



Southern Shrimp Alliance

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September 20, 2019

Ambassador Robert Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Docket No. USTR-2019-0015; Request for Comments Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Dear Ambassador Lighthizer,

On behalf of the membership of the Southern Shrimp Alliance, I am writing in support of the Office of the United States Trade Representative's (USTR) proposal to modify the action being taken in this Section 301 investigation to increase the rate of additional duty from 25 percent to 30 percent on the products currently subject to tariff actions first taken in June, August, and September 2018, including imports of Chinese-origin aquacultured seafood.

The Southern Shrimp Alliance is an organization of shrimp fishermen, farmers, processors, unloading docks, and associated shoreside businesses in the coastal states of North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, and Texas. Currently, the U.S. shrimp industry supports thousands of small and medium-sized family-run enterprises and is a vital contributor to the economies in many communities. As an organization, the Southern Shrimp Alliance is committed to enhancing the long-term viability of one of the nation's most valuable commercial fisheries and delivering a healthy, wholesome food product to the American public.

In the September 3, 2019 *Federal Register* notice, the USTR explains that the proposed modification follows "China's subsequent defensive actions taken to maintain . . . unfair acts, policies, and practices" as previously identified in the investigation.¹ The notice additionally reports that not only has China imposed retaliatory tariffs on goods exported from the United

¹ See China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 84 Fed. Reg. 46,212 (U.S. Trade Representative Sept. 3, 2019) (Request for Comment Concerning Proposed Modification of Action Pursuant to Section 301).

States to China, but that “China has further taken or threatened to take additional countermeasures, including non-tariff measures, against commerce of the United States.”² The Southern Shrimp Alliance fully supports the Administration’s continued efforts to address and remedy China’s unfair acts, policies, and practices. The Southern Shrimp Alliance believes that the Administration should utilize any and all tools available under law to eliminate the acts, policies, and practices identified in the investigation that are harming the U.S. economy.

These comments are submitted to describe and document the beneficial impact that the Section 301 tariffs have had on the U.S. seafood market and to explain how an additional increase in the Section 301 tariff rate could further benefit U.S. consumers.

With the imposition of the Section 301 tariffs, the value of Chinese aquacultured seafood imported into the United States has declined by 32 percent this year as compared to last year. In result, over the first seven months of this year, roughly \$150 million less in farmed seafood has been imported from China than over the same period in 2018:



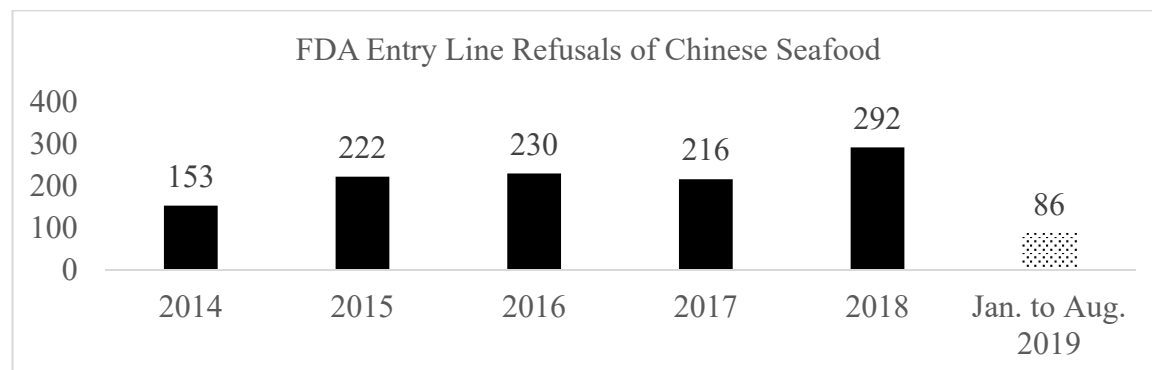
Over \$100 million of this decline is accounted for by a steep drop in the value of shrimp imported from China over the same time period:



