



# The Shrimp e-Advocate

News Edition

November 2007

The Southern Shrimp Alliance (SSA) is a non-profit alliance of members of the U.S. shrimp industry in eight states committed to preventing the continued deterioration of America's shrimp industry and to ensuring the industry's future viability. SSA serves as the national voice for the shrimp fishermen and processors in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas.

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## BREAKING NEWS

### Emphasis on Food Safety Continues

Throughout the month of October, SSA continued shining a spotlight on the problems the Food and Drug Administration has enforcing U.S. food safety laws, especially with regards to shrimp products.

On October 1, SSA's trade counsel testified on behalf of SSA to the Interagency Working Group on Import Safety that lax FDA enforcement makes the United States the most attractive market for contaminated imported shrimp.

On October 4, SSA's executive director testified before the House Ways and Means Subcommittee on Oversight and Subcommittee on Trade as to the importance of increased food safety enforcement.

SSA's DC Team, with the support of some members in the home states, reached out to multiple Congressional offices with our food safety concerns and recommended reform elements throughout the month.

SSA also met with the Catfish Farmers of America, which has adopted SSA's food safety reform positions and will be signing on to our future food safety initiatives. Other seafood industry organizations are considering similar action. This helps broaden SSA's reach to some congressional offices.

SSA also issued three press releases on food safety, the most recent of which included SSA's recommended elements of any reform package. Information on seafood safety originating from SSA has appeared in a variety of news outlets including the USA Today, New York Times, Chicago Tribune, and the Hill (about Congress and read by decision makers).

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## LETTER TO THE EDITOR

SSA generally does not spend its resources responding to information that is we know to be inaccurate or one-sided as reported in *Seafood.com News* since it appears to be written primarily for U.S. importers. However, SSA was compelled to respond to a letter by the Mazzetta Company on food safety.

Seafood.com News

October 25, 2007

John Williams, Executive Director

Dear Editor:

The October 22, 2007 letter to your publication attributed to the Mazzetta Company distorts the Southern Shrimp Alliance's ("SSA") proposals to improve the safety of imported food and it fails to address the essential fact that imported farm-raised shrimp from a number of countries presents serious safety risks.

Mazzetta's implication that the SSA seeks more stringent regulations on imported shrimp than on wild-caught domestic shrimp is a fundamental and perhaps intentional misrepresentation of our position. As the materials posted on our Web site make clear, one of the SSA's basic proposals is the principle of equivalence, meaning that the regulatory controls applied to domestic production should be applied equally to imported shrimp.

There is no economic rationale to introduce harmful pesticides or antibiotics into the domestic wild-caught shrimp that is harvested from the ocean. Many foreign producers of farm-raised shrimp, however, have an economic incentive to use banned pesticides and antibiotics to artificially increase production yields in over-crowded ponds. The well-documented market closures and import restrictions due to food safety concerns imposed by the EU, Japan, Canada, and even Russia to exports of shrimp from a number of countries make clear that those economic incentives are simply too great for many shrimp farmers in a number of countries to resist. These restrictions by other shrimp importing countries on

imported farmed shrimp are responses to demonstrated, persistent contamination. They are designed to protect their consumers and refusals of farmed shrimp from these countries cannot be dismissed as protectionist.

What is perhaps most disturbing, however, is not Mazzetta's attacks on efforts to make imported seafood safer. Rather, it is the fact that Mazzetta imports shrimp from exporters known to sell shrimp contaminated with chloramphenicol, a contaminant known to cause aplastic anemia, leukemia, and other medical conditions. For example, Mazzetta has imported shrimp from Vietnamese exporters Cai Doi Vam Seafood Im-Ex, Camau Frozen Seafood Processing Import Export Corporation, and FIMEX VN since 2005 according to Urner Barry data. Due to the presence of chloramphenicol, Japan recently rejected shrimp from all three companies and Canada issued an import alert for all seafood imports from Cai Doi Vam Seafood Im-Ex that was followed by a bilateral agreement between Vietnam and Canada.

