

April 15, 2026

*Submitted via <https://comments.ustr.gov/s/>.*

Ambassador Jamieson Greer  
United States Trade Representative  
Office of the United States Trade Representative  
Executive Office of the President  
600 17th Street, NW  
Washington, DC 20508

**Re: Docket No. USTR-2026-0067: Comments Regarding Section 301  
Investigation: Acts, Policies, and Practices of Certain Economies Relating to  
Structural Excess Capacity and Production in Manufacturing Sectors**

Dear Ambassador Greer:

The American Shrimp Processors Association and the Southern Shrimp Alliance respectfully submit to the Section 301 Committee the following comments regarding the acts, policies, and practices of the People’s Republic of China (“PRC”), Ecuador, India, Indonesia, Vietnam, and Thailand relating to structural excess capacity and production in the processed food manufacturing and aquaculture sectors.<sup>1</sup> These acts, policies, and practices are unreasonable within the meaning of Section 301 because they suppress market signals, sustain uneconomic production, and burden U.S. commerce. These comments are submitted in accordance with the instructions and deadline specified in the *Federal Register* notice.<sup>2</sup>

As discussed in detail below, American shrimpers and shrimp processing companies are forced to compete for sales in the U.S. market against foreign seafood supply chains that have been distorted by substantial overcapacity in both seafood processing and aquaculture production. The current circumstances have been shaped in large part by the Chinese Communist Party (“CCP”), which, through direct financial subsidies and a myriad of other acts, policies, and practices, has constructed and sustained a massive seafood processing sector supported by the country’s aquaculture production, distant-water fishing (“DWF”) fleet, and imports.

Excess seafood processing capacity in China has spurred surplus production of commonly exported seafood products, causing over-harvesting of wild-caught species and encouraging irrational investment in aquaculture, such that global production substantially exceeds world demand. Chinese excess capacity in seafood processing has played a significant role in the development of shrimp aquaculture in Ecuador, India, Indonesia, Vietnam, and Thailand. China’s dominance in the global seafood market due to its role as a processing hub for

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<sup>1</sup> *Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors*, 91 Fed. Reg. 12,886 (USTR Mar. 17, 2026) (“*Request for Comments*”).

<sup>2</sup> *Id.* at 12,891 (“USTR must receive written comments by 11:59 p.m. EST on April 15, 2026.”).

internationally sourced seafood has led to these countries attempting to follow suit, bolstered by non-market-based support from international financial institutions.

Specifically, in recent years, international financial institutions have funneled hundreds of millions of dollars into the seafood aquaculture industries of Ecuador, India, Indonesia, Vietnam, and Thailand with a particular emphasis on shrimp aquaculture.<sup>3</sup> This funding has occurred despite the significant and growing overcapacity in global shrimp supplies and allowed recipient countries to ignore basic economic realities. For example, global farmed shrimp production grew significantly between 2015 and 2025, from an estimated 2 million metric tons to an estimated 6.1 million metric tons.<sup>4</sup> Over the same period, the global benchmark price for shrimp fell significantly. In August 2015, which was the year's lowest non-inflation adjusted global benchmark price, the price was \$7.69 per kilogram.<sup>5</sup> In February 2025, which was the year's highest non-inflation adjusted global benchmark price, the price was \$7.39 per kilogram.<sup>6</sup> Inflated to February 2026 dollars, these prices equate to \$10.54 and \$7.57 respectively.<sup>7</sup> Thus, even as inflation-adjusted prices declined by more than twenty-five percent, global shrimp production more than tripled. Much of this production was export-oriented, further contributing to global oversupply and the displacement of U.S. production in the domestic market.<sup>8</sup>

## I. China

The notice of initiation of these investigations provides an overview of the evidence of structural excess capacity and production in China:

China's global goods trade surplus exceeded \$1.2 trillion in 2025, a record high, and accounted for nearly 70 percent of global goods trade surpluses. In 2024, China's global goods trade surplus was \$993 billion. By volume,

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<sup>3</sup> See Southern Shrimp Alliance, *U.S. Role in Shrimp Oversupply Crisis is an America Last Agenda* (Feb. 4, 2025), <https://shrimppalliance.com/u-s-role-in-shrimp-oversupply-crisis-is-an-america-last-agenda/>.

<sup>4</sup> See FAO Globefish, *Shrimp – February 2016*, Food and Agriculture Organization of the United Nations (Feb. 15, 2016) (estimating farmed shrimp production as reaching 2 million tons in 2015), <https://www.fao.org/in-action/globefish/news-events/news/news-detail/Shrimp---February-2016/en>; Felipe Peroni, *Global shrimp output set to increase 2% in 2025: Rabobank*, S&P Global (Jan. 15, 2025) (citing survey data calculating global shrimp aquaculture production as reaching 6.1 million metric tons), <https://www.spglobal.com/energy/en/news-research/latest-news/agriculture/011525-global-shrimp-output-set-to-increase-2-in-2025-rabobank>.

<sup>5</sup> See Federal Reserve Bank of St. Louis, *Global Price of Shrimp* (Mar. 24, 2026), <https://fred.stlouisfed.org/series/PSHRIUSDM> (last accessed Apr. 7, 2026, 1:56 PM).

<sup>6</sup> See *id.*

<sup>7</sup> See U.S. Bureau of Labor Statistics, *CPI Inflation Calculator*, [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm) (last accessed Apr. 7, 2026, 1:58 PM).

<sup>8</sup> See Globefish, *Globefish Quarterly Shrimp Analysis – February 2026*, at 2-4 (Feb. 2026), <https://openknowledge.fao.org/server/api/core/bitstreams/31e90c94-3b56-47b7-b7ea-a612e72dbdd0/content> (highlighting that “global shrimp exports totalled [sic] 2.93 million tonnes in quantity and USD 21.62 billion in value during January–September 2025” which are “higher by 4.5 percent in quantity and 12 percent in value, year-on-year”).

China's trade surplus meaningfully expanded—with net export volumes increasing to the highest recorded levels amid a decline in China's export prices. China's bilateral goods trade surplus with the United States was the largest of any U.S. trading partner in 2024, at \$361 billion in 2024. Additionally, China's data transparency is limited, and available data contains statistical anomalies that may suggest an even higher surplus. Overall, China's capacity utilization rate is 74.4 percent in 2025, which is down from 75 percent in 2024.

China maintains a global goods trade surplus across its economy, led by exports in sectors such as electronic equipment, machinery, automobiles and auto parts, plastics, furniture, articles of iron or steel, apparel, organic chemicals, toys and sporting goods, optical, photo, technical, and medical apparatus, iron and steel, footwear, ships and vessels, aluminum, and many others. Evidence suggests that China's goods trade surplus is driven by increasing excess manufacturing capacity and production in numerous sectors. In some of these sectors, Chinese excess capacity has driven global overcapacity.<sup>9</sup>

The initiation notice therefore identifies China's trade surpluses as impacting a wide range of economic sectors. Although not specifically mentioned with respect to China, the USTR's initiation notice includes "processed food and beverages" in its "illustrative list of sectors plagued by excess capacity and production"<sup>10</sup> and, in discussing other countries, highlights seafood export trends as evidence of structural excess capacity and production.<sup>11</sup> The U.S. government recognizes that China has developed excess manufacturing capacity and production in the seafood processing sector.<sup>12</sup> By building up processing capacity well in excess of domestic demand, the Chinese government has encouraged the overharvesting of seafood both in China and throughout the world, pillaging wild-caught fisheries and proliferating aquaculture.

Notably, the U.S. International Trade Commission has observed:

China is the largest global producer of seafood, by both wild capture and aquaculture production. As China is also the world's largest consumer of seafood, most Chinese capture and aquaculture production is consumed domestically. However, China is also the largest exporter of seafood to the world, particularly of processed products (e.g., frozen seafood and fillets), as it is a major processing hub for seafood. China's processors import a

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<sup>9</sup> *Request for Comments* at 12,888.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 12,889 ("Norway's seafood exports hit a record high in 2025, with Norwegian companies exporting 2.8 million metric tons of seafood worth \$18 billion, representing a 4 percent increase from 2024.").

<sup>12</sup> See U.S. International Trade Commission, *Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries*, Inv. No. 332-TA-575, USITC Pub. No. 5168, at 16 (Feb. 2021), <https://www.usitc.gov/publications/332/pub5168.pdf>.

large amount of seafood from multiple countries, and most processed products are re-exported to third-country markets.<sup>13</sup>

As discussed below, China's seafood processing sector reflects these dynamics, with structural excess capacity created and sustained through government acts, policies, and practices, prioritizing export-oriented processing and global supply chains, and resulting in significant harm to the U.S. shrimp industry and distortions in global markets.