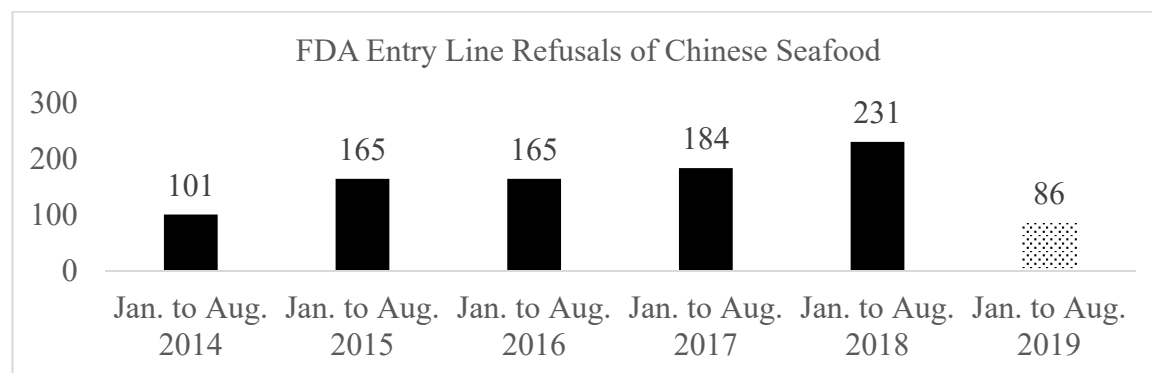
As imports of Chinese farmed seafood have declined, so to have the number of entry lines of Chinese seafood refused by the U.S. Food and Drug Administration (FDA). For as long as

² *Id.*

these reports have been publicly available, the FDA's Import Refusal Report (IRR) has documented a large number of refusals of Chinese seafood for a wide variety of reasons. Prior to this year, these reported refusals had been increasing in frequency over the last five years:



On an annualized basis, the FDA's refusals of Chinese seafood entry lines so far in 2019 may be estimated to reach 129 this year, lower than they were in 2014. But the decline in the FDA's reported Chinese seafood entry line refusals is even more impressive in the context of an apples-to-apples comparison of refusals over the first eight months of each of the last six years:



As such, the FDA's reporting indicates that there has been a significant and substantial decline in the amount of Chinese seafood being turned away at the border following the imposition of Section 301 tariffs. While simply one datapoint, this information supports the belief that U.S. seafood importers source questionable seafood products from China because of its availability at low prices. The imposition of significant tariffs appears to undermine the appeal of this competitive strategy and, in consequence, reduces the pressure on the FDA to prevent unsafe Chinese seafood from reaching American consumers.

As the Southern Shrimp Alliance has previously argued, we believe that the inclusion of goods produced through Chinese aquaculture in any Section 301 action *benefits* American consumers. The indiscriminate and unregulated use of antibiotics in aquaculture poses a significant health and safety risk to American consumers and, because of the spread of antimicrobial resistant pathogens, to the public at large. Most major aquaculture producing countries have undertaken substantial steps to eradicate the use of antibiotics. On the other hand, a small

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number of countries, including China, have declined to take similar measures and have enjoyed unfair (and deeply unethical) competitive advantages over responsible aquaculture producers. In fact, no country has a worse record regarding the presence of banned antibiotics in their seafood shipments to the United States than China. As the Southern Shrimp Alliance has explained in prior submissions to the USTR, in the sixteen years spanning 2002 through 2017, seafood from China – on its own – accounted for fully 42 percent (1,310 of 3,114) of the total amount of seafood entry lines refused by the FDA for veterinary drug residues.

Yet, although there has been a significant decline in Chinese aquacultured seafood imports into the United States overall, U.S. seafood importers have actually *increased* imports of certain types of Chinese farmed seafood despite the imposition of Section 301 tariffs at a 25 percent rate. For example, while the Louisiana Crawfish Farmers Association reports that “[c]hloramphenicol, an antibiotic found in food substances by the U.S. Food and Drug Administration, is often found in imported Chinese crawfish,”³ the value of imports of Chinese crawfish under the Harmonized Tariff Schedule of the United States (HTSUS) code 1605.40.1090 has increased by over 300 percent this year, growing from \$1.7 million in the first seven months of 2018 to \$7.0 million through July this year. Moreover, while the FDA has historically found significant incidents of the presence of banned antibiotics in imports of eels from China, the value of such imports has grown by 35 percent this year, an increase of almost \$10.8 million.

An increase in the Section 301 tariff rate on Chinese aquacultured seafood to 30 percent will make these products even less attractive to U.S. seafood importers and further incentivize changes in sourcing strategies to obtain seafood from aquaculture producing countries that have made progress in eliminating the use of antibiotics in seafood production. Accordingly, the Southern Shrimp Alliance fully supports the USTR’s proposal and is grateful for the positive impact that the Section 301 tariffs have had on the market for seafood in the United States thus far.

Thank you for your consideration of this request. I am available to address any questions you might have regarding this correspondence.

Sincerely,



John Williams
Executive Director

cc: Senator John Kennedy, Member, Committee on Appropriations

³ See Louisiana Crawfish Promotion and Research Board, “Ask Before You Eat,” <http://www.crawfish.org/ask.html> (last visited September 17, 2019).