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Corporations Make Jumbo Profits from Shrimp

New Analysis Demonstrates that Middlemen Extract from Consumers Exorbitant Profits of More Than \$4.2 Billion a Year by Exploiting Dumped Imports, While Retail Prices Remain High

Washington, DC- Shrimp middlemen extract from consumers more than \$4.2 billion a year above and far beyond what even the seafood industry concedes is a "reasonable" estimate for expenses and profit. The analysis conducted by the Southern Shrimp Alliance is based on U.S. Government data and industry data supplied by importers and distributors.

Organizations such as the American Seafood Distributors Association (ASDA) and the Consuming Industries Trade Action Committee (CITAC) criticize the efforts of the U.S. shrimp industry to prevent imported shrimp from being sold at unfairly low prices and harming the domestic industry. They make outrageous and unfounded claims, and repeat wildly inaccurate "data" from self-serving "studies."

"They are spreading misinformation in the media because they are desperate to protect their excessive profits," noted Southern Shrimp Alliance President Eddie Gordon.

U.S. Census Bureau data show that **import prices for shrimp have plummeted 32 percent** from 2000 to 2003, forcing domestic shrimpers to accept 1960's prices for their catch.

Food Beat Inc. reports that the **price of shrimp entrees at restaurants has increased by as much as 28 percent** during that same period. And the U.S. International Trade Commission has recognized that **consumers have not seen the benefit of the low import prices.**

ASDA and CITAC's own "analysis" demonstrates that **large corporate middlemen capture enormous profits, more than \$4.2 billion in 2002 alone, above and beyond the standard markups** recognized by the U.S. Government and endorsed as "reasonable" by ASDA. Starting with CITAC's figure for total shrimp purchases by end consumers, and then subtracting amounts for (1) the cost of the domestic and imported shrimp (supplied by CITAC and the U.S. Census Bureau), and (2) the U.S. Government's calculated average markup for wages, salaries, interest, depreciation, rent, taxes and profit for the seafood industry as a whole reveals the excess middlemen profits.

ASDA and CITAC members include distributors, restaurant chains, and other middlemen that profit extraordinarily when the price of imported shrimp is very low and the price paid by consumers continues to rise. They oppose efforts by the U.S. shrimp industry to enforce U.S. and international trade laws against unfairly traded shrimp imports that harm U.S. workers.

In an effort to maintain unfettered access to dumped shrimp imports, the organizations repeat outrageous claims based on biased methodologies and inaccurate "data" from self-serving "studies." These organizations also claim dire economic consequences if the law forces imports to be sold at fair prices. Yet, the unfounded claims of potential job losses and supply disruptions cannot mask their motivations - middlemen are seeking to protect their extraordinarily large profits.

Fair pricing of imports will not "threaten" the jobs of seafood waiters and waitresses. ASDA/CITAC studies count wait staff, grocery clerks, truckers and other indirect jobs as "at risk" if duties are imposed to offset free trade violations. Wait staff serve a wide and constantly changing variety of meals. It is ludicrous to suggest that a wholesale price increase in any single restaurant ingredient will necessarily result in the loss of wait staff jobs. To exaggerate these claims even further, the studies compare indirect, "shrimp consuming" jobs to a fictional and exceedingly low estimate of the U.S. shrimp producing industry.

Fair pricing of imports will not necessarily cause an increase in the retail price of shrimp. ASDA/CITAC studies ignore the excessive middleman profits made off of shrimp sales. Potential increased import prices and constant retail prices would only reduce slightly the exorbitant profits currently obtained by middlemen. The sudden concern for consumers' welfare is transparent. If middlemen were truly concerned about the price paid by consumers, they would have passed along the plummeting import prices to consumers in recent years.

Fair pricing will not prevent continued imports of shrimp and antidumping duties will not limit the amount of shrimp that can be imported. Antidumping investigations do not prevent continued imports, and several shrimp producing countries are not effected by the case. ASDA/CITAC's "analysis" that it will take years to redirect sales to the United States from non-subject countries relies solely on one reporter's off-handed guess. In addition, given the \$4.2 billion in excess profits, middlemen could easily absorb even large antidumping margins, without raising consumer prices, and still make a substantial profit.

Fair pricing of imports, however, would allow the more than 70,000 people directly employed by small U.S. businesses that harvest and process shrimp to make an honest living. Fair pricing would permit shrimpers to make mortgage payments on shrimp boats and houses, permit processors to employ workers to pack, grade, and process shrimp, and permit coastal communities to collect taxes to pay for schools, hospitals, and services.

Eddie Gordon requests, "The next time ASDA, CITAC or someone on their payroll alleges that fair pricing somehow will hurt U.S. consumers and U.S. workers, question how it is that outrageous middleman profit is the 'answer' but a living wage for the domestic shrimp industry is the 'problem.'"

For additional findings and sourcing for the analysis, please visit: www.shrimpalliance.com. 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.