#### **A. China's Development and Scale of Excess Capacity in Seafood Processing**

A January 2026 report ("*China's Global Fishing Offensive – China in Our Backyard: Volume I*") issued by the Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party and the Homeland Security Subcommittee on Transportation and Maritime Security describes in detail how China became "the world's largest seafood exporter with \$18.5 billion in annual trade."<sup>14</sup> As the *Select Committee Seafood Report* emphasizes, this status was built on "forced labor" practices and "subsidy-driven overcapacity."<sup>15</sup> While much attention has been focused on the country's DWF fleet,<sup>16</sup> estimated as being comprised of between 2,000 and 16,000 vessels,<sup>17</sup> the foundation for China's dominance in the global market for seafood is its processing sector, which captures the highest-value segment of the supply chain:

The real money in seafood is made not at sea but onshore – when whole fish become fillets, surimi, or canned products that multiply their value severalfold. A pollock that sells for \$350 a ton at the dock is worth up to \$3,000 once processed and packaged. Control of processing means control of value, market access, and ultimately, global price.<sup>18</sup>

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<sup>13</sup> *Id.*

<sup>14</sup> Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party and the Homeland Security Subcommittee on Transportation and Maritime Security, Majority Staff Report, *China's Global Fishing Offensive – China in Our Backyard: Volume I*, at 1 (Jan. 2026) ("*Select Committee Seafood Report*"), <https://chinaselectcommittee.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/final-china-s-global-fishing-offensive-compressed-1.pdf>.

<sup>15</sup> *Id.* at 2.

<sup>16</sup> DWF fleets operate outside their own countries' exclusive economic zones. DWF fleets are frequently linked to illegal, unreported, and unregulated ("IUU") fishing, forced labor, and other human rights violations. The PRC's DWF fleet is one of the largest in the world. See U.S. House of Representatives Select Committee on China, *China's Fishing Offensive: How China's Fishing Fleet Monopolizes Food Around the World* (Jan. 15, 2026), <https://chinaselectcommittee.house.gov/media/press-releases/china-s-fishing-offensive-how-china-s-fishing-fleet-monopolizes-food-around-the-world> ("The CCP commands the world's largest fishing armada like a military force, using it to strip resources from nations, exploit forced labor, destroy marine ecosystems, and dominate global seafood supply chains.").

<sup>17</sup> See *Select Committee Seafood Report* at 1.

<sup>18</sup> *Id.* at 29.

China's seafood processing capacity was first constructed around the massive increase in shrimp aquaculture production in the country during the 1980s and chronic overfishing of the nation's coastal waters.<sup>19</sup> When disease ravaged Chinese shrimp farms and commercial fishery stocks collapsed in the 1990s, "[p]rocessing plants stood empty, their workers and equipment waiting for fish that no longer came."<sup>20</sup> Rather than allowing this excess capacity to contract, China reoriented its seafood processing sector toward the processing of imported raw materials. Seafood processing plants in the northern coastal provinces of Shandong and Liaoning began processing fish landed by Russian vessels following the collapse of the Soviet Union.<sup>21</sup>

Thereafter, the Chinese government undertook active steps to solidify the country as a processing hub for foreign seafood:

Beijing formalized this trade through bonded zones that waived tariffs on fish imported for re-export, locking in the PRC's role as the processor of choice for Russian and foreign fleets alike.<sup>22</sup>

These policies enabled China to decouple processing capacity from domestic resource constraints and anchor an import-dependent, export-oriented processing system.

Over a relatively short period of time, China began to dominate global seafood processing, with cost advantages that make it incredibly difficult for American seafood producers to compete:

By 2006, the PRC's seafood exports had grown tenfold, from 300 thousand tons in 1989 to nearly three million tons today. Its processors supplied 38 percent of Europe's frozen whitefish, 46 percent of plaice, and 22 percent of salmon. As of 2025, the PRC processes roughly 35-40 percent of the world's seafood – about 30 million metric tons a year – and remains 20-25 percent cheaper than U.S. processors even after new tariffs.<sup>23</sup>

The current size and scope of the seafood processing sector in China reflects the extent of this capacity, as the nation features "an oversized processing sector with 9,433 facilities and 30.2 million metric tons of annual capacity – far exceeding domestic needs."<sup>24</sup> Because domestic production is insufficient to support this level of capacity, China relies extensively on

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<sup>19</sup> *See id.* ("When Beijing dismantled its state-run fisheries in 1985, shrimp farming exploded overnight, expanding two hundredfold by 1990.").

<sup>20</sup> *Id.*

<sup>21</sup> *See id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 30 (footnote omitted).

imported seafood inputs to sustain processing operations. In fact, “[a]pproximately 75 percent of seafood imports are processed and re-exported,” as opposed to being consumed in China.<sup>25</sup>

## **B. PRC Acts, Policies, and Practices Driving Structural Excess Capacity**

As the *Select Committee Seafood Report* emphasizes, China’s seafood sector is a “deliberate instrument” of state policy that integrates subsidies, fishing fleets, processing facilities, and global supply chains into a unified system.<sup>26</sup> This system is intentionally designed to expand capacity, control processing, and ultimately influence global seafood markets. As a result, the scale of China’s seafood processing capacity is the product of coordinated state intervention across multiple inputs and stages of production.<sup>27</sup> These acts, policies, and practices reflect non-market forces that create and sustain structural excess capacity irrespective of market demand.

State subsidization is the primary mechanism through which China has created and sustained excess capacity in its seafood processing sector. As the *Select Committee Seafood Report* finds, China operates a more than “\$7.2 billion annual subsidy regime” supporting its fisheries sector, far exceeding that of any other country.<sup>28</sup> These policies allow Chinese processors “to operate at artificially low price points that unsubsidized competitors cannot match” as the PRC’s subsidization practices “eliminate normal profit constraints, so Chinese processing capacity never contracts even when vastly exceeding demand.”<sup>29</sup> These subsidies ensure that capacity continues to expand and remain in operation even where it would otherwise be economically unsustainable.

A report from the China Ocean Institute provides detailed information about direct and indirect fisheries subsidies offered by China.<sup>30</sup> Despite the increasing lack of transparency in China’s reporting of subsidies, it was estimated that China’s capture fisheries received subsidies in excess of US\$4 billion in 2019. Another US\$1 billion in subsidies went towards construction of aquaculture infrastructure. These aquaculture subsidies are designed to help reach the State Council’s goal of expanding China’s “healthy-aquaculture demonstration areas.”<sup>31</sup> China’s fisheries are also supported through low-interest, long-term loans issued by China’s policy banks – state-owned, state-funded banks under the control of the State Council.<sup>32</sup> These loans increase access to inexpensive capital and encourage overinvestment. According to the U.S. Food and

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<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at 1.

<sup>27</sup> *Id.* at 2 (noting “subsidy-driven overcapacity” and “forced labor” practices).

<sup>28</sup> *Id.* at 1, 5.

<sup>29</sup> *Id.* at 30.

<sup>30</sup> See China Ocean Institute, *China’s Financing and Subsidization of Capture Fisheries at Home and Abroad* (2021), <https://oceana.org/wp-content/uploads/sites/18/Final-China-Fisheries-Subsidies-October-2021.pdf>.

<sup>31</sup> *Id.* at 21-22.

<sup>32</sup> See *id.* at 50-52.

