

Leveling the Field

*Playing on a field where loss is guaranteed,
America's sheep industry just wants a fighting chance.*

Words by Marjorie Haun. Sheep photos by Larry Blain.



There is no sector of American agriculture in greater danger of going extinct than sheep ranching. Alarming statistics showing the steep decline in domestic production and exports tell only part of the story. Predation, onerous labor laws, environmental regulations, inflation and so-called free trade agreements have set American sheep ranchers on a field of play where not only are they guaranteed to lose, but the odds are high they will not survive to play for another season.

The problem is not a lack of consumer interest. Consumption of sheep products is high and not unlike the cattle industry, sheep ranching yields myriad products. Lamb, mutton, milk, cheese, wool, sheepskin, lanolin and chemicals used in medicine and scientific research all remain in demand. The ethnic mutton market has expanded in recent years and it can be said sheep products are as popular as ever. Still, with production costs at an all-time high, the American sheep industry perches on a razor's edge.

In 2022, 74 percent of domestic consumption was of imported products. In fact, since the Clinton-era North American Free

Trade Agreement (NAFTA) was implemented, imports of sheep products have rocketed upward with Australia and New Zealand massively overtaking the United States. At this point, the United States barely makes a blip in world-wide supply with American exports of lamb and mutton comprising less than one percent of the domestic market.

"There is no free trade"

With the intent of explaining the industry's dire predicament to Congress, Bill Bullard of R-CALF and Utah sheep rancher, Carson Jorgensen, created a white paper titled "Protect American Lamb: Petition for Relief by America's Sheep Producers" which has received widespread attention and support from the domestic sheep industry. Data in this report is taken from that white paper.

R-CALF once represented only beef producers, but in response to plunging lamb prices, it formed its Sheep Committee in 2013. In 2015, Bullard testified in Congress that, "Our commercial sheep industry has been devastated by FTA (Free Trade Agreements) trade and we now rely more on imports than our beleaguered sheep industry is able to produce." He then added: "We pre-

maturely lowered tariffs and we should never have lowered our health and safety standards; we should never have ceded our sovereignty by agreeing to abide by a non-judicial international dispute process; and we failed to include any automatic safeguards in any of the FTAs to reflect the import-sensitive natures of our domestic cattle and sheep industries."

The Petition's Key Points:

- When NAFTA was passed in 1993, the U.S. imported approximately \$61 million in lamb and mutton. By 2022, imports had increased 2,363 percent to \$1.5 billion.
- Australia is the source of over 75 percent of imports in 2022.
- Domestic production continues to plunge as consumption rises and foreign imports increase.
- Imported lamb can be sold for up to 25 percent less per pound than domestic lamb.
- Australia has fewer regulations and a government which fosters its sheep industry.
- Australia has effective, targeted predator control.
- As of Jan. 1, 2022, all goods imported from Australia became duty-free.

- Market pricing distortions are created by Australia's currency exchange rate.
- American producers are burdened with high predation rates, labor regulations, and pressures from extremist groups.

Sheep rancher Hank Vogler runs one of the largest herds in Nevada, and he summarizes it this way: "The Australian dollar is roughly equivalent to 56 cents over here. We went from 60 million sheep to three million head of breeding ewes. Total we have about five million sheep in the United States including rams and lambs. Australia went from 50 million head of sheep to 70 million head of sheep and they kept the best stock. New Zealand went from 16 million head of sheep to 24 million head of sheep with a lot of dairy products going to China. But the biggest problem here is that we cannot eliminate the imports. If we did that we couldn't provide for demand in the market."

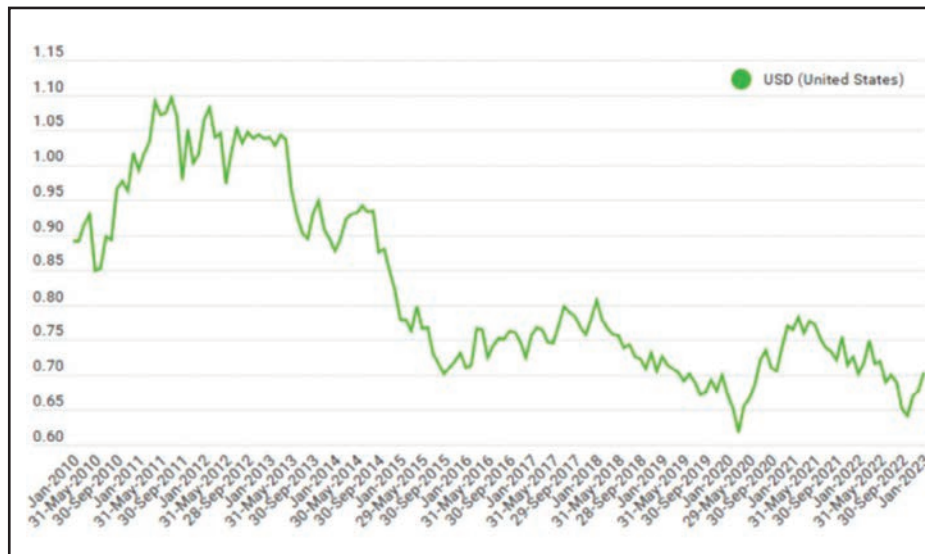
While working his family's four-generation sheep ranch in central Utah, Carson Jorgensen is also deeply active in local and national politics. He says: "In my opinion there's really no such thing as free trade anymore. With the U.S. dollar as the standard, overseas producers are buying and selling in their own countries then exponentially increasing their own money when they sell here. I wouldn't even call it free trade."

