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Dumped Shrimp Harms Most Valuable U.S. Fishery

Washington, DC – Today, U.S. shrimp fishermen, processors, and distributors testified that shrimp imports dumped on the U.S. market by six countries have caused massive job losses, business closures, and harms shrimp fishing and farming communities. The International Trade Commission (ITC) held the public hearing as part of their investigation regarding how unfair pricing has affected the domestic industry. If the U.S. shrimp industry successfully demonstrates that dumping has materially injured them, duties will be imposed in January. The ITC unanimously found low-priced shrimp imports injured the U.S. shrimp industry in a preliminary ruling in February.

“U.S. shrimpers successfully competed against imports until 2000, when six countries started to engage in massive dumping. We can compete against imports, but not against dumping,” stated Sal Versaggi, a shrimp fisherman in Tampa, FL and an officer of the Southern Shrimp Alliance. “If forced to continue to face the onslaught of dumped shrimp prices, the U.S. shrimp industry could vanish, despite cutting edge technology and higher productivity than our competition.”

The U.S. economy has lost \$4.4 billion in the value of U.S. shrimp harvested and processed as the import price of shrimp from has plunged from \$5.12 in 2000 to \$3.48 in 2003 due to the illegal practice of dumping by companies in Brazil, China, Ecuador, India, Thailand, and Vietnam. The trade violations have wreaked havoc in eight states. Many boats are tied up at the docks. Other boats are being repossessed. Thousands of jobs have been lost and 70,000 more are threatened if dumped shrimp continues to flood the U.S. market.

“Dumped shrimp imports have a very real human toll in America, for shrimp fishermen, their families, and the communities they live in,” testified Kim Chauvin on behalf of her fourth generation fishing family in Chauvin, Louisiana. “The financial pressures caused by predatory pricing have made health insurance for my family of five a luxury we can no longer afford.”

Shrimping is vital to hundreds of coastal communities throughout the southeast, bringing in billions of dollars in revenue, taxes, and purchases from supporting businesses. For every one job in the United States processing imported shrimp, there are 21 persons involved harvesting and processing wild-caught domestic shrimp.

“This crisis has also affected many local communities, turning some, like Dulac, Louisiana, into virtual ghost towns,” explained Chauvin. “Many other communities depend on fishermen and the money they spend, or on shrimp processors and the jobs they provide. With the fishermen and processors going out of business, these communities will not survive.”

And don’t think consumers have benefited from the low wholesale prices of dumped shrimp. While the wholesale price of shrimp dropped 42 percent, shrimp entrée prices actually

skyrocketed as much as 28 percent between 2000 and 2003. Food Beat Inc., an association that tracks menu information, including item and price, has released data that demonstrates consumer prices for shrimp at restaurants were five times as likely to increase as decrease between 2000 and 2003.ⁱ Overall, for every one shrimp menu item where consumers saw a decrease in price, 32 other shrimp menu items remained the same or increased in price. In 2002, shrimp middlemen purchased dumped shrimp imports at 1960s prices and charged American consumers \$4.2 billion above their normal profit margins rather than passing on the savings. Now these same middlemen are trying to convince America that the unfair trade that has caused thousands of job losses and billions in lost economic activity has benefited consumers, despite the fact that only their wallets got fatter from the trade violations.

Shrimp is now the most popular seafood in America, but the 71 percent increase in dumped shrimp imports since 2000 has far exceeded the increase in consumer demand. The underlying causes of the dumped shrimp imports are threefold. First, there is over-production of farm-raised shrimp which has been spurred by \$8.9 billion in ongoing subsidies and other intervention, provided by Asian and South American governments and other organizations, have encouraged excessive production of shrimp for export. In fact, U.S. taxpayers have provided another \$1 billion in indirect and \$17.6 million in direct assistance to third world shrimp producers as a foreign aid measure, undercutting the efforts of our own hard-working citizens. Second, certain antibiotics, deemed harmful to humans, were (and are) used to raise production yields. Third, major export markets for shrimp (EU and Japan) have experienced significant market restrictions in recent years, by way of tariff increases, strictly enforced testing for antibiotics, and overall weak demand. The United States has become the market of last resort, and the shrimp is given away, sometimes below the cost of production.

“U.S. shrimp fishermen harvests shrimp at a rate of 88.4 lbs per day worked. Thailand, considered one of the largest and most ‘efficient’ foreign producer, produces shrimp at a rate of only 25.49 pounds per day worked. Vietnam produces shrimp at a rate of only 3.16 pounds per day worked,” explained Versaggi. “U.S. shrimpers have the natural competitive advantages over foreign producers, starting with a higher quality product and direct access to the huge U.S. market. We welcome fairly traded imports, but cannot let trade violations destroy our way of life.”

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, please visit www.shrimpalliance.com.

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ⁱ Food Beat, Inc., “Shrimp on Chain Menus: A 5-Year Review (1999-2003) of Menu Mentions and Pricing Activity,” (June 2004) (“ASDA Menu Study”) <http://www.citac.info/shrimp/new_releases/FoodBeatJune2004.pdf>.