No amount of arm-waving can change the fact that Mazzetta continues to profit from selling product in the United States from exporters that are having shrimp rejected from other countries because it is contaminated with chloramphenicol and that limiting such imports would require Mazzetta to change its business practices. These business practices may increase Mazzetta's profits but they also increase the health risks to consumers. The truth is that everyone who eats seafood stands to gain from safer products and the industry has a responsibility to do all that it can to ensure the safety of seafood products.

## **LEGAL UPDATE**

### **CBP Actions Help U.S. Shrimp Industry**

Since the imposition of antidumping duties, SSA has worked with officials at Customs and Border Protection (CBP) on a variety of issues that affect U.S. shrimpers. We would like to take a moment to highlight some of the progress the CBP has made and to thank them for their continued work.

#### ***Dusted Shrimp***

Imports of "dusted" shrimp, which are exempt from the

antidumping duty orders, have skyrocketed since the orders were issued. No imports of dusted shrimp were reported in 2004; but since the antidumping orders were put in place in 2005, imports of dusted shrimp from China have exceeded 44 million pounds. SSA recognized that the jump in dusted shrimp imports was clearly due to importers and Chinese exporters unlawfully circumventing the antidumping duty orders.

SSA has worked closely with CBP to draw the agency's attention to the problem presented by fake dusted shrimp imports. Based on the information provided by SSA, CBP began conducting thorough reviews of purportedly dusted shrimp earlier this year. These reviews conclusively demonstrated that much of the imports claimed to be dusted did not, in fact, meet the product's definition as excluded from the antidumping orders. As a result of CBP's amazing efforts, the number of dusted shrimp imports from China has dramatically decreased. SSA will continue to work with CBP to ensure that the circumvention of the antidumping orders through abuse of the dusted exclusion is eliminated.

### ***Cash Bonds***

CBP has had difficulty collected antidumping duties in numerous cases involving agriculture/aquaculture products. Between 2003 and 2006, the agency was unable to collect \$380 million in assessed antidumping duties on a single product, crawfish, from China. To see that antidumping orders are enforced and effectively address unfair price manipulation, CBP introduced measures to enhance continuous bonding requirements on products at high risk for undercollection, namely agriculture and fishery products.

The agency imposed the enhanced continuous bonding requirement exclusively on shrimp as a test of the measure's effectiveness. The results have been promising. The enhanced continuous bonding requirement led to dramatic improvement in the rate of collection on the shrimp antidumping duty orders. For the 34 different antidumping orders on agriculture and aquaculture products, CBP has reported that nearly 71% of the duties assessed are not collected. Last year, however, CBP reported that less than 11% of duties assessed on shrimp imports were uncollected, a phenomenal result for such a high risk product and one that ensured the orders effectively addressed unfair trade.

CBP's successful program, however, has been undermined by the decision of a World Trade Organization dispute settlement panel, which ruled that the policy is inconsistent with the United States' WTO obligations. The WTO panel's decision appears to be another example of the WTO improperly limiting our country's ability to address unfair trade practices. Should the United States Trade Representative fail to appeal the ruling, this country's ability to enforce trade relief would be significantly impaired.

Because of the program's success, the SSA is urging the United States Trade Representative to appeal the decision and take any and all available steps to defend CBP's program before the WTO.

### ***Byrd Amendment Verifications***

The CBP conducted an unprecedented number of verifications of claims made under the Byrd Amendment in response to SSA's concerns that not all claims submitted met the requirements of law. According to CBP, the agency is asking quite a few companies (exact numbers were not provided) to return some or all of the distributions made because of problems with the recipient's certification. Some of these companies have already returned funds or made arrangement to return funds. In addition, there are over 20 verifications still underway, according to CBP.

CBP also reports that a fair number of FY2006 Byrd recipients have made voluntary amendments to their initial certification and returned funds without prompting from the agency.

Monies recovered from recipients who made claims either fraudulently or in error will be distributed to the rest of the industry, meaning that there will be greater equity in distributions.