He continues: "That is the basis for this petition: Pointing out that there is no free trade anymore and that if we continue to do this, we're going to lose the domestic sheep industry."

Given the stark disparity in production costs between American sheep ranchers and their counterparts in Australia and New Zealand, even if domestic producers were to increase their export share, they would do so at a significant loss.

Labor Regulations and Migrant Workers

Although the U.S. Department of Labor makes the rules governing foreign—mostly South American—shepherders, ranchers in California and Colorado are dealing with budget-busting state regulations. Colorado's overtime pay rule is daunting given the almost 24/7 nature of farming. Colorado sheep rancher and former State Representative, J. Paul Brown says: "It's just tough to survive with these kinds of regulations. You have to document tasks, work hours, rest breaks, lunch breaks. It's going to cost us \$100,000 a year for three shepherders. What the Department of Labor has done pales in comparison



GRAPH COURTESY R-CALF

This graph shows Australian dollar (AUD) exchange rates between 2010 and 2023 have decreased sharply. Due to its weaker dollar, production costs for Australia's sheep industry are significantly less than for its American counterparts. As a result, Australia's exports to the United States have exploded.

to what Colorado has done."

Such regulatory burdens result in less hiring. Brown continues: "My hired men appreciate their jobs but under the regulations I just can't afford to hire. The sheep industry is hurting and we in Colorado are really hurting."

Hank Vogler maintains a crew of 18 men which grows to 23 during lambing season. "The H-2A program is in shambles," he says. "You have to jump through a million hoops to get a shepherd into this country. My

daughter spends three hours a day just doing paperwork for my H-2A employees. You throw all of those things into the mix and the cost of business is untenable."

Under existing H-2A rules, migrant shepherders are granted a three-month return period once they have fulfilled their three-year stay. Carson Jorgensen says: "There's a lot of room for improvement with the H-2A program. It should be easier for these guys to go back and forth to their home countries. It's sad because they are stuck here



Corralled by border collies and sturdy fences Mickel Brothers lambs are being separated for shipping in Ephraim, Utah. OPPOSITE: Mickel Brothers winter their sheep on Utah's west desert.

for three years and they can't go home to visit during that time. But it's the American dream for these guys. They can come here and make four or five times the money they would in their own country doing a job that no Americans are going to do." He explains: "You have millions of illegals pouring through our borders yet it's like pulling teeth to get an H-2A application approved. Illegals are allowed in with the full support of the government, but our H-2A workers can't even get a green card."

Predation

Predation cuts deep into the American sheep industry. As of 2020 predation accounted for 33 percent of sheep deaths and over 40 percent for lambs resulting in a financial hit to producers of \$45 million. With wolf introductions being pushed in western states, predation can only increase.

A short list of animals that prey on sheep would include: coyotes, wolves, foxes, dogs, wolverines, bears, eagles, bobcats and moun-

tain lions. Different states allow for predator control methods including bounties for hunting and trapping, sonic and visual deterrents, repellents and guardian animals. But the most effective and targeted means of controlling coyote predation, sodium fluoroacetate or "Compound 1080," was deemed environmentally problematic and banned in

J. Paul Brown was told that consumers won't buy frozen meat. He says, "Well, it takes at least 28 days for Australia to ship its meat over here. Are you going to tell me that meat isn't frozen? They call it 'fresh frozen.' Maybe we ought to learn from them."

