

Washington, D.C.
June 15, 2004

The Honorable Taïb Fassi Fihri
Minister Delegate for Foreign Affairs and Cooperation
Kingdom of Morocco

Dear Minister Fassi Fihri:

I have the honor to confirm the following understanding reached between the delegations of the United States of America and the Kingdom of Morocco in the course of negotiations regarding Chapter Five (Rules of Origin) of the Free Trade Agreement between our Governments signed this day:

During the course of negotiations of the Agreement, the U.S. delegation provided the Morocco delegation with the attached description of certain aspects of U.S. trade in lamb, sheep, and goat meat. If, after the entry into force of this Agreement, the United States begins to export sheep, lamb, or goat meat to Morocco, the United States and Morocco shall enter into consultations on the request of either Government.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement.

Sincerely,

Robert B. Zoellick

Washington, D.C.
June 15, 2004

The Honorable Robert B. Zoellick
United States Trade Representative

Dear Ambassador Zoellick:

I am pleased to receive your letter of today's date, which reads as follows:

“I have the honor to confirm the following understanding reached between the delegations of the United States of America and the Kingdom of Morocco in the course of negotiations regarding Chapter Five (Rules of Origin) of the Free Trade Agreement between our Governments signed this day:

During the course of negotiations of the Agreement, the U.S. delegation provided the Morocco delegation with the attached description of certain aspects of U.S. trade in lamb, sheep, and goat meat. If, after the entry into force of this Agreement, the United States begins to export sheep, lamb, or goat meat to Morocco, the United States and Morocco shall enter into consultations on the request of either Government.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement.”

I have the honor to confirm that the understanding referred to in your letter is shared by my Government, and that your letter and this letter in reply shall constitute an integral part of the Agreement.

Sincerely,

Taïb Fassi Fihri
Minister Delegate for Foreign Affairs and Cooperation

Certain Aspects of U.S. Trade in Lamb, Sheep, and Goat Meat

The United States is a net importer of lamb and sheep meat. In 2003, the United States imported 67,580 metric tons (\$327 million) in lamb and sheep meat, while exporting only 2,908 metric tons (\$7 million) globally. During 2003, the United States exported only 12.3 metric tons of lamb and sheep meat (\$62,000) to countries in the Middle East, and there were no exports to countries in the region which have free trade agreements with the United States, or to North African countries. Furthermore, U.S. exports of lamb and sheep meat were generally confined to the Americas, as high freight and insurance costs reduce the financial benefits of exporting these products to more distant locations. Less than 5 percent of total U.S. exports went to countries outside the Western Hemisphere.

Consumption of lamb and sheep meat in the United States is significant, while exports are modest. In addition to the nearly 70,000 metric tons of product imported in 2003, domestic consumers purchased about 97 percent of the 100,000 metric tons of domestic slaughter. U.S. exports were approximately 3 percent of domestic slaughter. Morocco has the right to require that all lamb, sheep and goat meat sold in Morocco meet Halal standards.

The situation on goat meat is similar to that of lamb and sheep meat. The United States has not exported goat meat during the past several years. There is a very small demand for goat meat in the United States, supplied mostly by imports. In 2003, the United States imported about \$5.5 million in goat meat.

A large increase in imports of live sheep and goats from Australia and New Zealand is not likely. Insurance costs are high given the mortality rate for live animals, and shipping companies are reluctant to accept the responsibility for feed and care in transit.

For the entire period 1999-2003, the United States imported only 12 heads of sheep from Australia and 2 heads from New Zealand. Most of the U.S. imports of live animals, including sheep, are from countries contiguous to the United States (Canada and Mexico). Canada, the leading supplier, provides high-value breeding animals.