Drug Administration, China accounted for 56.7 percent of global aquatic animal production through aquaculture in 2020.<sup>33</sup>

The Chinese government has also actively implemented policies to support the expansion of seafood production to supply and sustain its subsidized processing capacity, both through commercial fishing vessels and through aquaculture, to levels well-above domestic absorption. For example, a 2022 report by the Congressional Research Service (“CRS”) details the “financial and policy support” provided by the government to the country’s DWF fleet.<sup>34</sup> As the CRS Report observes, absent these subsidies, it would be unprofitable for Chinese vessel operators to engage in certain types of distant-water fishing.<sup>35</sup>

The Chinese government’s focus on promoting seafood production has resulted in the proliferation of overfishing, environmental degradation, and forced labor. A journal article published in *Science Advances* associated one-third of all fisheries-related offenses to vessels originating in China.<sup>36</sup> Even more troubling is the fact that some of these fisheries-related offenses, which include illegal fishing, human rights abuses, and smuggling, have been attributed to vessels owned by government-controlled companies.<sup>37</sup>

Illegal, unreported, and unregulated (“IUU”) fishing practices expand available supply and enable China to sustain processing capacity beyond lawful resource constraints. Because of the sheer size of the Chinese seafood processing sector, the U.S. International Trade Commission identified China as the

largest source of IUU seafood imports, even though the estimated share of its imports sourced from IUU fishing is not the highest. This is largely because China is the world’s largest seafood producer, owing to both its own enormous commercial fishing industry and its massive seafood processing sector, which uses imported inputs from many countries’ fishing fleets.<sup>38</sup>

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<sup>33</sup> U.S. Food and Drug Administration, Import Alert 16-131, “Detention Without Physical Examination of Aquacultured, Shrimp, Dace, and Eel from China and Hong Kong SAR – Presence of New Animal Drugs and/or Unsafe Food Additives” (Feb. 28, 2025), [https://www.accessdata.fda.gov/cms\\_ia/importalert\\_33.html](https://www.accessdata.fda.gov/cms_ia/importalert_33.html).

<sup>34</sup> See Congressional Research Service, *China’s Role in the Exploitation of Global Fisheries: Issues for Congress*, at 12-15 (2022), <https://crsreports.congress.gov/product/pdf/R/R47065> (noting that this support takes the form of direct subsidies, tax incentives, discounted insurance premiums, and discounts on loans used for fixed asset investment in fisheries or new aquaculture product development, among others).

<sup>35</sup> See *id.* at 12-13.

<sup>36</sup> See Dyhia Belhabib & Philippe Le Billon, *Fish Crimes in the Global Oceans*, 8 *Science Advances* 12 (2022), <https://www.science.org/doi/10.1126/sciadv.abj1927>.

<sup>37</sup> See *id.* at Table 3.

<sup>38</sup> U.S. International Trade Commission, *Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries*, Inv. No. 332-TA-575, USITC Pub. No. 5168, at 13-14 (Feb. 2021), <https://www.usitc.gov/publications/332/pub5168.pdf>.

The *Select Committee Seafood Report* similarly identifies China as the world’s leading offender of IUU fishing, with a fleet operating at global scale and contributing substantially to total fishing effort.<sup>39</sup> These practices operate outside normal regulatory and cost constraints, enabling additional volumes of seafood to enter global supply chains at artificially low costs.

Beyond direct government support through financial subsidies and its vast IUU fishing fleets, the Chinese government has promoted the country’s seafood processing sector through key input cost suppression policies. The *Select Committee Seafood Report* found that “[t]he PRC’s seafood processing dominance rests not on efficiency or innovation but on systematic cost suppression across every major input – labor, raw materials, energy, logistics, and compliance.”<sup>40</sup> The steps taken to artificially reduce labor wage expenses are particularly offensive:

To keep seafood processing costs the lowest in the world, Beijing eliminated the biggest expense in the value chain: labor. Since 2018, the Chinese government has forced Uyghur and other Muslim minorities into “labor transfer” programs – state-run initiatives that claim to fight poverty but in reality compel workers into assigned factory jobs – while North Korean overseas workers have also faced forced labor in the seafood processing industry.<sup>41</sup>

As observed in the *Select Committee Seafood Report*, the Outlaw Ocean Project found that in Shandong, “ten major processors received over a thousand Uyghur and other minority workers through government transfer programs,” with these transfers being traced to “eight major seafood groups” responsible for exporting “47,000 tons of seafood to U.S. buyers, with three factories alone producing 17 percent of all Chinese squid shipped to the U.S. over the last five years.”<sup>42</sup>

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<sup>39</sup> *Select Committee Seafood Report* at 9 (“Beijing now leads the world in illegal, unreported, and unregulated fishing.”)

<sup>40</sup> *Id.* at 31.

<sup>41</sup> *Id.* (footnotes omitted).

<sup>42</sup> *Id.* (footnotes omitted).

The eight seafood groups are: (1) Yantai Sanko; (2) Shandong Meijia; (3) the Chisan Group; (4) Qingdao Tianyuan; (5) Weihai Xinghe Food; (6) Rongsense; (7) Yantai Longwin; and Qingdao Lian Yang. *See id.* In January 2024, the Southern Shrimp Alliance specifically requested that each of these corporate groups be added to the *Entity List* maintained under the Uyghur Forced Labor Prevention Act (“UFLPA”). *See* Letter from the Southern Shrimp Alliance to the U.S. Department of Homeland Security (Jan. 29, 2024), <https://cdn.theoutlawocean.com/investigations/china/pdf/coverage/ssa-petition-uflpa-entity-list-cc-jan-29-2024.pdf>. However, to date, only one of these conglomerates – Shandong Meijia – has been added to the UFLPA’s *Entity List*. *See* Southern Shrimp Alliance, *Southern Shrimp Alliance Welcomes Federal Government Action Against Chinese Exporter of Argentinian Red Shrimp for Use of Forced Labor* (June 11, 2024), <https://shrimpalliance.com/southern-shrimp-alliance-welcomes-federal-government-action-against-chinese-exporter-of-argentinian-red-shrimp-for-use-of-forced-labor/>.

Despite these practices and China's substantial investment in the sector, government support for seafood production in China and by Chinese-flagged or operated vessels has been insufficient to support the full scope of the country's seafood processing capacity, necessitating the importation of raw materials to sustain processing operations.<sup>43</sup> Certain geographical regions concentrate on particular types of seafood, with "just two [Chinese] provinces – Shandong and Liaoning – receiv[ing] 98 percent of imported salmon and 92 percent of imported whitefish for processing."<sup>44</sup> "Dalian in Liaoning specializes in cod and pollock for U.S. markets, while Qingdao in Shandong handles salmon and whitefish for European buyers."<sup>45</sup>

Chinese seafood processors also import significant quantities of shrimp from foreign sources, both farm-raised (Ecuador, India, and Vietnam) and wild-caught (Argentina), with some of this shrimp ultimately being exported to the United States. Bills of lading associated with these shipments from Chinese seafood exporters will frequently denote the purported country-of-origin of the shrimp in the goods description field. This structure enables Chinese processors to compete in export markets using globally sourced inputs while maintaining control over processing and pricing. Moreover, the use of foreign shrimp as feedstock for Chinese seafood processing plant exports to the United States resulted in the FDA amending Import Alert 16-131 to encompass shipments of Chinese-origin shrimp and shrimp sourced from foreign countries:

The Office of Food Safety/Division of Seafood Safety (OFS/DSS) determined that if an aquacultured seafood product is sourced outside of China or Hong Kong SAR but processed in China or Hong Kong SAR for export into the United States, then the processor in China or Hong Kong SAR must demonstrate that adequate controls for unapproved drugs must be in place from aquaculture farming to final finished product processing.<sup>46</sup>

Taken together, subsidization, IUU fishing, forced labor, and import-dependent processing, among other policies and practices, operate as a coordinated system that creates and

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<sup>43</sup> See, e.g., *id.* at 16 ("China is the largest global producer of seafood, by both wild capture and aquaculture production. As China is also the world's largest consumer of seafood, most Chinese capture and aquaculture production is consumed domestically. However, China is also the largest exporter of seafood to the world, particularly of processed products (e.g., frozen seafood and fillets), as it is a major processing hub for seafood. China's processors import a large amount of seafood from multiple countries, and most processed products are re-exported to third-country markets.").

<sup>44</sup> *Id.* at 30.

<sup>45</sup> *Id.*

<sup>46</sup> U.S. Food and Drug Administration, Import Alert 16-131, "Detention Without Physical Examination of Aquacultured, Shrimp, Dace, and Eel from China and Hong Kong SAR – Presence of New Animal Drugs and/or Unsafe Food Additives" (Feb. 28, 2025), [https://www.accessdata.fda.gov/cms\\_ia/importalert\\_33.html](https://www.accessdata.fda.gov/cms_ia/importalert_33.html). See also *Select Committee Seafood Report at 44* ("FDA expanded Import Alert 16-131 to cover all aquaculture shrimp, dace, and eel from China and Hong Kong – including products merely processed there – requiring even seafood sourced outside China but processed there to prove full supply-chain traceability.") (footnote omitted).

sustains excess capacity that is disconnected from market demand and oriented toward export markets, including the United States.

