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CONTACT: Deborah Long
919.969.9606

U.S. Shrimp Industry Wins Final Antidumping Cases Against Six Countries

Washington, DC – The U.S. shrimp industry today won its antidumping cases, confirming that the industry has been injured over the past three years by illegally dumped shrimp imports from six countries: Brazil, China, Ecuador, India, Thailand, and Vietnam. The International Trade Commission’s (ITC) unanimous finding of injury completes a year-long investigation, resulting in trade-weighted antidumping duties of 17.22 percent on shrimp imports from the six countries found to be in violation of U.S. trade laws. The unfair pricing practices of the six countries have caused thousands of job losses and hundreds of business closures and have resulted in the loss of \$4.4 billion of U.S. economic activity. The trade actions provide shrimpers and communities throughout the southeast with hope that the offsetting duties will prevent further market distortions and will allow shrimpers to get back to business supplying consumers with safe and delicious American wild-caught shrimp.

“Prior to 2000, the U.S. shrimp industry could compete against imports and make a decent living. Today, the price of shrimp is not determined by efficiency and the competitiveness of individual producers, but by non-market factors, such as dumping practices and foreign subsidies,” said John Williams, a shrimp fisherman in Tarpon Springs, FL and an officer of the Southern Shrimp Alliance. “By enforcing U.S trade laws, the negative effects of non-market behavior will be offset and U.S. shrimpers will continue to be able to provide consumers with America’s favorite seafood—wild-caught American shrimp.”

Between 2000 and the first half of 2004, imports from the target countries surged more than 71 percent as prices plummeted 39 percent from \$5.12 to \$3.14. Yet, foreign producers did not suddenly become “efficient” in 2000 compared to U.S. shrimp fishermen and farmers. Cost data submitted by foreign producers to the Department of Commerce prove that foreign producers are selling below their own cost of production.ⁱ In fact, U.S. shrimp producers are far more productive than the target countries. The average U.S. commercial shrimp fishermen harvests shrimp at a rate of 88.4 lbs per day worked. Thailand, considered one of the largest and most “efficient” foreign producers, produces shrimp at a rate of only 25.49 pounds per day worked. Vietnam, another target of the antidumping trade case, produces shrimp at a rate of only 3.16 pounds per day worked.ⁱⁱ Instead of competing fairly in the world market, these countries have resorted to the unfair trade practice of dumping, selling a product below cost or for less than its fair value.

Distorting government subsidies and a variety of other financial incentives provided by international institutions over a number of years have stimulated a rapid growth in the number of shrimp farms overseas. The World Bank has estimated that, through 1997, the world’s shrimp farming industry outside the United States received a total of \$8.9 billion in subsidies and other forms of public assistance. The U.S. government has provided another \$1 billion in indirect and \$17.6 million in direct assistance to third world shrimp producers as a foreign aid. These subsidies have over-stimulated the infrastructure and production of farm-raised shrimp in many of the targeted countries. This overproduction, coupled with import tariffs, controls, and occasional shrimp import bans by the EU and weak demand in Japan means that ever-increasing volumes of foreign shrimp are entering the U.S. market at ever-lower prices.

“When poor quality and antibiotic-laced pond-raised shrimp is rejected by other countries, it’s diverted here and unloaded at whatever price they can get, often below the cost of production, as Commerce discovered,” observed Williams. “The illegal practice of dumping has turned our shrimp towns into ghost towns throughout the southeast.

\$4.4 billion of economic activity has vanished and thousands of jobs have been sent overseas as a result of this unfair trade practice.”

Yet, after five years of record low wholesale shrimp prices, American consumers have failed to save money when purchasing shrimp in restaurants and grocery stores. In its preliminary determination, the International Trade Commission found that the recent flood of shrimp imports well exceeds the growing U.S. demand for shrimp and that low shrimp prices are not being passed to consumers, which contradicts the misconception that low consumer prices have caused new demand in shrimp. Instead of reducing the consumer price for shrimp, data from Food Beat Inc, which tracks retail prices, demonstrates that consumer prices for shrimp at restaurants were five times as likely to increase as decrease from 2000-2003.

“Rather than pass along the 39 percent drop in import prices to consumers, the small number of large corporate distributors that control 88 percent of the shrimp market raised consumer prices as much as 28 percent instead,” explained Williams. “Now these same corporations that have raised consumer prices and pocketed billions of dollars off of dumped shrimp have the nerve to say that they want to defend the consumers they’ve been fleecing for four years.”

“Not only have the corporate shrimp distributors fleeced American consumers by raising consumer prices at a time when record low wholesale prices, they have also fought tooth-and-nail against country of origin labeling and other measures that would help consumers make informed choices,” Williams stated. “They are saying that they suddenly want to protect consumers and help U.S. shrimpers, but their past and current actions make it clear that they are putting their own profits first.”

Unprecedented Disaster

In light of the unprecedented tsunamis, the International Trade Commission’s (ITC) has agreed to consider whether to open the public record to assess the effect of the tsunamis on the shrimp industries in India and Thailand. U.S. shrimpers believe if the public record is reopened, it should not result in a different outcome to the trade actions for those two countries and will not affect the other four determinations.

“The tragedy that has befallen several countries in the Indian Ocean is enormous and we should all be offering our financial assistance and prayers. As individuals and as a nation, we should do all we can to aid those who have lost so much in this unprecedented calamity,” stated Eddie Gordon, President of the Southern Shrimp Alliance. “The tsunamis had a devastating affect on human life, but the infrastructure of shrimp farms is relatively sound according to preliminary reports. We do not believe the tsunamis change our legal cases before the ITC.”

The assessment of damage in the two countries is very preliminary and mostly anecdotal. Initial reports by authorities in both countries predict shrimp production and export targets will be met for the coming year. The vast bulk of shrimp imported into the United States is farmed rather than wild-caught. Analysis of press reports and government announcements indicate that the impact appears to be far greater on wild-caught segment than on farmed segment.

The International Trade Commission also found that canned shrimp imports do not compete directly with frozen warmwater shrimp. The U.S. shrimp industry presented evidence that demonstrated canned shrimp are used for the same end uses as domestic shrimp and disagrees with that section of the ITC’s determination. Canned shrimp currently represents 0.4% of subject shrimp imports.

SSA is an alliance of the U.S. warmwater wild shrimp fishery from eight states: North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and Texas. For more information on the SSA or the recent rulings and studies on shrimp imports, please visit www.shrimpalliance.com.

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- i See, e.g. U.S. Department of Commerce Internal Memorandum from L. Apple to the Team, Case No. A-549-822 (May 28, 2004) (initiating a sales below cost investigation); U.S. Department of Commerce Internal Memorandum from L. Apple to the Team, Case No. A-533-840 (May 28, 2004) (initiating a sales below cost investigation).
- ii NMFS, Commercial Species Locator for 2002 Gulf and South Atlantic shrimp; Certain Frozen and Canned Warmwater Shrimp from Brazil, China, Ecuador, India, Thailand, and Vietnam, Inv. Nos. 731-TA-1063-1068, USITC Pub. No. 3672 at D-7 (Feb. 2004); NACA-Asian Development Bank, "Economics and Management of Shrimp and Carp Farming in Asia" (2001).