



Shrimp Task Force

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NEW STUDY SHOWS CONSUMERS FACE SKYROCKETING SHRIMP PRICES IF FOOD TAX IMPOSED ON SHRIMP IMPORTS

Shrimp Menu Items Expanded by 47% at top 200 Chain Restaurants Since 1999; Consumer Retail Purchases of Shrimp Up Sharply in Recent Years

Washington, D.C. – A new study by The Trade Partnership released today by the CITAC/ASDA Shrimp Task Force found that antidumping food taxes imposed on shrimp imports would cause prices for all shrimp sold in the U.S. to soar as high as 44%, and that such a price hike could be accompanied by a one-third fall in shrimp consumption.

The Shrimp Task Force also released two new analyses that underscore the benefits of shrimp imports to U.S. consumers. In a survey of the country's top 200 chain restaurants, Food Beat Inc. found that offerings of shrimp menu items increased 47% during the last five years. A third analysis, also conducted by The Trade Partnership, shows a sharp increase in grocery store and retail purchases of shrimp by American consumers of all income levels during the past several years.

Because of the availability of reasonably priced imports, which account for nearly 90% of all shrimp consumed in the U.S., shrimp has risen to become America's #1 seafood. The three studies released today, commissioned by the Shrimp Task Force, quantify the damaging impact that import duties (taxes) would have on the price and availability of shrimp in the U.S. Claiming that imported shrimp is being illegally dumped on the market, domestic shrimp producers have petitioned the U.S. International Trade Commission (ITC) and the Department of Commerce to tax their competitors and consumers by placing duties on imported shrimp from six countries.

The 44% price hike in the cost of shrimp predicted by the Trade Partnership's study represents an estimated increase of 28% in the price of U.S.-caught shrimp, an 84% increase in the price of shrimp from the countries targeted in the petition, and a 19% increase in the price of shrimp from other foreign countries. The study utilizes duty levels proposed by the petitioners to calculate the impact that dumping duties would have on shrimp prices.

“There is no doubt that price hikes of this magnitude resulting from the domestic shrimpers' proposed food tax would do enormous damage to the industries that depend on

affordable shrimp to meet consumer demand, as well as to consumers themselves, who will have to cut down on or forego shrimp altogether,” said Wally Stevens, Chairman of the Shrimp Task Force. “Make no mistake about it: the petitioners’ goal is to raise the price of shrimp for all Americans, never mind the cost to those on the consuming side of the industry, or to the families that have come to expect and enjoy access to high-quality, affordable shrimp.”

The potential damage caused by the proposed food tax on American families and consuming industries is further underscored by a study conducted by Food Beat Inc., which tracked trends in shrimp menu prices and offerings at the nation’s top 200 restaurant chains over a five-year period. The study found that the availability of shrimp at the nation’s most popular restaurants has skyrocketed, with the number of shrimp offerings on menus of the nation’s largest restaurant chains increasing 47% from 1999 to 2003. Since 1999, the number of appetizers with shrimp on chain menus has increased 39%, the number of entrees with shrimp is up 40%, and the number of salads that include shrimp jumped 90%.

The study also found that shrimp price fluctuations over the past five years generally favored consumers. A greater percentage of shrimp menu items show price decreases when compared with overall menu item price decreases. For menus that showed increases in prices, the percentage of shrimp price increases was generally lower.

“Without question, the restaurants we surveyed have been able to greatly expand their offerings of appetizers, entrees and salads with shrimp while holding the line on prices,” said Diane Fox, author of the Food Beat study.

In addition to the rising availability of shrimp items at the nation’s largest restaurant chains, shrimp has become an increasingly important product offered for sale to American families by grocery stores, specialty food stores, and even “big box” retailers that sell food products for home consumption. As a second Trade Partnership report demonstrates, purchases of shrimp at grocery stores and other retail outlets doubled between 1995 and 2002, the last year for which data is available.

“Abundant supplies of imports are crucial to the ability of stores, processors and distributors across the country to supply their customers’ increasing calls for shrimp,” said Laura Baughman, President of the Trade Partnership. “The ability to obtain needed supplies of affordably-priced shrimp has helped fuel growing demand from American families at all income levels. In fact, shrimp consumption as a share of total food consumption has increased 45 percent among low income families – the highest increase of any income level.”

“We commissioned these studies to show the impact of the proposed food tax on American families, as well as restaurants, grocers and other consuming industries,” said Stevens. “The studies starkly emphasize the impact of the shrimpers’ protectionist petition: just as shrimp consumption in American homes is soaring and all kinds of restaurants are offering more shrimp items than ever, the entire industry is threatened by price hikes that will stop these positive trends in their tracks. If the domestic shrimp industry wins, the rest of America loses.”

In its price study, the Trade Partnership used an economic model nearly identical to the model used by the ITC to measure the impact of dumping duties sought by the domestic shrimp

industries on U.S. industries. The model takes into account the degree to which imported shrimp substitutes for U.S.-caught shrimp, and how consumers react to increases in prices. The study's author used inputs that most closely match the U.S. producers' view of the market, including the trade-weighted average duties proposed by the domestic shrimp industry – from a low of 62.9% to a high of 117.4%.

The Food Beat study analyzed data from the top 200 restaurant chains over the past five years pertaining to shrimp menu items. The study also revealed that shrimp menu items could now be found at a range of price points that fit the chains' typical customer. The sales study by the Trade Partnership utilized National Marine Fisheries Services data in its calculation of per capita shrimp consumption, and Bureau of Labor Statistics Consumer Expenditure data for its calculation of shrimp consumption at home.

Due to the threat that antidumping taxes pose to both consumers and to the consuming industries that serve them, the Consuming Industries Trade Action Coalition (CITAC) has formed an alliance with the American Seafood Distributors Associations (ASDA), bringing together concerned grocers, restaurants, processors, distributors, business councils, and other consuming groups to form the CITAC/ASDA Shrimp Task Force. The goal of the Shrimp Task Force is to assure that the U.S. government considers all the facts in the case fairly and objectively, with a full understanding of the ramifications to all American interests of any decision.

For more on this issue, visit www.citac.info/shrimp or contact George Felcyn at (202) 466-6210 or george.felcyn@pbnco.com.

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