### C. Effects of China's Excess Capacity on the U.S. Shrimp Industry

China's acts, policies, and practices and resultant excess capacity burden and restrict U.S. commerce in the seafood sector, including the domestic shrimp industry, by suppressing prices, displacing domestic production, and deterring investment.<sup>47</sup> These burdens are primarily indirect, operating through structural distortions in global supply chains that "make lawful U.S. production structurally uncompetitive,"<sup>48</sup> as direct exports of shrimp to the United States are constrained by existing trade remedies and tariffs.<sup>49</sup> Thus, China's influence in the U.S. market occurs through third-country supply chains and its role as a global processing hub.<sup>50</sup>

The *Select Committee Seafood Report* found that "state-directed overcapacity, forced-labor cost advantages, and centralized price suppression" have created market conditions in which "American processors could not survive or reinvest."<sup>51</sup> This finding reflects the nature of the burden on U.S. commerce, namely the erosion of commercially viable conditions for domestic processing and investment. The burden is demonstrated by the withdrawal of significant U.S. investment and the contraction of domestic processing capacity:

In May 2022, [an] American seafood company announced a \$300 million Alaska pollock processing facility – the largest American seafood investment in decades – calculating that stable dockside fish prices and superior U.S. technology could compete against foreign processors. The economics looked viable: the prices fishermen got paid at the dock – called exvessel prices – held steady at \$0.15 to \$0.19 per pound. American fillet production still exceeded Russia's, and U.S. facilities operated under the world's highest labor and environmental standards. Within eighteen months, it abandoned the project, destroyed by predatory pricing no lawful competitor could survive.<sup>52</sup>

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<sup>47</sup> *Select Committee Seafood Report* at 40 (highlighting the PRC's role as "a state-directed system that can manufacture overcapacity, suppress costs through coercive labor and subsidies" which in turn uses "coordinated pricing and processing chokepoints" to suppress U.S. investment).

<sup>48</sup> *Id.*

<sup>49</sup> American Shrimp Processors Association, *Increased Tariffs on Chinese Shrimp: What Is the Effect on Wild American Shrimp?* (May 12, 2019), <https://americanshrimp.com/increased-tariffs-on-chinese-shrimp-what-is-the-effect-on-wild-american-shrimp/> ("While 90-94% of the shrimp consumed in the U.S. is imported, unlike many products, China's share of the U.S. shrimp market is very small.") (internal quotations omitted).

<sup>50</sup> *Select Committee Seafood Report* at 40 ("Finding: China Manipulates Global Seafood Markets to Eliminate U.S. Processing Capacity and Entrench American Dependence").

<sup>51</sup> *Id.* at 40-41 (footnotes omitted).

<sup>52</sup> *Id.* (footnotes omitted).

These conditions are the result of coordinated state intervention that suppresses global seafood prices. The *Select Committee Seafood Report* explains that these outcomes are “deliberate and coordinated.”<sup>53</sup>

In February 2023, Russia’s fisheries chief Ilya Shestakov publicly admitted their fish pricing was not market-driven, stating that “fishermen’s costs are not directly reflected in the retail price of fish” because “they only form the cost basis, then market regulation takes over,” with the government deliberately calculating subsidy rates “so these taxes would not noticeably affect prices.”

China’s role as the dominant global seafood processing hub amplifies these distortions in the U.S. market. In particular, coordination between major seafood-producing nations and China’s processing sector reinforces non-market pricing dynamics:

[I]n March 2023, just as the company was moving forward, Russia and the PRC held their first post-COVID fisheries meeting, with the PRC making Russia its first foreign delegation and calling the relationship “a priority.” Russia unveiled an electronic system to speed seafood flows to the PRC and announced it was shifting from selling raw fish to sending it to Chinese processing facilities that would turn it into finished fillets, surimi, and canned goods – products that Beijing could then export to global markets at prices no American processor following normal labor and environmental rules could match.<sup>54</sup>

For the U.S. shrimp industry, these dynamics result in sustained downward pressure on prices, loss of market share, and reduced incentives for domestic production and processing.<sup>55</sup> U.S. producers must operate under market-based conditions, including higher labor, regulatory, and environmental compliance obligations, while competing against imports priced below economically sustainable levels. The cumulative effect is that China’s acts, policies, and practices are unreasonable and distort market conditions in a manner that burdens and restricts United States commerce, as domestic producers are unable to compete, expand, or make long-term investments under such distorted market conditions.

#### **D. Effects of China’s Excess Capacity on Global Seafood Markets**

China’s dominance as an international seafood processing hub has reshaped the global seafood market, directly impacting the ability of other seafood producing countries to compete in it. As demonstrated above, China’s state-directed system has created structural excess capacity

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<sup>53</sup> *Id.* (footnotes omitted).

<sup>54</sup> *Id.* (highlighting that following Chinese intervention, Russia experienced its “highest catch in 25 years” despite “knowing that it would collapse prices”) (footnotes omitted).

<sup>55</sup> *Id.* (“The [U.S.] company stated bluntly that ‘foreign supply chains with low regulatory standards and no meaningful oversight’ made continued investment impossible.”) (footnotes omitted).

“untethered from the incentives of domestic and global demand”<sup>56</sup> that is sustained through export-oriented processing. Heavy state subsidization and resultant price suppression “force[] foreign plant closures and channel[] increasing global seafood volumes through Chinese facilities.”<sup>57</sup> As noted above, “[c]ontrol of processing means control of value, market access, and ultimately, global price,”<sup>58</sup> and China’s ability to force global seafood flows through Chinese processing hubs underscores that its role extends beyond participating in global markets to structuring and sustaining them.<sup>59</sup>

The Chinese government’s quest for dominance in global seafood trade has reshaped global supply chains, fueling the expansion of seafood industries in other countries and their increased reliance on government support, international financial institution assistance, and other non-market mechanisms to sustain export-oriented production models. As described in detail below, China’s shadow has heavily influenced the development of the shrimp aquaculture and processing industries in Ecuador, India, Indonesia, Vietnam, and Thailand, with several of these countries now positioning themselves as major hubs for seafood processing of material sourced from other countries.<sup>60</sup> In fact, these five countries accounted for 93.3 percent of the total volume of shrimp imported into the United States last year.<sup>61</sup>

The country-specific evidence below demonstrates that, in response to the competitive conditions created by China’s excess capacity, these countries have developed export-oriented seafood industries characterized by structural excess capacity and reliance on external markets.

## II. Ecuador

The USTR’s initiation notice does not include Ecuador in the list of economies subject to investigation. However, Ecuador exhibits structural excess capacity in its seafood sector, as production and export levels significantly exceed domestic demand and are sustained through export-oriented supply chains. Indeed, as of 2025, Ecuador became the world’s largest shrimp

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<sup>56</sup> *Request for Comments* at 12,887.

<sup>57</sup> *Select Committee Seafood Report* at 30.

<sup>58</sup> *Id.* at 29-30.

<sup>59</sup> *Id.* at 30.

<sup>60</sup> *See, e.g.*, U.S. International Trade Commission, *Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries*, Inv. No. 332-TA-575, USITC Pub. No. 5168, at 31 (Feb. 2021), <https://www.usitc.gov/publications/332/pub5168.pdf> (“China is by far the largest fish processor, but other countries, such as Vietnam and Thailand, also process large fish volumes for producers around the world.”).

<sup>61</sup> The source for all official U.S. import data presented in this submission is the U.S. International Trade Commission’s *Dataweb* (<https://dataweb.usitc.gov/>). The six-digit headings of the Harmonized Tariff Schedule of the United States (HTSUS) encompassed for reporting of historic and current U.S. import data regarding all shrimp imports are: 030613, 030616, 030617, 030623, 030626, 030627, 030635, 030636, 030639, 030695, 160520, 160521, and 160529.

producer, with annual production of approximately 1.4 million tons, reflecting rapid expansion in output capacity relative to domestic consumption.<sup>62</sup>

Ecuador's seafood sector has developed in close connection with China-centered supply chains, and China has played a significant role in shaping the current structure of Ecuador's shrimp industry through its role as a major end-market and investor. In fact, China is Ecuador's single largest seafood export market. In 2024, Ecuador exported \$2.9 billion worth of seafood to China. The vast majority of those seafood exports consisted of shrimp.<sup>63</sup> In the same year, China accounted for approximately 54.2 percent of Ecuador's shrimp export volume, highlighting the central role of Chinese demand in absorbing Ecuadorian production.<sup>64</sup> Although the value of Ecuador's seafood shipments to China has declined in recent years, falling from \$4.3 billion in 2022 to \$3.9 billion in 2023 before declining another billion dollars in 2024, China remains a dominant destination for Ecuadorian shrimp. Chinese seafood producers have also invested directly in Ecuador's shrimp processing sector, further integrating Ecuadorian production into China-linked supply chains, with industry sources reporting that "[t]here are now four Chinese-funded factories in Ecuador."<sup>65</sup>

Chinese investment compounds the problem of overinvestment in the Ecuadorian shrimp aquaculture industry, much of which comes from international financial institutions. Since 2000, the Ecuadorian shrimp aquaculture industry has received almost \$200 million in direct-to-industry investment from institutions where the U.S. is a dues-paying member,<sup>66</sup> and the industry has received more than double that amount from other institutional sources.<sup>67</sup> These investments "fuel[ed] a staggering 150% increase in Ecuadorian shrimp exports to the U.S. in four years—

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<sup>62</sup> Asep Bulkini, *What can Indonesia learn from Ecuador's shrimp farming success?*, The Fish Site (Mar. 19, 2025), <https://thefishsite.com/articles/what-can-indonesia-learn-from-ecuadors-shrimp-farming-success>.