SSA is currently working with CBP to get them to verify this year's claims prior to distribution. We are also pushing to ensure that no funds will be sent to those that have been asked to return any or all of last year's distribution until those requested funds are returned. Finally, SSA is advocating that parties found to intentionally falsify claims be disallowed for any future distribution.

## **Second Administrative Reviews Delayed**

### **& China Review Rescinded**

The Department of Commerce has postponed the results of the second administrative reviews of shrimp from Brazil, Ecuador, India, Thailand and Vietnam. The preliminary results in these cases will be issued on February 28, 2008. The final results are to be released on June 28, 2008.

The second administrative review of shrimp from China was rescinded on November 1 because there was no Chinese exporter taking part in the review that reported shipments of shrimp subject to the antidumping order between February 1, 2006 and January 31, 2007. As a result, Commerce will instruct Customs to assess antidumping duties based on the antidumping duties that have been deposited on Chinese shrimp for that period.

### **REGULATORY UPDATE**

#### **Shrimp Excluded from Aquaculture Amendment**

The Gulf of Mexico Fishery Management Council (Gulf Council) excluded shrimp from the list of species permitted for offshore aquaculture in the Gulf of Mexico. SSA successfully argued that the presence of shrimp aquaculture in the EEZ would harm the U.S. shrimp fishery and the U.S. shrimp stocks. We would like to thank the Gulf Council for removing shrimp aquaculture from the management plan.

#### **NMFS: Estimated Shrimp Effort Down 88%**

In an update to the Gulf Council, the National Marine Fisheries Service presented the preliminary estimates on shrimp effort for the first two trimesters of 2007. The initial data show shrimp effort to be down 85-88 percent compared to the base year average of 2001-2003. This estimate suggests that the shrimp industry may achieve the 74 percent reduction in red snapper bycatch mortality required under Amendment 27/14 without the need for additional time area closures; however, a definitive analysis will not be available until early 2008 after all of the effort data has been collected.

#### **Gulf Council Elects New Leadership**

Elections for chairman and vice-chairman of the Gulf Council were held in Biloxi, Miss. on Nov 1, 2007. Dr. Tom McIlwain, a fishery biologist at the Gulf Coast Research Lab from Ocean Springs, Miss., will be the new chairman. McIlwain has been a strong supporter of SSA initiatives. For example, he was the council member that introduced the exemption of shrimp from the Generic Amendment on aquaculture.

Dr. Bob Shipp, a fishery biologist of Mobile, Ala., is the new vice-chairman. He has provided consulting services to the Coastal Conservation Association of Alabama according to his 2007 financial disclosure statement. We look forward to working with both Chairman McIlwain and Vice-Chairman Shipp.

### **Fisheries Ecosystem Plan Delayed for Comment**

Last month, SSA informed you of our concerns that the South Atlantic Fisheries Management Council (SAFMC) was advancing an omnibus Fisheries Ecosystem Plan (FEP) before it had the information needed to develop management options. SSA objected to the speed of the proposed public hearings, which were to occur before the end of 2007.

SSA is please to announce that the SAFMC has revised its schedule by six months. The public hearings on FEP are now scheduled for May/June 2008. The new process allows the Advisory Panel to obtain the VMS data for the rock shrimp fishery that is needed to develop management options and provides an opportunity for the shrimp industry to provide comment.

SSA remains concerned by the draft FEP's proposal to establish specific "allowable trawl areas" that could prohibit the rock and royal red shrimp fisheries from operating outside of these yet-to-be-defined areas. The Deepwater Shrimp Advisory Panel is scheduled to discuss these issues in Cape Canaveral, Fla. on January 27-29, 2008. SSA will be in attendance as John Williams, SSA Executive Director, is a member of the Deepwater AP

### **New Federal Moratorium Permit**

Shrimp fishermen are required to hold a moratorium permit in order to fish in federal waters (EEZ) for the next 10 years. The deadline for applying to receive a moratorium permit was October 26. Although a number of permits are still being processed at this time, NMFS

projects that the final number of moratorium permits issued will be approximately 1,941. Federal regulations require these new permits be onboard vessels fishing for Gulf of Mexico shrimp in federal waters beginning on March 26, 2007. Current federal open-access shrimp permits are valid to the expiration date printed on the permit or March 25, 2007, whichever comes first.

