



July 30, 2007  
For Immediate Release

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### **SSA Denounces DOC Recommendation to Remove Antidumping Duties on Ecuadorian Shrimp Imports**

*Tarpon Springs, FL*—The Department of Commerce (“Commerce”) has issued a final determination that would allow Ecuador, the second largest supplier of shrimp to the U.S. market, to escape antidumping duties—a move that threatens to harm thousands of coastal communities in eight states that depend on a healthy U.S. shrimp industry. Although Commerce has delayed by two months the release of final results of a separate proceeding that will confirm that Ecuadorian exporters continued to dump shrimp into the United States through 2006, Commerce’s recommendation to revoke the antidumping order comes a month earlier than the statutory deadline for issuing a decision and implements a controversial WTO finding on “zeroing,” a methodology used for calculating dumping. The Southern Shrimp Alliance, which represents the U.S. shrimp industry in the trade dispute, expressed outrage at Commerce’s failure to measure the full amount of dumping and its superficial consideration of alternative calculation methodologies.

“Today’s ruling is the most harmful possible outcome for the U.S. shrimp industry because it allows the second largest supplier of shrimp in the U.S. market to evade antidumping duties without ending unfair trade,” explained John Williams, executive director for the Southern Shrimp Alliance. “Commerce had a choice of WTO-consistent calculation alternatives that would have kept antidumping duties in place. However, it decided to terminate the antidumping orders and leaves thousands of U.S. workers and business owners defenseless against unfair trade.”

Commerce made little effort to justify its egregious failure to defend U.S. trade laws. For example, the final decision was issued on July 26, nearly a month prior to its August 20 deadline. However, Commerce stated in the decision that it did “not have sufficient time” to fully address at least one issue raised by the U.S. shrimp industry. The decision also did not meet the requirement that Commerce “identify the most desirable method of implementing” the WTO ruling.

Imports of shrimp from Ecuador have increased in recent years and now comprise 16 percent of all shrimp imports to the United States. In 2001, shrimp imports from Ecuador totaled 57 million pounds worth \$223 million. By 2006, imports rose to 128 million pounds worth \$332 million, according to data from the U.S. census bureau. Commerce found previously that shrimp from Ecuador are dumped and antidumping duties ranging from 2.48 percent to 4.42 percent have been collected since February 2005. In a preliminary determination issued in March 2007, Commerce again confirmed that shrimp from Ecuador was dumped into the U.S. market, finding antidumping rates for some exporters that were, in fact, higher than those initially determined.

The new dumping margins, calculated without the use of “zeroing” are *de minimis*, meaning antidumping duties would not be used to offset the unfair trade. The ruling does not affect antidumping duties on shrimp imports from Brazil, China, India, Thailand, and Vietnam. However, Thailand, which supplies one-third of the shrimp imported into the United States has filed a similar complaint before the WTO. The ruling also could affect other U.S. industries that have antidumping orders based on the same zeroing methodology.

“This ruling should undermine one’s faith in our current trade agreements,” stated Williams. “First, the WTO overreached its authority by ruling on issues that are not addressed in our trade agreements or approved by Congress. And now, Commerce in its haste to implement the controversial WTO ruling has used its discretion to favor Ecuadorian unfair traders over the U.S. shrimp industry, and ignored its obligation to uphold our trade laws.”

The United States Trade Representative now must consult with Congress and determine whether or not to implement the Department of Commerce’s recommendation to remove antidumping duties on Ecuadorian shrimp imports. The Southern Shrimp Alliance contends that the U.S. government should suspend the implementation of any WTO zeroing rulings until international negotiations resolve this issue.

“The Southern Shrimp Alliance strongly supports the Administration’s position that the WTO decisions regarding zeroing are legally erroneous and create a prohibition that was not negotiated by the United States,” said Williams. “While the Administration addresses these decisions through negotiations, the U.S. shrimp industry—and possibly others—should not have to suffer without full protection under U.S. trade laws.”

On June 4, 2007, the U.S. Trade Representative requested consultations with the WTO’s Negotiating Group on Rules to adopt clear, precise rules permitting the use of zeroing in both investigations and administrative reviews. The United States has previously stated its strong objections to WTO determinations on the issue of zeroing.

SSA is a non-profit alliance of members of the shrimp industry in eight states committed to preventing the continued deterioration of America's domestic shrimp industry and to ensuring the industry's future viability.

**Editors Note:**

The June 4, 2007 press release issued by USTR on its proposal regarding zeroing can be found at

[http://www.ustr.gov/Document\\_Library/Press\\_Releases/2007/June/US\\_Proposes\\_to\\_Address\\_Zeroing\\_in\\_World\\_Trade\\_Organization\\_Negotiations.html](http://www.ustr.gov/Document_Library/Press_Releases/2007/June/US_Proposes_to_Address_Zeroing_in_World_Trade_Organization_Negotiations.html)

The Department of Commerce discussion memorandum can be found at

<http://ia.ita.doc.gov/ia-highlights-and-news.html>

Background information on the practice of zeroing can be found at

<http://shrimpalliance.com/Press%20Releases/12-15-04%20Zeroing.pdf>