<sup>63</sup> See UN Comtrade (<https://comtradeplus.un.org/>). For imports and exports of total shrimp products, the following headings are used from the Harmonized Schedule: 0306.16; 0306.17; 0306.35; 0306.36; 0306.95; 1605.21; and 1605.29.

<sup>64</sup> See Christian Molinari, *Ecuador sees slight drop in 2024 shrimp exports, optimistic about 2025 growth*, Seafood Source (Mar. 6, 2025), <https://www.seafoodsource.com/news/supply-trade/ecuador-sees-slight-dip-in-2024-shrimp-exports-optimistic-about-2025-growth>.

<sup>65</sup> See Cliff White, *Xianmeilai's Ecuador Plant Continues to Struggle to Source Shrimp*, Undercurrent News (Mar. 19, 2026), <https://www.undercurrentnews.com/2026/03/19/xianmeilais-ecuador-plant-continues-to-struggle-to-source-shrimp/> and Matilde Mereghetti, *New Chinese Shrimp Plant to Open in Ecuador as Competition for Raw Material Rises Among Packers*, Undercurrent News (Oct. 13, 2025), <https://www.undercurrentnews.com/2025/10/13/new-chinese-shrimp-plant-to-open-in-ecuador-as-competition-for-raw-material-rises-among-packers/>.

<sup>66</sup> Southern Shrimp Alliance, *U.S. Role in Shrimp Oversupply Crisis is an America Last Agenda*, (Feb. 4, 2025), <https://shrimpalliance.com/u-s-role-in-shrimp-oversupply-crisis-is-an-america-last-agenda/>.

<sup>67</sup> Sergio Díaz-Granados, *CAF and Ecuador's Government sign USD 200 million loan agreement*, Development Bank of Latin America and the Caribbean (Sept. 15, 2023), <https://www.caf.com/en/currently/news/caf-and-ecuadors-government-sign-usd-200-million-loan-agreement-for-clean-energy-in-shrimp-sector/>.

adding another 264 million pounds of imported shrimp to the U.S. market,”<sup>68</sup> further contributing to massive export-driven growth. The sector saw average compound annual growth rates of 17 percent from 2012 to 2019 and 25 percent from 2020 to 2023.<sup>69</sup> Such massive and sustained growth rates have resulted in Ecuador’s position as the largest shrimp exporting nation<sup>70</sup> and left the country’s economy reliant on shrimp exports, which are the country’s largest non-oil source of foreign currency and a major sector for employment.<sup>71</sup>

Both Chinese and international investment in Ecuadorian shrimp collectively facilitate sustained increases in production capacity and reinforce a production model structurally oriented toward maximizing export volumes. Ecuador has maintained large and persistent seafood trade surpluses over multiple years. In 2024, Ecuador exported seafood worth \$8.3 billion to the world, while importing just \$124.8 million, demonstrating a pronounced imbalance between domestic production and consumption.<sup>72</sup> The imbalance is even more pronounced for shrimp. Ecuador exported \$2.9 billion worth of shrimp to China and \$1.5 billion to the United States in 2024,<sup>73</sup> while importing only \$119 thousand in shrimp products. These figures indicate that Ecuador’s shrimp industry produces far beyond domestic demand and is overwhelmingly dependent on external markets for absorption.

Ecuador’s structural excess capacity is directly transmitted into the United States. Ecuador is the second largest supplier of shrimp to the U.S. market behind India, accounting for 29.3 percent of the total volume and 25.7 percent of the total value of all shrimp imports in 2025. Last year, the United States imported 508.3 million pounds of shrimp worth \$1.7 billion, both record highs. Those records are likely to once again be broken this year, as import volumes were up another 28.2 percent in January 2026 compared to the same month in 2025. This sustained

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<sup>68</sup> Southern Shrimp Alliance, *Rep. Nehls Reintroduces the Save Our Shrimpers Act* (Mar. 11, 2025), <https://shrimpalliance.com/rep-nehls-reintroduces-the-save-our-shrimpers-act/> (“Similar IFI funding has benefited shrimp industries in India, Indonesia, Vietnam and other nations, leading to a global oversupply that has driven wholesale shrimp prices to historic lows.”).

<sup>69</sup> Humberto Villarreal, *Shrimp farming advances, challenges, and opportunities*, World Aquaculture Society (Oct. 11, 2023), [https://www.was.org/article/Shrimp-farming-advances-challenges-and-opportunities.aspx?utm\\_source=chatgpt.com](https://www.was.org/article/Shrimp-farming-advances-challenges-and-opportunities.aspx?utm_source=chatgpt.com).

<sup>70</sup> *Id.*

<sup>71</sup> Flanders Investment & Trade Lima, *Aquaculture Sector in Ecuador*, Flanders Investment & Trade Lima (Jan. 18, 2023), [https://export.flandersinvestmentandtrade.com/sites/fit\\_domains/files/media/report/Aquaculture%2520in%2520Ecuador%25202023%2520finaal%2520ENGELS1.pdf](https://export.flandersinvestmentandtrade.com/sites/fit_domains/files/media/report/Aquaculture%2520in%2520Ecuador%25202023%2520finaal%2520ENGELS1.pdf); see also Asep Bulkini, *What can Indonesia learn from Ecuador’s shrimp farming success?*, The Fish Site (Mar. 19, 2025), <https://thefishsite.com/articles/what-can-indonesia-learn-from-ecuadors-shrimp-farming-success> (highlighting that shrimp is the country’s “second largest foreign exchange source after oil”).

<sup>72</sup> The source for all export and import data from countries other than the United States presented in this submission is UN Comtrade (<https://comtradeplus.un.org/>). For imports and exports of total seafood products, the following headings are used from the Harmonized Schedule: 03; 1603; 1604; and 1605.

<sup>73</sup> See UN Comtrade (<https://comtradeplus.un.org/>). For imports and exports of total shrimp products, the following headings are used from the Harmonized Schedule: 0306.16; 0306.17; 0306.35; 0306.36; 0306.95; 1605.21; and 1605.29.

import pressure increases market penetration, suppresses domestic prices, compresses margins, and discourages domestic harvesting and processing investment.

These trends have contributed to the severe economic harm in the U.S. market. In its 2026 report, NOAA Fisheries found that increasing volumes of lower-priced imported shrimp exert sustained downward pressure on domestic prices, with inflation-adjusted Gulf shrimp prices falling from over \$6 per pound in the 1980s to less than \$2 per pound in 2023, “the lowest price on record.”<sup>74</sup> The influx of imported shrimp has also displaced domestic production, with U.S. shrimpers’ share of the market declining from 28.7 percent in 1984 to just 4.5 percent in 2023, and Gulf shrimp revenue falling by more than half between 2021 and 2023.<sup>75</sup> Increasing import competition has further led to reduced participation in the U.S., with fewer vessels operating, as domestic producers are unable to compete with lower-cost imported shrimp.

