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Shrimpers Decry the Administration's Reluctance to Aggressively Defend U.S. Trade Laws

Tarpon Springs, FL- Since 2001, U.S. importers have failed to pay nearly \$1 billion in antidumping and countervailing duties assessed on unfairly traded imports. This problem is directly attributable to the lack of an effective US mechanism to enforce the collection of duties on importers. Absent such a mechanism, imports have been allowed to enter the United States, and when duties come due, importers willfully employ a number of unethical tactics to escape their obligation to pay. The inability to collect antidumping and countervailing duties has meant that, for many domestic agricultural and aquacultural industries, the effectiveness of United States' trade laws designed to protect them from unfair trade has been completely undermined.

For example, over the last five years, U.S. Customs and Border Protection has reported that nearly 95 percent of the antidumping duties assessed as trade relief for the domestic crawfish, garlic, and canned mushroom industries has been uncollected. In total, for all trade remedies implemented on behalf of agricultural and aquacultural industries, the U.S. government has been unable to collect nearly 72 percent of the duties assessed on these products.

In a concerted effort to address this problem, U.S. Customs and Border Protection implemented in 2005 an enhanced continuous bonding program for shrimp imports subject to antidumping duties. As a result, for the antidumping orders on shrimp, less than 15 percent of duties assessed have gone uncollected. Despite its dramatic effectiveness in enforcing US trade laws designed to protect the shrimp industry from unfair trade, the enhanced bonding program is now under attack by foreign governments and the World Trade Organization ("WTO").

The widespread refusal by importers to pay duties owed to the U.S. government is emblematic of a broader, shocking failure by importers of food products to obey U.S. law. In addition to nonpayment of duties, importers of products subject to trade remedies have sought to import product falsely labeled as originating from a different country not subject to the trade remedy or falsely labeled as a different product that is not subject to the trade remedy.

The widespread circumvention of U.S. trade laws also demonstrates the substantial difficulties facing federal laws and programs designed to prevent unsafe imported food products from entering the U.S. market. For example, trade data indicate that substantial quantities of Chinese shrimp are likely being transshipped to the United States through Malaysia. Such violations of U.S. law can be committed with relative impunity. Importers caught at a U.S. port attempting to bring in product falsely labeled are allowed to withdraw the merchandise and try and enter the United States through another port. Given that only 1 percent of food products are inspected by the US Food and Drug Administration (FDA), such efforts are usually successful. The government of Malaysia has, to the domestic industry's knowledge, refused to cooperate in preventing the transshipment of Chinese

merchandise. In result, large quantities of unlawful, unfairly traded, and potentially unsafe imported shrimp enter the United States.

The introduction of an enhanced continuous bonding program for shrimp products subject to antidumping duties by Customs has succeeded in significantly limiting the ability of importers to avoid the payment of U.S. duties on shrimp imports. In comparison to the staggering undercollection rates that plague most trade remedies on agricultural and aquacultural products, over 85 percent of the duties assessed on imports of shrimp have been collected. The uncollected portion of shrimp duties is attributable to Customs' admirable efforts to crack down on the transshipment of shrimp through Indonesia and the false labeling of product, schemes that sought to allow importers to avoid payment of legally owed duties. Now, however, Customs' enhanced continuous bond program on shrimp imports has been imperiled by an overreaching WTO panel. The WTO panel invented a prohibition not contained in the agreements negotiated by the United States and found that any action by the United States to collect duties owed is impermissible.

The United States Trade Representative ("USTR") must appeal the WTO panel's erroneous decisions. If it does not, the shrimp industry will lose the protections of US law that were designed specifically against those unscrupulous importers that have no intention of paying antidumping duties. In result, the shrimp industry is threatened with the same fate that has befallen the domestic crawfish, garlic, and canned mushroom industries. Despite the stakes, the USTR has expressed reluctance towards defending the ability of the Customs' bonding program to enforce U.S. law at the WTO.

While the USTR has been reluctant to aggressively defend its rights to address unfair trade practices devastating to domestic industries before the WTO, countries exporting unfairly traded products to the United States have not been shy about further violating their WTO obligations by increasing levels of unfair trade. Most recently, in direct contravention of its WTO obligations, the government of India has announced that it is implementing significant new export subsidies for the country's shrimp exporters. The subsidies introduced by India are specifically intended to artificially boost India's shrimp exports. The new subsidies further undermine the trade relief the domestic industry obtained on unfairly traded imports.

India's new export subsidies are representative of the cold reality of the global shrimp market: shrimp aquaculture throughout the world is dependent on government support. Shrimp exporters depend heavily on subsidies to compensate for the low prices caused by massive overcapacity and overproduction spurred by the use of illegal antibiotics and pesticides. From price supports for Thai shrimp farmers to export incentives for Indian shrimp exporters, the subsidization of one country's shrimp industry has led to further subsidies granted in other countries, as each tries to compete with the distortions caused by subsidization. In result, the domestic shrimp industry is denied a level playing field and the U.S. market is overrun with cheap, subsidized and often contaminated shrimp imports.

"Our government should be outraged. The USTR should be outraged. Foreign governments brazenly provide export subsidies to their shrimp industries that put Americans out of business. And rather than stopping subsidization from distorting our market, the WTO has condemned reasonable efforts to address importers' failures to make good on massive debts to our government," said John Williams, executive director of the Southern Shrimp Alliance. "This cannot be what we negotiated for when we entered the WTO. Our government must defend our trade laws. Every federal elected official and every person seeking federal office, particularly those seeking to lead our country, must do everything they can to ensure that our trade laws are enforced. There are too many people's

livelihood at risk and too many communities in the Gulf coast and Southeast Atlantic facing ruin to ignore the devastation caused by unfair trade. This industry cannot be sacrificed for empty promises that our communities will, at some indeterminable point in the future, enjoy the benefits of 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, please visit www.shrimpalliance.com.