challenge from Australia and New Zealand.

Nevertheless, we were able to put together a package of support - including the direct payments and purchases - that hopefully have provided a degree of relief that we would have otherwise secured through the 201 duties.

Now, of course, we turn our attention to prospective negotiations with Australia. This will be a very tough negotiation – and my primary focus will be to fight for Montana's agriculture interests. I made this point with Australia's Prime Minister, John Howard, when he visited last summer. I have stressed this repeatedly with Australia's Ambassador, who is here in Washington.

And I will continue to work in a bipartisan way to make sure that our farmers and ranchers get a good deal. Senator Chuck Grassley, my Republican colleague on the Finance Committee, have pressed the Administration on this issue – an I'm sure we will continue to do so.

Indeed, I believe the Australia negotiations will rise or fall on agricultural issues. As you probably know, we just completed agreements with Chile and Singapore – but unlike those countries, Australia is a significant producer of some of our most important commodities – lamb, of course, but also beef, wheat, cotton, and sugar, just to name a few.

So this agreement presents a unique challenge for those of us concerned about agriculture production in the United States.

Ranchers and farmers have always been at the forefront of the fight to expand markets overseas, because they understand that growth in market opportunities is an essential component of growth in income.

Yet, with Australia we will confront, face-to-face, some of the problems inherent in a global trade strategy that focuses on liberalization through bilateral agreements rather than through multilateral agreements.

World market prices for many of our major commodities are at terribly low levels, due in part to distortions created by many of the largest agricultural producers in places like Europe.

The only way to address these distortions is to negotiate them away in a multilateral forum such as the Doha Round of the World Trade Organization, which won't be concluded for several years.

If we are to improve America's export opportunities, we must make significant progress in the WTO negotiations. But those talks are not moving fast. The EU and Japan have been the primary roadblocks – and we must work with all of our trading partners, Australia included – to push the EU and Japan.

At the same time, we must push ahead on other fronts. If WTO negotiations don't work out, we can't be left behind as other countries negotiate agreements without us.

So that is our challenge this year.

We must fight for new export markets for Montana's farmers and ranchers.

But we can't just negotiate agreements for the sake of doing so – we must negotiate **fair** agreements.

We must work to complete a new WTO agreement – so that the EU will finally eliminate some of its unfair subsidies.

But we must also fight the trade battle on two fronts – if the WTO isn't going to work out, we need to make sure we are looking for other ways to advance fair trade.

It's a big challenge – and I look forward to working with all of you as we go forward.

One last point on international issues before I turn to my home state – as many of you know, I worked hard to secure a new program for farmers and ranchers last year called Trade Adjustment Assistance. It is a program that provides money to farmers who are hurt by increased imports.

The Trade Act required that the Administration implement this program by February 3. But – without explanation – they have failed to do so. And I understand they will not implement this program for another six months. That means help that should go to Montana's farmers will not. It is an outrage in my opinion. I have expressed this outrage to the Secretary of Agriculture, Ann Veneman, and I hope you will do the same.

We must also be focusing our efforts on both the local and international arena to get our lamb industry back where it belongs. Montana is extremely fortunate to have the Montana Sheep

Institute.

For those of you who are not familiar with the Institute, the goal of the Montana Sheep Institute is to develop and implement nontraditional adjustment strategies to increase competitiveness of Montana (US) lamb and wool in the world market by

- (1) lowering production costs;
- (2) reducing lamb mortality; and
- (3) improving income by exploring non-traditional marketing opportunities for lamb and wool.

I am excited that I was able to secure \$400,000 for the Institute last year and currently there is \$675,000 in the Omnibus that in Conference now. I will continue to fight for funding for the Montana Sheep Institute as it is critical to the future of our sheep industry in Montana.

I know that many of your members have concerns about the future of wolf management in the West. I know it's a very big concern for your members in Montana, Idaho and Wyoming, because these states are the most impacted by healthy wolf populations in Yellowstone National Park.

In Montana, we think it's time to let the state do its job – that it's time to give the state more flexibility in managing wolf populations – so the states can manage the wolf in a way that's best for them.

It's particularly important that the U.S. Fish and Wildlife Service focus their efforts on down-listing the wolf in the Northern Rockies states, including Montana, Wyoming and Idaho. It's time we implemented the Endangered Species Act as intended, and that means letting those states manage wolf populations now that the animals are thriving.

I'm very concerned about reports that the Fish and Wildlife Service may propose to downlist the wolf in the entire country -- that could mean the Northern Rockies states won't be able to manage wolves for many years to come because the courts will be resolving the issue.

I'm pretty sure that wouldn't be acceptable to your members, and it's certainly not acceptable to me or to Montana. This is an issue that I feel very strongly about, and it's one that I will continue to follow closely.

Lastly, the Montana Sheep Industry is fortunate to have people like Richard Everett, the President of the Montana Woolgrowers Association of Stevensville and Bob Gilbert, Executive Director of Montana Woolgrowers of Helena working on your behalf. Their dedication and commitment are unmatched.

I look forward to continuing to work with you on these and many more important issues.

Thank you.

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American Sheep Industry  
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