While not explicitly included, these conditions are consistent with the concerns identified in the USTR’s initiation notice with respect to India, Indonesia, Vietnam, and Thailand. Ecuador exhibits similar patterns of export-oriented production, government support, and production levels that exceed domestic demand as those countries, resulting in structural excess capacity that enters the United States through increasing volumes of low-priced shrimp imports. Taken together, the country-specific evidence confirms that Ecuador is not an isolated case, but part of a broader system in which excess capacity is replicated across major shrimp-exporting economies, intensifying competitive pressure on the U.S. industry.<sup>76</sup>

### III. India

The USTR’s initiation notice summarizes evidence of structural excess capacity and production in India as follows:

In 2025, India had a bilateral trade surplus with the United States of \$42 billion. India’s global goods trade surplus sectors include textiles, health, construction goods, and automotive goods. For example, evidence suggests the solar module sector is plagued by excess capacity, including that India’s current module manufacturing is nearly triple annual domestic demand. India also has created significant excess capacity in petrochemicals, steel, and other industries.<sup>77</sup>

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<sup>74</sup> NOAA Fisheries, *Snapshot: Economics of the Gulf of American Federal Shrimp Industry*, at 5 (Mar. 2026), (“*Economics of the Gulf of American Federal Shrimp Industry*”), <https://www.fisheries.noaa.gov/s3/2026-03/Gulf-Shrimp-Economic-Snapshot-Report-Final-NMFS-SEFSC-795.pdf>.

<sup>75</sup> *Id.* at 5, 2.

<sup>76</sup> Southern Shrimp Alliance, *Rep. Nehls Reintroduces the Save Our Shrimpers Act* (Mar. 11, 2025), <https://shrimpalliance.com/rep-nehls-reintroduces-the-save-our-shrimpers-act/> (“American shrimpers—most of which are multi-generational, family-owned businesses—are facing financial devastation.”).

<sup>77</sup> *Request for Comments* at 12,890.

These findings demonstrate that structural excess capacity is not confined to a single sector but rather reflects broader production patterns across the Indian economy. As with China and Ecuador, India has also developed structural excess capacity in its seafood processing sector and produces far more than necessary to meet domestic demand.

India's seafood sector has developed as a highly export-oriented industry. India maintains domestic policies to actively promote seafood exports and support large-scale production intended for consumption in foreign markets. The Marine Products Export Development Authority ("MPEDA"), operating under India's Ministry of Commerce and Industry, is specifically tasked with bolstering marine product exports and supports the sector through market promotion, infrastructure development, quality control systems, and value-added processing capabilities.<sup>78</sup> MPEDA administers financial assistance schemes that support the establishment and modernization of export-oriented processing facilities, quality testing infrastructure, and value-added production, including subsidies covering a portion of capital costs for processing and quality-control systems.<sup>79</sup> These efforts are reinforced by broader government programs that provide financial assistance for aquaculture development with the objective of increasing production and strengthening export capacity.<sup>80</sup>

Moreover, as in Ecuador, various international financial institutions have invested significantly in India's aquaculture sector, with a major emphasis on shrimp aquaculture production.<sup>81</sup> Investments in India have gone into both expanding the aquaculture capacity of the country, increasing overall yields and gross production of both shrimp and aquaculture products more generally. They have also helped build the infrastructure to move up the value chain as well. These investments have made India the second-largest global exporter of shrimp after Ecuador. The impact of U.S. tariffs also led to a softening of Indian shipments of shrimp products going into 2026,<sup>82</sup> meaning that the country's capacity to quickly ramp up production, funded by years of economically inefficient but export-supporting investments, remains available to quickly increase production.

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<sup>78</sup> See Government of India Ministry of Commerce and Industry, *Export Promotion (Marine Products)*, <http://commerce.gov.in/about-us/divisions/export-products-division/export-promotion-marine-products/>.

<sup>79</sup> See *id.*

<sup>80</sup> Government of India Press Information Bureau, *Fish production has increased to 197.75 lakh tonnes in FY 2024-25 from 95.79 lakh tonnes fish production in FY 2013-14 increasing a significant 106%* (Jan. 12, 2026), <http://pib.gov.in/PressReleaseDetailm.aspx?PRID=2213532&reg=3&lang=2>.

<sup>81</sup> See e.g. Asia and the Pacific Division, Programme Management Department, *Bihar Aquaculture and Lifestock Improvement Project: Project Design Report*, International Fund for Agriculture Development (Feb. 3, 2020), <https://webapps.ifad.org/members/eb/130/docs/EB-2020-130-R-23-Project-Design-Report.pdf>; International Bank for Reconstruction and Development, *Loan Agreement (Odisha Integrated Irrigation Project for Climate Resilient Agriculture*, World Bank Group, at 4 (Oct. 24, 2019), <https://documents1.worldbank.org/curated/en/430401583873878529/pdf/Official-Documents-Loan-Agreement-for-Loan-9011-IN-Closing-Package.pdf>.

<sup>82</sup> FAO Globefish, *Shrimp – February 2016*, Food and Agriculture Organization of the United Nations (Feb. 15, 2016) <https://www.fao.org/in-action/globefish/news-events/news/news-detail/Shrimp---February-2016/en>.

These policies, practices, and investments have resulted in structural excess capacity in India's seafood sector. India has maintained large and persistent seafood trade surpluses over multiple years. In 2024, India exported \$6.8 billion worth of seafood globally while importing just \$219.7 million.<sup>83</sup> This imbalance is even more evident in shrimp, which dominates India's seafood exports. India exported \$2.3 billion worth of shrimp to the United States and \$740 million to China in 2024,<sup>84</sup> while importing only \$37.4 million. These figures indicate that India's shrimp industry has been structured to be overwhelmingly dependent on export markets, irrespective of domestic demand.

India's seafood sector is also integrated into global supply chains shaped in part by Chinese processing demand. Behind the U.S., China is India's second largest seafood export market. In 2024, India exported \$1.1 billion in seafood to China, the majority of which comprised of shrimp. While China does not play the same dominant role in India as it does in Ecuador, its position as a major destination for Indian shrimp exports reflects India's participation in broader regional supply chains that are linked to external processing and re-export channels, including those centered in China.

The Indian shrimp industry remains heavily reliant on the U.S. market. This dependence incentivizes Indian exporters to prioritize maintaining access to the U.S. market, including by absorbing significant tariff costs in order to sustain shipment volumes and market share.<sup>85</sup> In 2025, importers – largely Indian shrimp companies that sold shrimp to U.S. customers on a delivered, duty-paid basis – paid \$336 million in duties imposed under the International Emergency Economic Powers Act (IEEPA) on Indian shrimp. In January 2026 alone, importers paid \$85.3 million in IEEPA tariffs on Indian shrimp.

These conditions have direct consequences for the U.S. seafood industry. In 2024, India exported \$2.5 billion in seafood to the United States. India is the largest supplier of shrimp to the U.S. market, accounting for 37.3 percent of the total volume and 35.8 percent of the total value of all shrimp imports last year. In 2025, the United States imported 648.1 million pounds of shrimp worth \$2.4 billion, both record highs. These sustained import volumes contribute to the erosion of domestic production capacity.

Like China and Ecuador, India's seafood sector is characterized by structural excess capacity. Consistent with the USTR's initiation notice, these conditions distort the global seafood market by enabling persistent, high-volume exports to external markets. India's excess capacity is transmitted directly into the United States through sustained import volumes and significant market share, reinforcing its dependence on the U.S. market and intensifying competitive pressure on the domestic industry.

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<sup>83</sup> See UN Comtrade (<https://comtradeplus.un.org/>).

<sup>84</sup> See *id.*

<sup>85</sup> Government of India Press Information Bureau, *Fish production has increased to 197.75 lakh tonnes in FY 2024-25 from 95.79 lakh tonnes fish production in FY 2013-14 increasing a significant 106%* (Jan. 12, 2026), <http://pib.gov.in/PressReleaseDetailm.aspx?PRID=2213532&reg=3&lang=2>.

#### IV. Indonesia

Addressing the investigation initiated regarding Indonesia, the USTR's initiation notice underscores the nation's trade surpluses:

Evidence of structural excess capacity and production exists for Indonesia through large or persistent goods trade surpluses. In 2024, Indonesia had a \$31 billion global goods trade surplus, led by exports in metals, agricultural products, fuels, textiles, and construction goods. Indonesia's bilateral goods trade surplus with the United States reached \$18 billion in 2025. Indonesia's cement industry faces a persistent oversupply due to a significant imbalance between production and domestic demand.<sup>86</sup>

These findings indicate that structural excess capacity is present across multiple sectors of the Indonesian economy.

Indonesia's seafood sector has developed as a production base oriented toward external markets and integrated into global supply chains shaped by foreign demand. Indonesia directs a substantial portion of its seafood exports to major external markets, including the United States and China. In fact, behind the U.S., China is Indonesia's second largest seafood export market. In 2025, Indonesia exported \$1 billion worth of seafood to China and another \$2.0 billion to the United States. Only a limited portion of Indonesia's exports of seafood to China consists of shrimp, with the country shipping \$113.3 million worth of shrimp to China in 2024 and \$1.2 billion to the United States.<sup>87</sup> These trade flows reflect Indonesia's role as a significant supplier within export-driven seafood supply chains.

