



## Southern Shrimp Alliance

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December 7, 2023

The Honorable Jason Smith  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

**Re:** Innovation and Development in Ecuador Act of 2023

Dear Chairman Smith and Ranking Member Neal:

On behalf of the Southern Shrimp Alliance, I am writing to express the U.S. shrimp industry's strong opposition to the *Innovation and Development in Ecuador Act of 2023*, H.R. 6414. This year has been one of the worst ever endured by the thousands of U.S. commercial fishermen that shrimp the waters of the Gulf of Mexico and South Atlantic. All across our southern coastline, boats are tied up, communities have lost substantial income, and families gather for the Christmas season doubtful that they will be able to fish in 2024.

Shrimpers are not working because the U.S. market has been overwhelmed by imports. A record amount of foreign frozen, warmwater shrimp entered the United States in 2021, totaling 1.8 billion pounds valued at \$7.5 billion. These imports filled cold storage inventory throughout the country, with supply far outstripping demand for shrimp. With freezers full, the domestic shrimp industry has struggled to find buyers for our catch.

While American shrimpers have been put out of work, Ecuadorian shrimp continues to flood this market. According to the U.S. Department of Commerce, the volume of shrimp imported into the United States from Ecuador has increased by 58.4 percent over the last three years, from 120.8 million kilograms in 2020 to 191.3 million kilograms in 2022, while the value of these imports has exploded from \$751.3 million in 2020 to \$1.4 billion in 2022.<sup>1</sup> Behind only petroleum, shrimp is the second most significant commodity exported from Ecuador to the United

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<sup>1</sup> U.S. Department of Commerce, *Commerce Initiates Antidumping and Countervailing Duty Investigations of Frozen Warmwater Shrimp from Ecuador, India, Indonesia, and the Socialist Republic of Vietnam* (Nov. 15, 2023), <https://www.trade.gov/initiation-ad-and-cvd-investigations-frozen-warmwater-shrimp-multiple-countries>.

States. Last year, imports of frozen warmwater shrimp (HTSUS codes 0306.17 and 1605.21), on their own, comprised 14.7 percent of the total value of *all* imports from Ecuador into the United States.

The onslaught of Ecuadorian shrimp is not market-driven and, in result, the U.S. shrimp industry has been forced to undertake the expensive and time-consuming process of pursuing trade relief against government-subsidized and dumped shrimp from Ecuador. Following petitions for trade relief filed by the American Shrimp Processors Association in October, the Administration formally initiated antidumping and countervailing duty investigations of Ecuadorian shrimp last month. Under this cumbersome process, the domestic shrimp industry is unlikely to see any tangible response to these unfairly-traded imports until the second quarter of 2024.

Beyond shrimp, Ecuador has massively increased its presence in the U.S. market over the last several years. The total value of our country's imports of goods from Ecuador has increased by 64.8 percent over the last three years, from \$6.2 billion in 2020 to \$10.2 billion in 2022. The massive increase in Ecuador's exports to the United States has significantly contributed to this country's expanding trade deficit and has adversely impacted U.S. industries beyond our commercial shrimpers. Indeed, just a few weeks before the Administration initiated unfair trade investigations of Ecuadorian shrimp, it also initiated an antidumping duty investigation of imports of aluminum extrusions from Ecuador. Per the U.S. Department of Commerce, these imports had grown from 11.8 million kilograms in 2020 to 17.5 million kilograms in 2022, with their value more than doubling over the same time period, from \$36.7 million to \$82.4 million.<sup>2</sup>

Nevertheless, despite the huge growth in this country's imports of merchandise from Ecuador and the disruption this has caused to U.S. industries, Congress is currently considering legislation that would extend free-trade benefits to Ecuador as a beneficiary of the Caribbean Basin Trade Partnership Act (CBTPA), pursuant to the *Caribbean Basin Economic Recovery Act* (19 U.S.C. § 2703(b)(5)(B)). This proposed legislation, introduced as the *Innovation and Development in Ecuador Act of 2023*, H.R. 6414, would reward Ecuadorian industries for their predatory trade practices.

Moreover, as exemplified by the current investigation of unfairly-traded aluminum extrusions from Ecuador, such benefits would provide another avenue for Chinese-origin goods, as well as goods produced by Chinese-owned companies, to enter the United States under preferential treatment. With respect to shrimp, the unrelenting race to the bottom means that shrimp farmed and harvested in Ecuador is shipped to processing plants in Liaoning – a Chinese province where the seafood industry has been tied to the prevalent use of North Korean labor – before being imported into the United States as a product of Ecuador. This type of convoluted supply chain cannot be what Congress is seeking to encourage and further expand.

American shrimpers have confronted the harm caused by Ecuadorian shrimp imports this year without any federal assistance. In spite of requests from across the country, the

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<sup>2</sup> U.S. Department of Commerce, *Commerce Initiates Antidumping and Countervailing Duty Investigations of Aluminum Extrusions from Fifteen Trading Partners* (Oct. 25, 2023), <https://www.trade.gov/initiation-ad-and-cvd-investigations-aluminum-extrusions-multiple-countries>.

December 7, 2023

Page 3

Administration has refused to declare a fishery resource disaster due to the deluge of shrimp imports,<sup>3</sup> making even the meager benefits potentially available under that program inaccessible. At the same time, shrimpers are painfully aware that the Ecuadorian shrimp industry has been heavily supported by U.S.-taxpayer funds through international financial institutions, including the International Finance Corporation.<sup>4</sup> Beyond creating overcapacity for shrimp aquaculture production, this subsidization has facilitated the further deforestation of mangroves in Ecuador through the expansion of shrimp farms. And, yet, although fishermen operate under heavy regulations intended to minimize our impact on surrounding ecosystems, the environmental devastation caused by Ecuadorian shrimp farms is being unwittingly financially supported by American consumers.

In these circumstances, prioritizing further benefits for our foreign competitors while shrimp fishermen are struggling to survive a flood of unfairly-traded imports is deeply unsettling. Rewarding Ecuador for its role in putting hundreds of American small family-run firms out of business is simply wrong. Accordingly, we ask that Congress make clear that by aggressively attacking this market with unfairly-traded shrimp, Ecuador has demonstrated that it does not warrant preferential treatment under the CBTPA.

Thank you for your consideration of the Southern Shrimp Alliance's views regarding H.R. 6414, as imports of Ecuadorian shrimp have directly harmed the economic health of our fishermen, and the local communities in which they live.

Sincerely,

A handwritten signature in black ink, appearing to read "John Williams". The signature is fluid and cursive, written in a professional style.

John Williams  
Executive Director

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<sup>3</sup> Letter from Janet Coit, Assistant Administrator for Fisheries, NOAA Fisheries to the Honorable John Bel Edwards, Governor of Louisiana (Nov. 2, 2023) (“the decision not to fish (i.e., not to access the resource) is based on economic factors, rather than inaccessibility of the resource, the allowable cause criteria for a fishery resource disaster are not satisfied.”).

<sup>4</sup> Southern Shrimp Alliance, *A Crisis of Our Own Making* (Aug. 2023), <https://shrimpalliance.com/southern-shrimp-alliance-report-details-how-international-development-funding-has-crashed-the-world-shrimp-market/>.