For frequently asked questions on Shrimp Amendment 13 and the moratorium permits, please visit:  
<http://sero.nmfs.noaa.gov/sf/shrimp/shrimp13faqs.htm>

## **MEMBERSHIP UPDATE**

### **Welcome to New Members**

In October, SSA began a new membership year. We would like to thank existing members for continuing their commitment to the SSA and to welcome our new members. Of the forms that have been received, the largest percentages of new members are from Texas and Louisiana, respectively.

SSA members make up a national voice that represents the U.S. shrimp industry in trade actions, before regulatory agencies, and on a wide variety of national and regional policy issues that affect our businesses. By actively participating through your membership, you help SSA create a better future for the shrimp industry. Please stay involved by reading monthly newsletters and breaking news updates, and attending dockside visits or Board meetings. Comments are always welcome and can be directed to your state representative or Executive Director John Williams at 727.934.5090.

For members that have not done so already, it is time to renew your SSA membership for October 1, 2007 through September 31, 2008. Applications are being mailed to current members. You can also find a renewal form on the [SSA website](http://shrimpalliance.com) at <http://shrimpalliance.com/Registration.htm>.

## **WASI UPDATE**

**Number of Approved Suppliers Passes 80**

Since WASI implemented the latest contract in June 2007, 81 companies have signed up to become Approved Suppliers of certified Wild American® shrimp. Representative of shrimpers, boat and dock owners, processors and packers, as well as distributors from all eight SSA member states, the WASI Approved Supplier list has more than doubled since the start of the program two years ago. WASI remains dedicated to supporting these suppliers by continuing to spread the word throughout the retail and restaurant community about the availability of sources for premium, domestic, wild-caught product.

### **Kimberly Chauvin in Business Week**

The Business Week SmallBiz Oct./Nov. 2007 issue features a story on the merits of running a small business producing goods in the United States. The story details the experiences of several small businesses and illustrates successful approaches for taking advantage of current consumer trends resulting from import scares and other market influences. These trends are a result of increased awareness of issues such as flawed import inspections, uninformed manufacturing practices, and unregulated product quality standards and are helping to differentiate American-made products from foreign competition. Kimberly Chauvin, shrimper and owner of Mariah Jade Shrimp Company in Louisiana, was the lead source for the article where she spoke about the positive effects she's witnessed in her own small business as a result in this increased consumer awareness.

### **SC Shrimpers Using BioDiesel**

Biodiesel is an alternative fuel that is becoming more readily available to boating consumers seeking options for their commercial and recreational fishing vessels. Although supply is still limited in certain areas, currently, there are at least two biodiesel plants located in every one of the SSA member states, with Texas leading the way with a total of 22 plants!

Recently, a handful of South Carolina shrimpers began testing the use of B100 (100% biodiesel) in their boats and were surprised and delighted to find it a safe, affordable, and more effective alternative to traditional petroleum-based diesel. Research has documented some of the benefits of biodiesel as it compares to traditional diesel: better lubricity which is better for the upkeep of an engine, less toxic emissions which improves air quality,

100% biodegradable which improves water quality, and, hey, it smells like French fries!

WASI would like to hear from other shrimpers about their experiences with biodiesel. Please contact Kara at 843.937.0002 or via email at [kara@wildamericanshrimp.com](mailto:kara@wildamericanshrimp.com).

### **Upcoming Media Coverage**

We've got exciting stories coming out soon, including Food + Wine featuring Tory McPhail and one of his certified Wild American® shrimp recipes in January 2008, and three articles in top magazines publishing in March 2008, including Atlantic Southeast Magazine (highlighting the Blessing of the Fleet events), Coastal Living Magazine (featuring shrimper Timmy Cheramie as a "Coastal Character") and Metropolitan Home (featuring certified Wild American® shrimp as a trend). And, don't forget to get your copy of the June 2008 issue of Southern Living where Timmy will once again take center stage in an in-depth article that explores everything from his life as an American shrimper to his favorite recipes.