Indonesia maintains policies that promote seafood exports and enable large-scale aquaculture production for foreign markets. Indonesia's Ministry of Marine Affairs and Fisheries ("MMAF") has implemented national programs to expand aquaculture output, including initiatives to increase shrimp production through the development of intensive farming systems, hatcheries, and feed supply chains.<sup>88</sup> The MMAF had a stated goal of increasing shrimp production by 250% between 2020 and 2024 through its National Shrimp Farm Development Program.<sup>89</sup>

Indonesia's shrimp sector has also benefited from broader international financial institution support, which has facilitated investment in production capacity and export-oriented

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<sup>86</sup> *Request for Comments* at 12,889.

<sup>87</sup> *See* UN Comtrade (<https://comtradeplus.un.org/>).

<sup>88</sup> *See* Aqua Feed, Indonesia's shrimp industry today: The promise and risks of integrated mega-farms (Feb. 24, 2026), <https://www.aquafeed.com/newsroom/editors-picks/indonesias-shrimp-industry-today-the-promise-and-risks-of-integrated-mega-farms/>; *see also* Asian Development Bank, *Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project*, <https://www.adb.org/projects/55020-001/main>.

<sup>89</sup> *See* Asian Development Bank, *Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project*, <https://www.adb.org/projects/55020-001/main> ("The MMAF National Shrimp Farm Development Program 2020-2024 aims to increase shrimp production by 250% to 1.29 million tons by 2024.").

infrastructure.<sup>90</sup> International financial institutions have invested over \$170 million into Indonesia's aquaculture industry since 2005, including over \$130 million specifically targeting shrimp aquaculture.<sup>91</sup> In 2022, the Asian Development Bank approved a \$93 million loan to expand sustainable aquaculture and shrimp production.<sup>92</sup> These projects funnel investments to the industry through both direct investments in aquaculture companies themselves and through loans to the Indonesian government, which provides assistance to the industry at-large.<sup>93</sup>

These investments have helped the Indonesian shrimp aquaculture industry become the fifth largest producer globally, and the fourth-largest global exporter of value-added shrimp products.<sup>94</sup> Indonesia's persistent seafood trade surpluses confirm that its production structure is oriented toward external demand rather than domestic consumption. In 2025, Indonesia exported seafood worth \$5.8 billion to the world, while importing just \$552.1 million.<sup>95</sup> The imbalance is also evident in shrimp, as Indonesia's imports of shrimp products totaled \$77.3 million in 2024.

These market conditions have direct impacts on the U.S. market. Indonesia is the third largest supplier of shrimp to the U.S. market, accounting for 15.1 percent of the total volume and 14.8 percent of the total value of all shrimp imports last year. In total, the United States imported 262.7 million pounds of shrimp worth \$978.2 million from Indonesia in 2025. After four straight years of declining import volumes in the face of intense competition from the Indian and Ecuadorian shrimp industries, Indonesian shrimp import volumes increased 7.1 percent in January 2026 compared to the same month in 2025.

These sustained import volumes increase import penetration and further depress U.S. shrimp prices. The recent increase in Indonesian import volumes, despite already elevated levels

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<sup>90</sup> See Southern Shrimp Alliance, *Rep. Nehls Reintroduces the Save Our Shrimpers Act* (Mar. 11, 2025), <https://shrimpalliance.com/rep-nehls-reintroduces-the-save-our-shrimpers-act/>.

<sup>91</sup> International Finance Corporation, *Increasing Impact: The Year in Review 2006*, World Bank Group (2006) at 49-50, 53, <https://documents1.worldbank.org/curated/en/266691468151483731/pdf/373990v10REPLA10IFC0AR200601PUBLIC1.pdf>; Asian Development Bank, *Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project* (Apr. 3, 2026), <https://www.adb.org/projects/55020-001/main#project-pds>; Asian Development Bank, *Indonesia: Sustainable Aquaculture Development for Food Security and Poverty Reduction* (Apr. 3, 2026), <https://www.adb.org/projects/35183-013/main>.

<sup>92</sup> Asian Development Bank, *Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project*, <https://www.adb.org/projects/55020-001/main>.

<sup>93</sup> International Finance Corporation, *Increasing Impact: The Year in Review 2006*, World Bank Group, at 49-50, 53, (2006), <https://documents1.worldbank.org/curated/en/266691468151483731/pdf/373990v10REPLA10IFC0AR200601PUBLIC1.pdf>; Asian Development Bank, *Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project* (Apr. 3, 2026), <https://www.adb.org/projects/55020-001/main#project-pds>; Asian Development Bank, *Indonesia: Sustainable Aquaculture Development for Food Security and Poverty Reduction*, Asian Development Bank (Apr. 3, 2026), <https://www.adb.org/projects/35183-013/main>.

<sup>94</sup> FAO Globefish, *Shrimp – February 2016*, Food and Agriculture Organization of the United Nations (Feb. 15, 2016), <https://www.fao.org/in-action/globefish/news-events/news/news-detail/Shrimp---February-2016/en>.

<sup>95</sup> See UN Comtrade (<https://comtradeplus.un.org/>).

of competition in the U.S. market, underscores the persistence of export-oriented supply driven by excess capacity. As a result, Indonesian shrimp enters the United States in significant volumes, displacing domestically produced shrimp and contributing to the erosion of U.S. production capacity over time.

## V. Vietnam

As with Indonesia, the USTR's initiation notice's discussion of Vietnam highlights the nation's trade surpluses:

Evidence of structural excess capacity and production exists for Vietnam through large or persistent trade surpluses. Vietnam maintains a global goods trade surplus, led by exports in sectors such as electronic equipment, machinery, footwear, apparel, furniture, and steel. In 2025, Vietnam's trade surplus was \$196 billion and \$127 billion in 2024. Vietnam's bilateral goods trade surplus with the United States has expanded dramatically over the past six years, primarily driven by growth in goods trade, led by electronics and machinery. Vietnam's bilateral goods trade surplus with the United States stood at \$178 billion in 2025. Vietnam also functions as a hub for the final assembly of goods before export, which contributes to its trade surplus. Evidence suggests Vietnam has excess capacity in its cement sector, including continued cement overcapacity of nearly 100 percent of domestic demand. Furthermore, Vietnam's intervention in foreign exchange markets and undervaluation of its currency were found to be unreasonable in a Section 301 investigation conducted by the U.S. Trade Representative in 2021.<sup>96</sup>

These findings demonstrate the presence of structural excess capacity across Vietnam's export-oriented industrial base.

Vietnam's seafood sector operates as an export-oriented production and processing platform integrated into global supply chains. China is Vietnam's third largest seafood export market behind the U.S. and Japan. In 2023, Vietnam exported \$1.6 billion worth of seafood to the United States, \$1.5 billion to Japan, and \$1.3 billion to China. Only a limited portion of Vietnam's exports of seafood to China are comprised of shrimp, with the country shipping \$383.0 million worth of shrimp to China in 2023 and \$672.9 million to the United States.<sup>97</sup> Vietnam's role as a processing and assembly hub supports the aggregation, processing, and export of seafood products primarily for foreign markets. While China is an important export destination, Vietnam's seafood sector is more broadly oriented toward diversified external demand across multiple major markets.

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<sup>96</sup> *Request for Comments* at 12,890 (footnote omitted).

<sup>97</sup> See UN Comtrade (<https://comtradeplus.un.org/>).

Domestic policies actively promote aquaculture production and seafood exports, with the sector identified as a priority for economic development and export growth.<sup>98</sup> The Government of Vietnam has adopted a national fisheries development strategy through 2030, with a “vision to 2045,” that prioritizes the expansion of aquaculture production as a key export sector and source of foreign exchange.<sup>99</sup> That strategy explicitly seeks to build seafood into “an economic sector with large scale and proportion of goods . . . deeply involved in the global supply chain,” and to “[a]ttract[] resources and economic sectors to invest in aquaculture development” with “synchronous technical and infrastructure facilities” to train, foster, develop human resources as well as “strengthen research, technology transfer and application.”<sup>100</sup> This policy framework establishes concrete production and export targets, including aquaculture production of 7.0 million tons annually and seafood export turnover of \$14-16 billion.<sup>101</sup> The country envisions itself as “a deep seafood processing center, belonging to the group of three leading seafood producing and exporting countries in the world.”<sup>102</sup> These coordinated, multi-decade policies reinforce a development model oriented toward maximizing seafood product exports.

