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Contact: Deborah Regan  
919.361.0273

## **U.S. Consumers Eating and Paying More for Shrimp**

*Tarpon Springs, FL-* Despite the glut of low priced shrimp imports, consumer prices for shrimp have skyrocketed since 2000. A study from Food Beat, Inc. finds prices seldom decreased for any type of consumer shrimp item between 2000 and 2003 despite the abundance of low priced shrimp. Instead, Food Beat has reported that a shrimp entrée at Landry's Seafood House increased 28% (over \$3), even though the wholesale prices for shrimp dropped a third. The average shrimp prices in grocery stores have remained constant while wholesale shrimp prices crashed to 1960s levels.

Shrimp imports from Brazil, China, Ecuador, India, Thailand, and Vietnam are currently the subject of antidumping investigations due to evidence of free trade violations. U.S. Census Bureau data show shrimp import prices of the targeted countries have dropped 40 percent since 2000. The average unit value for the targeted countries was \$5.12 in 2000 and dropped to \$3.05 in 2004 (January-April), causing domestic shrimp prices to fall and tens of thousands of U.S. workers to lose their jobs. Yet, consumers have not benefited from the unfair trade through lower shrimp prices.

“The dockside price for a pound of 31-35 headless Gulf shrimp is equivalent to the price of Wonder bread<sup>1</sup> due to dumped imports,” said John Williams, President of Gulf Partners Limited in Tarpon Springs, FL. “Still, major restaurants have increased their prices and profit margins as shrimp has become America’s favorite seafood. Beef and poultry menu prices have increased due to rising beef and poultry costs. Shrimp entrees have had similar menu price hikes despite their costs dropping a third.”

Now, shrimp importers and retailers are trying to ignore the past price increases and blame any future shrimp prices based on the potential outcome of ongoing trade litigation. The preliminary duty rates are expected in July.

“The studies commissioned by the importers assumes the duty rate, the reaction by suppliers in the targeted countries, the reaction of the non-targeted shrimp suppliers, the effects of supply on wholesale prices, and then—after all that guess work—they assume how all of this may affect shrimp consumer prices and demand,” explained Williams. “Not only are those assumptions entirely speculative, but they are being manipulated to scare the public and decision makers away from enforcement of U.S. trade laws. The fact is dockside shrimp prices dropped of third and consumers are paying more for shrimp at a retail level—who would have predicted that? ”

For example, the ASDA/CITAC sponsored study states that “it may take three to five years for suppliers in other countries to increase their exports to U.S. markets.”<sup>2</sup> Yet, the most recent government data from

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<sup>1</sup> National Marine Fisheries Service prices for Ex-Vessel Gulf Fresh Shrimp Prices for the period 6/10/04-6/16/2004 was posted at [http://www.st.nmfs.gov/st1/market\\_news/doc42.txt](http://www.st.nmfs.gov/st1/market_news/doc42.txt) (\$2.70/lb); NetGrocer prices for Wonder Regular White Bread (\$2.69/lb) found at <http://www.netgrocer.com/> on 6/23/04

<sup>2</sup> “Shrimp Antidumping Petition Would Jack Up Prices to Shrimp-Consuming Industries,” Trade Partnership, p. 4.

the U.S. Census Bureau shows that non-targeted countries have already increasing their shipments of shrimp to the United States 45 percent in the first four months of 2004 compared to January-April 2003.<sup>3</sup> U.S. shrimpers have welcomed competition from fair trading countries.

“The antidumping case is not against imports, it is against trade violations. The U.S. shrimp industry can compete against countries that do not engage in uncompetitive practices, regardless of their method of production,” said Williams. “But without full and fair enforcement of U.S. trade laws, the United States will lose its most valuable fishery and consumers will lose the best shrimp available—Wild American Shrimp.”

The ASDA/CITAC study attempts to lend itself credibility by stating that its methodology is “nearly identical to the partial equilibrium model used by the U.S. International Trade Commission...(the so-called “COMPAS” model...).<sup>4</sup> The ITC has rejected the use of the COMPAS model and has not utilized it in recent years.

The study also assumes what “the petitioners might deem appropriate were they to do this analysis themselves” despite the fact that the petitioners have never tried to apply the COMPAS model to the shrimp case or commented on appropriate elasticities for such a comparison.

The Southern Shrimp Alliance cautions the media, decision makers, and general public from relying on this study’s results based on its faulty methodology and numerous, unsupported assumptions.

“All that these studies concretely demonstrate is that the price of shrimp has increased for consumers, even though there is a glut of low shrimp imports on the market,” concluded Williams. “While consumers pay more for shrimp and demand for our product grows, dumped shrimp imports are forcing thousands shrimpers out of business and destroying coastal economies throughout the South. If U.S. importers don’t like duties, they should purchase fairly traded shrimp.”

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<sup>3</sup> U.S. Census Bureau: IM-145.

<sup>4</sup> “Shrimp Antidumping Petition Would Jack Up Prices to Shrimp-Consuming Industries,” Trade Partnership, p. 3.