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Contact: Deborah Long  
919.969.9606

### **Shrimpers Hail Finding of Dumped Shrimp from China and Vietnam**

*Washington, DC* –The U.S. Department of Commerce today announced final findings that China and Vietnam are violating U.S. trade laws by dumping shrimp in the United States. Commerce set final duties ranging from 4.13% to 112.81% to offset the fair trade violations in response to petitions filed December 31 on behalf of the Ad Hoc Shrimp Trade Action Committee by the law firm Dewey Ballantine LLP. Decisions regarding dumping by exporters in Brazil, Ecuador, India, and Thailand are expected to be announced December 20.

“The United States is the most open market for shrimp in the world, but we cannot let Chinese and Vietnamese shrimpers violate the rules of free trade to get ahead of their competition,” said Southern Shrimp Alliance President Eddie Gordon, “Dumping is cheating and we thank the Department of Commerce for offsetting this illegal practice and leveling the playing field for U.S. shrimp fishermen, farmers, processors, and all fairly trading countries.”

Shrimp imports have increased more than 71 percent from 2000 to 2003, far beyond the increase in U.S. demand for shrimp. The surge in farmed shrimp imports has been encouraged by government intervention and subsidies that have distorted the market by creating vast overcapacity. However, because the United States has no tariffs on shrimp and suffers from lax enforcement of food safety standards, the oversupply of shrimp comes here, especially when tough food safety inspections in the EU and Japan limit shrimp from entering those markets.

Desperate to unload their product, Vietnam, China, and four other countries have dumped shrimp into the United States, causing import prices to plummet 42 percent in the from 2000 to 2003. Surprisingly, U.S. consumers have been paying *more* for dumped shrimp. Even though wholesale shrimp prices have plummeted to 1960s levels, restaurant consumers are paying up to 28 percent more for shrimp today than in 2000 according to Food Beat, Inc. In 2002 alone, shrimp middlemen fattened their wallets by purchasing dumped shrimp at the whole sale level but charging Americans \$4.2 billion above their normal retail profit margins rather than passing the savings on to consumers. Neither consumers nor hard working Americans have benefited from the dumped shrimp imports.

“Consumers want a continued supply of safe and delicious American wild-caught shrimp,” stated Gordon. “To have that, the predatory pricing of shrimp imports must cease and retailers must give consumers the right to know the origin and method of production of their shrimp through country of origin labeling.”

#### **The Domestic Shrimp Industry**

When the practice of dumping became apparent in 2000, domestically harvested and processed shrimp had a total economic impact in the United States of \$9.95 billion. By 2003, the dumped imports had slashed the value of U.S. shrimp harvested and processed by \$4.4 billion.

The U.S. shrimp industry remains the most valuable fishery in the United States, directly employing over 70,000 people and contributing billions in revenue and taxes to thousands of coastal communities, while processing imported shrimp subject to the antidumping investigations accounts for less than 3,500 jobs. For every one job in the United States processing imported shrimp, there are 21 persons involved harvesting and processing wild-caught domestic shrimp. Yet, our industry and way of life in eight states are on the brink of extinction from the harm caused by dumped imports.

Phoung Dang, a Mississippi shrimp fishermen who emigrated from Vietnam in 1982, has been shrimping since he was twelve. The revenue from his family's catch put Dang and his two siblings through college, but now, the family's two boats don't break even due to the decreased value of their shrimp catch.

"Imports have driven prices so low, that my father is struggling just to pay the notes on his boats. The whole family has to pitch in just to make sure that those payments are kept up," explains Dang. "My father has worked very hard for almost 20 years to build his business and help our family establish a new home in the United States. Everything he has worked for is now threatened by the extraordinarily low prices in the market created by dumped shrimp."

As the import price of shrimp has fallen from \$5.12 in 2000 to \$3.48 in 2003, thousands of U.S. jobs have evaporated. Many boats are tied up at the docks. Other boats are being repossessed. The number of trips made to catch shrimp declined from more than 260,000 in 2000 to about 170,000 in 2003. If forced to continue to face the onslaught of dumped shrimp prices, the U.S. shrimp industry could vanish in 2005.

### **Dumping Is Not Competitive**

The World Bank estimates that it has contributed about 10 percent of approximately \$8.9 billion in subsidies and public-sector assistance provided to the shrimp farming industry overseas by 1997. U.S. taxpayers have provided an additional \$1 billion in indirect and \$17.6 million in direct assistance to third world shrimp producers as a foreign aid measure. These subsidies, when coupled with strong enforcement of food safety requirements, tariffs, and decreasing demand for other major shrimp markets, results in shrimp being dumped into the U.S. for less than fair value, as the Department of Commerce found today.

The prices of shrimp from the target countries did not fall 42 percent from 2000 to 2003 due to lower production costs or greater productivity in Vietnam or China. In fact, U.S. shrimp fishermen are dramatically more productive than any of their Asian shrimp farming counterparts. The average U.S. commercial shrimp fishermen harvests shrimp at a rate of 88.4 lbs per day worked. Vietnam produces shrimp at a rate of only 3.16 pounds per day worked.

While the cost of producing farm raised shrimp in Vietnam and China versus harvesting shrimp in the United States cannot be compared directly due to the subsidies and lack of market-based prices, which distort the cost of shrimp farming overseas, Vietnam openly admits that its shrimp industry is not efficient. Speaking of the entire Vietnamese shrimp industry in 2003, the Ministry of Trade's Head of Science and Training Department stated:

"The production costs of Vietnamese shrimp for export are much higher than competitive countries (Thailand, Indonesia and China). This is mainly due to low productivity and low quality. . . . [Moreover,] 60 per cent of businesses are using obsolete equipment and technology that would not comply with strict standard control, while the standard determines the prerequisite conditions for export to markets of the EU, the U.S. etc. This also leads to low quality, high export costs and a weak competitive position."<sup>i</sup>

"The Department of Commerce has found today that China and Vietnam engaged in dumping shrimp. Although U.S. shrimpers believe the Department understates the amount of dumping in certain instances, they reaffirm our contention that shrimp is dumped in the U.S. market," concluded Gordon. "Given the negative \$163 billion trade deficit the United States will have with China and Vietnam by the end of the year, the U.S. shrimp industry doesn't think it's too much to ask that the \$700 million in shrimp they send here be fairly traded according to U.S. laws and international standards governing free trade."

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](http://www.shrimpalliance.com).

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<sup>i</sup> Dr. Tran Cong Sach, "International Export Implications of Expanding Shrimp Aquaculture in Vietnam," in *Expanding Shrimp Aquaculture on Sandy Land in Vietnam: Challenges and Opportunities*, World Conservation Union, Hanoi, Vietnam at 62 (2003) at [http://www.tradeknowledgenetwork.org/pdf/tkn\\_shrimp\\_vietnam.pdf](http://www.tradeknowledgenetwork.org/pdf/tkn_shrimp_vietnam.pdf)