In addition to substantial domestic investment, Vietnam has also been a major recipient of shrimp and aquaculture funding from international financial institutions.<sup>103</sup> This funding has contributed to the country becoming the third-largest global shrimp producer. In addition to its own domestic aquaculture production, the country increased its imports of frozen shrimp meant

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<sup>98</sup> See Vietnam News, *Seafood firms urged to reposition domestic market as strategic priority* (Aug. 3, 2025), <https://vietnamnews.vn/economy/1722601/seafood-firms-urged-to-reposition-domestic-market-as-strategic-priority.html> (“Seafood producers and exporters in Viet Nam are being urged to overhaul their approach to the domestic market, moving away from viewing it as merely a fallback for surplus exports and instead embracing it as a fundamental pillar of long-term business strategy.”).

<sup>99</sup> See ASEM Connect, *Vietnam’s seafood development strategy to 2030, vision to 2045* (Sept. 30, 2021), <https://asemconnectvietnam.gov.vn/default.aspx?ZID1=3&ID1=2&ID8=111498> (“*Vietnam’s seafood development strategy to 2030, vision to 2045*”). See also VietShrimp, *VietShrimp Aquaculture International Fair* (Mar. 18-20, 2026), <https://vietshrimp.net/vietnams-fisherie-industry-strong-growth-sustainable-cooperation-opportunities/> (noting that the “the industry’s export turnover target is set at \$10.5 billion”).

<sup>100</sup> *Vietnam’s seafood development strategy to 2030, vision to 2045*. Goals for Vietnam’s 2030 vision also include:

Developing fisheries into an important national economic sector, producing large commodities associated with industrialization - modernization, sustainable development and proactive adaptation to climate change; have a reasonable structure and organizational form of production, high productivity, quality and efficiency.

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> See e.g. International Development Agency, *Coastal Resources for Sustainable Development Project*, World Bank Group (Apr. 3, 2026), <https://projects.worldbank.org/en/projects-operations/project-detail/P118979>.

for reprocessing in 2025, with over 10 percent of the country's shrimp production generated from imported raw material, mostly from India and Ecuador.<sup>104</sup>

Vietnam's sustained seafood trade surpluses confirm that its production structure is oriented primarily toward export markets. In 2023, Vietnam exported seafood worth \$8.8 billion to the world, while importing \$2.3 billion.<sup>105</sup> At the same time, Vietnam's imports of shrimp products in 2023 totaled \$381.8 million. Although Vietnam imports certain raw inputs, its overall trade profile reflects a net export position supported by processing capacity that exceeds domestic consumption needs.

These conditions are reflected in Vietnam's role in the U.S. market. Vietnam is the fourth largest supplier of shrimp to the U.S. market, accounting for 8.2 percent of the total volume and 10.6 percent of the total value of all shrimp imports last year. In 2025, the United States imported 141.9 million pounds of shrimp worth \$697.9 million, both record highs. Vietnamese shrimp import volumes are well below the record established in 2021 and import volumes were down 14.2 percent in January 2026 compared to the same month in 2025. Although import volumes remain below peak levels reached in 2021, Vietnam continues to maintain a significant and stable presence in the U.S. market.

Even in periods of declining shipments, Vietnam maintains a significant market presence, reflecting underlying capacity that remains available for export. As a result, Vietnam's production beyond domestic demand is transmitted directly into the United States, displacing domestically produced shrimp and contributing to the erosion of domestic production capacity over time. Vietnam's seafood sector exhibits structural excess capacity consistent with the patterns identified in the USTR's initiation notice, as production is sustained through export-oriented supply chains and absorbed by external markets such as the United States.

## **VI. Thailand**

The USTR's initiation notice summarizes evidence of structural excess capacity and production in Thailand as follows:

[Thailand] maintains a global goods trade surplus in sectors such as autos and auto parts, machinery, and rubber. Thailand's bilateral goods trade surplus with the United States totaled \$51 billion in 2025, up from \$35 billion in 2024. Evidence suggests Thailand's manufacturing sector has significant excess capacity, as it is operating at below 60% capacity for two consecutive years, with only one-third of industries recovering to pre-pandemic levels.<sup>106</sup>

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<sup>104</sup> *Id.* at 2.

<sup>105</sup> See UN Comtrade (<https://comtradeplus.un.org/>).

<sup>106</sup> *Request for Comments* at 12,889.

Similarly, Thailand maintains a global trade surplus in seafood and its seafood processing sector maintains substantial excess capacity.

Thailand functions as a major seafood processing hub, importing raw seafood inputs and exporting processed products to foreign markets. Its export profile reflects reliance on external demand, with significant shipments directed to the United States and other export markets. China is Thailand's third largest seafood export market, behind the U.S. and Japan. In 2024, Thailand exported \$1.1 billion worth of seafood to the United States, \$884 million to Japan, and \$412 million to China. The majority of Thailand's exports of seafood to China are comprised of shrimp, with the country shipping \$261.3 million worth of shrimp to China in 2024 and \$312.7 million to the United States.<sup>107</sup> These trade patterns underscore Thailand's role as a processing and export platform serving primarily foreign markets rather than domestic consumption.

Thailand maintains institutional mechanisms that support seafood production and sustain its position as a leading global exporter. The government, through its Department of Fisheries, provides ongoing technical assistance, research, and extension services to shrimp producers, including support for seed distribution, training, and production systems.<sup>108</sup> The Thai government has also implemented targeted initiatives to expand and restore shrimp production capacity, including a national plan to increase marine shrimp output to approximately 400,000 tons through coordinated public-private efforts.<sup>109</sup> These programs are designed to increase production capacity, improve yields, and ensure a stable supply of raw and processed shrimp for export markets. Moreover, Thai Union, a major producer of shrimp and aquaculture products in Thailand, recently received \$150 million from the Asian Development Bank to facilitate increased production of shrimp products.<sup>110</sup> This investment will allow Thai Union to increase its production capacity, allowing for even greater exports.

Although Thailand imports significant volumes of seafood, its processing capacity exceeds domestic needs and is dependent on export markets for utilization. Thailand exported seafood worth \$5.4 billion to the world in 2024, while importing \$3.9 billion.<sup>111</sup> Thailand's imports of shrimp products in 2024 totaled \$74.5 million. The persistence of underutilized manufacturing capacity across the broader economy, combined with Thailand's role as a processing hub, indicates that available capacity can be scaled up to increase exports when external demand conditions permit.

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<sup>107</sup> See UN Comtrade (<https://comtradeplus.un.org/>).

<sup>108</sup> See Pipob Kamolratana, *Some Information on Aquaculture Extension in Thailand*, Fisheries Extension Division, Department of Fisheries, <https://www.fao.org/4/ac231e/AC231E02.htm>.

<sup>109</sup> See Department of Fisheries, *Shrimp Master Plan* (Aug. 25, 2022), [http://www4.fisheries.go.th/dof\\_en/view\\_message/449](http://www4.fisheries.go.th/dof_en/view_message/449).

<sup>110</sup> Southern Shrimp Alliance, *In Historic First, Treasury Opposes Foreign Shrimp Competitor Funding* (Jan. 16, 2026), <https://shrimpalliance.com/in-historic-first-treasury-opposes-foreign-shrimp-competitor-funding/>.

<sup>111</sup> See UN Comtrade (<https://comtradeplus.un.org/>).

These market conditions are reflected in Thailand's presence in the U.S. market. Thailand is the fifth largest supplier of shrimp to the U.S. market, accounting for 3.4 percent of the total volume and 4.6 percent of the total value of all shrimp imports last year. In 2025, the United States imported 59.6 million pounds of shrimp worth \$304.2 million, both record highs. The most recent import data available indicates that Thailand is aggressively attempting to retake market share in the United States, as import volumes were up 49.8 percent in January 2026 compared to the same month in 2025.

The recent surge in import volumes indicates that Thailand's excess capacity can be mobilized quickly to increase shipments to the U.S. market, contributing to increased import penetration and placing downward pressure on domestic prices. As a result, Thailand's export-oriented processing capacity is transmitted directly into the United States, displacing domestically produced shrimp and contributing to the erosion of domestic production capacity. These conditions align with the concerns identified in the USTR's initiation notice, demonstrating that Thailand's seafood sector exhibits structural excess capacity sustained through export-oriented production and scalable processing capacity.

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Thank you in advance for your consideration of these comments.

Respectfully submitted,

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