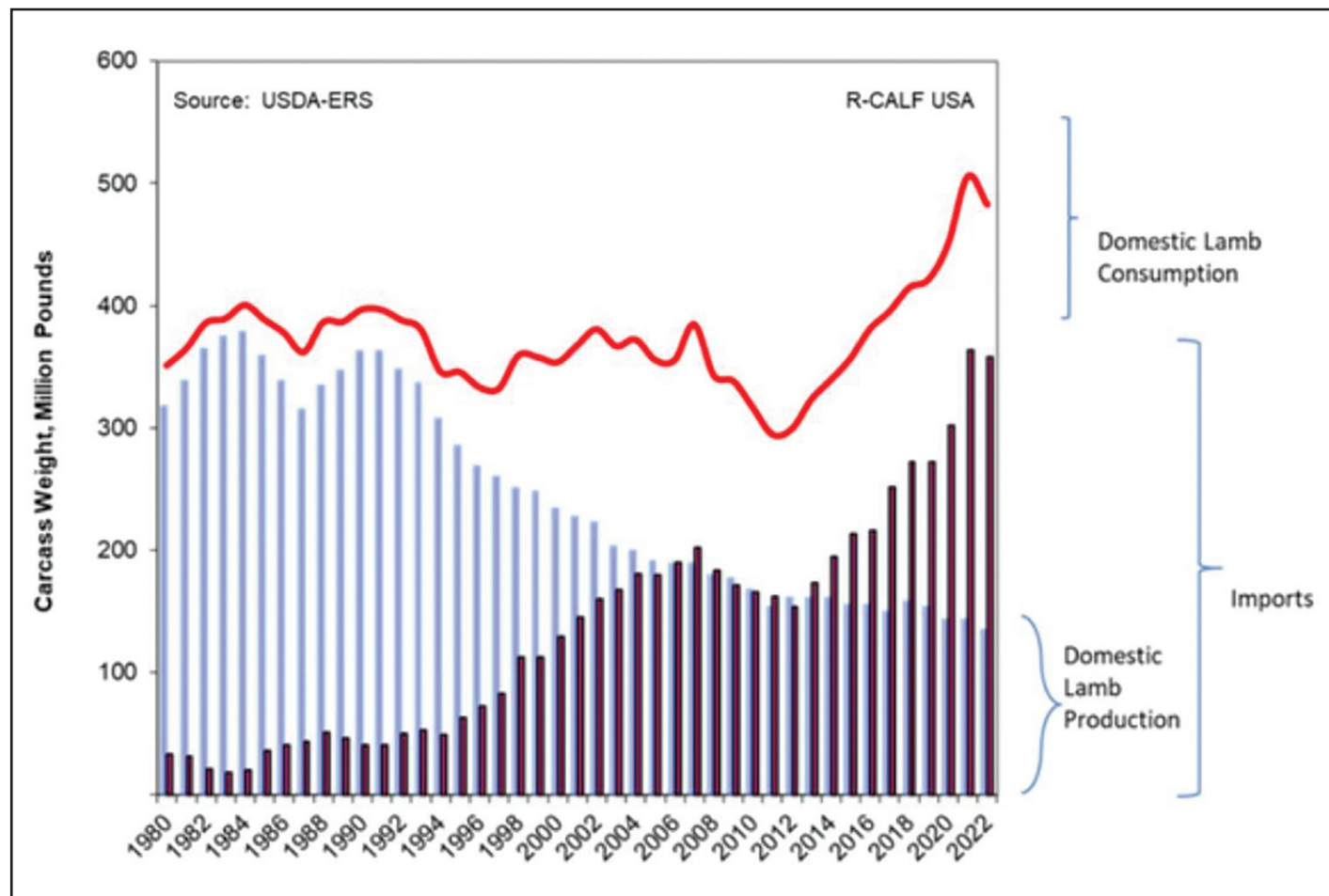
1972. Although Compound 1080 was reauthorized in 1985 for limited use, there is no other method that addresses the full range of predators that attack lambs and sheep. According to Hank Vogler, "Australia has all the predator control they need so their predation losses are nearly zero whereas ours

are anywhere from 10 to 20 percent."

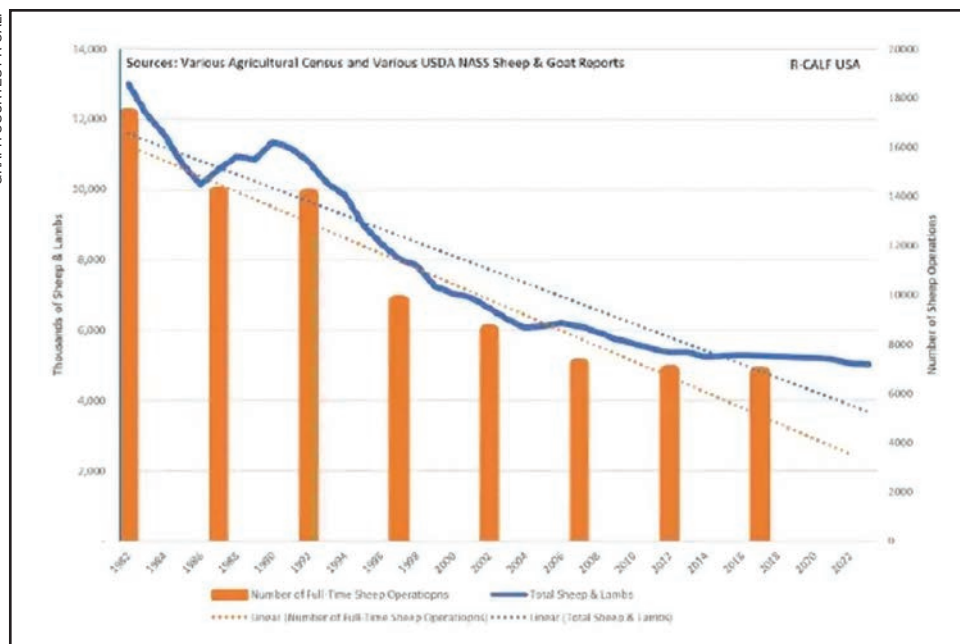
WOTUS and POTUS

While in office, President Trump defanged the EPA's oppressive "Waters of the United States" regulation, but under Biden it returned with a vengeance. "Under Biden's WOTUS you have to get a permit from the United States just to go across an arroyo," J. Paul Brown explains. "If you do it without that permit, somebody will report you and you'll be facing a huge fine just for moving your sheep from place to place."

Biden's term has also ushered in severe inflation. "The cost of gas and food costs for our herders have skyrocketed, and it's worse because our income is down," Brown says. "Seasonally, we move our sheep camps to New Mexico and visit them twice week. Our fuel bill between 2020 and 2021 went from \$20,000 to \$40,000. We can't live with this kind of inflation. With Biden it has been tough. We've been praying for a change."



There is presently an inverse relationship between U.S. sheep industry production, imports and consumption. Although sheep products are popular and consumption remains high in the United States, it is imports, not domestic producers, meeting the demand.



Since the passage of NAFTA, the number of U.S. sheep operations and the total sheep and lamb inventory have dropped precipitously.

Solutions

Imports, predation, overregulation and crushing inflation are all factors setting the domestic sheep industry on a shaky path, threatening the livelihoods of ranchers, local economies and the very fabric of rural life. But the R-CALF petition is not just a list of grievances; it contains one comprehensive solution that requires just a little political will.

Tariffs are often vilified by free-trade purists. Nonetheless, they safeguard domestic industries and American jobs. There are currently zero tariffs on Australian sheep products and those levied on New Zealand's imports are "miniscule." The petition suggests a reasonable plan to gradually increase tariffs so that in 10 years, imports would make up no more than 50 percent of the U.S. market. It states: "First, Petitioners urge the Office of the United States Trade Representative to request the U.S. International Trade Commission to conduct a global safeguard (escape clause) and market disruption investigation under the Trade Act of 1974 (section 201 of the Trade Act of 1974). As discussed herein, lamb and mutton primarily from Australia are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic sheep industry. Second, we urge the U.S. Congress to establish a phased-in [Tariff Rate Quota] TRQ over 10 years. During the 10-year phase-in period, the TRQ would be used to encourage the growth in production of the U.S. sheep industry to achieve a 50 percent market

share in the United States by year 10."

The petition's request is simple, but the ranchers have some solutions of their own. Hank Vogler believes the industry needs innovation. "The chicken guys came out with nuggets and buffalo wings," he says, "and the beef guys have great ad campaigns, but there hasn't been any imagination in marketing lamb and mutton. That should change. Let's have lamb and mutton products that appeal to a wider base."

J. Paul Brown would reform the lamb market: "I think the importers took advantage

of our glut of 220-pound-plus lambs that should have been killed when they were at a better weight. We have done this to ourselves over and over. You can't sell big lambs with an inch of fat over the meat. We had a product we couldn't sell and the importers had a product the consumers wanted." And, it appears, the domestic industry has an unnecessary fear of frozen lamb. Brown continues: "I know one of the lamb buyers wanted to kill the lambs when they were the right size and freeze the meat. He was told that consumers won't buy frozen meat. Well, it takes at least 28 days for Australia to ship its meat over here. Are you going to tell me that meat isn't frozen? They call it 'fresh frozen.' Maybe we ought to learn from them."

Seeking relief through the courts would be too expensive. According to Carson Jorgensen, it cost \$1.6 million just to file the petition. "However," he explains, "we can approach the House and Senate Ways and Means Committees, and the Commerce Committee can instigate the investigation into the tariffs. That will tell them that at no point in time should any domestic industry be reduced to less than 50 percent. We have to get this done because as of 2019 the United States became a net importer of food. There's no damn reason this should be the case. It's a matter of national security." ■

Marjorie Haun is a freelance journalist who specializes in ranching, agriculture and natural resources policy. She lives with her husband and overabundant livestock in the outback of southeastern Utah.



Despite their hard work and access to some of the best grazing lands in the world, if action is not taken to protect domestic producers, the American sheep industry faces extinction.