



**THE AMERICAN SEAFOOD DISTRIBUTORS ASSOCIATION OPPOSES ALL EFFORTS  
TO RESTRICT THE DOMESTIC CONSUMPTION OF SHRIMP, INCLUDING EFFORTS  
TO RESTRICT SHRIMP IMPORTS**

*Domestic shrimp fishermen are seeking to erect trade barriers against imported shrimp. If successful, their actions will limit supplies and drive up consumer prices. Fewer sales will cost thousands of Americans their jobs and will mean lost revenue for thousands of American companies selling shrimp.*

The American Seafood Distributors Association represents grocery chains, warehouse clubs, retailers, restaurants, hotels, foodservice distributors, value-added processors, and importers employing thousands of people in all 50 states who wish to keep shrimp free of arbitrary barriers that will reduce domestic availability.

Shrimp consumption in the United States has grown steadily over the past 20 years, and shrimp is now our most popular seafood, surpassing tuna for the first time in 2001. Imported shrimp sustains this growing market – close to 90 percent of all shrimp consumed in this country is imported. Shrimp is available year-round from practically every tropical and subtropical coastal country in the world. A continued supply of imported shrimp is critical to consumers and seafood companies because it cannot be replaced by increased domestic production. Current efforts to restrict trade in these circumstances constitute pure protectionism.

**Summary of the Reasons Why ASDA Opposes Shrimp Import Restrictions**

- American consumers are purchasing shrimp at all-time record levels. Annual shrimp consumption reached 3.4 lbs. per capita in 2001, exceeding tuna consumption (2.9 lbs. per capita) for the first time.
- Domestic shrimp supplies are not nearly adequate to satisfy growing demand. Virtually all domestic shrimp is caught in the Gulf of Mexico and South Atlantic, but these supplies are limited and subject to the vagaries of weather and ecological change. The harvest of shrimp in these waters cannot be increased and has recently declined.
- Since domestic shrimp fishermen cannot meet increasing demand, the United States has increasingly come to depend on imported shrimp. Several of the primary exporting countries, including Mexico, China, and Thailand, are strong trading partners of the United States. Other major shrimp exporters have geopolitical significance, including India, Indonesia, Pakistan, Bangladesh, and Colombia. Shrimp is also a critical engine of economic

development in less developed countries, including Ecuador, Panama, Guyana, Nicaragua, Guatemala, Honduras, El Salvador, and Vietnam.

- Many of these countries now raise shrimp through aquaculture. In contrast, farm-raised shrimp accounts for less than 2 percent of the total supply available from domestic sources. Aquaculture provides foreign shrimp producers with enormous competitive advantages, including lower production costs, the ability to make on-time delivery, and control of future availability.
- The Global Aquaculture Alliance, an international, non-profit trade association dedicated to advancing environmentally and socially responsible aquaculture techniques, has played an important role in assisting these producers. The GAA's studies show that aquaculture is the only sustainable means of increasing seafood supply to meet growing food needs worldwide.
- In contrast, the economics of catching wild shrimp domestically are problematic. The domestic industry includes many small entrepreneurs who now face greatly increased costs of fuel, insurance, repairs, and maintenance.
- Shrimp prices in the U.S. have declined as efficient supplies have increased. The downturn in the global economy has also adversely affected shrimp prices. In fact, price declines occurred in 2001 in the U.S. market, as well as globally, for many other seafood species, including lobster, salmon, tuna, and sea scallops.
- On the other hand, lower shrimp prices have benefited the entire domestic distribution chain, which employs thousands of workers in distributing and selling shrimp to American consumers. Shrimp is widely advertised as a promotional item in grocery stores and family-oriented, moderately priced restaurants. When floor traffic increases, the sales of many other items also increase. These important national economic benefits will be lost if the supply of shrimp is curbed.
- Threats of trade barriers, such as antidumping petitions or ill-conceived legislation designed to restrict imports, will not reduce the production costs of domestic fishermen, produce adequate supplies of shrimp, or help domestic fishermen remain competitive in the long term.
- There is no evidence that dumping or any other form of unfair trade is occurring, despite repeated protestations that this is the case. The antidumping law is exceedingly complex, and it is by no means clear that domestic shrimpers could clear all of the regulatory hurdles that stand in the way of obtaining an antidumping order imposing punitive import duties.
- Trade wars are destructive, expensive, diversionary, and frequently indecisive. The American Seafood Distributors Association is willing to work with the domestic shrimp industry to help improve its competitive

viability through several constructive, market-oriented proposals. These efforts should be allowed to continue, but trade litigation or punitive legislation will cause them to cease.

## DETAILED STATEMENT OF ASDA'S POSITION

### *The United States Has Always Depended Heavily on Imported Shrimp*

Domestic shrimp fishermen, operating primarily in the Gulf of Mexico, have complained that the U.S. market has been inundated in the past two years by a surge of imported shrimp. They further complain that shrimp from at least 16 countries has been “dumped” here in violation of the antidumping laws administered by the Department of Commerce and International Trade Commission. We will return to the issue of alleged dumping later in this paper. What is most important to understand is that shrimp imports have grown because domestic sources simply cannot meet domestic demand.

Annual U.S. shrimp consumption has exceeded 1 billion lbs. since 1998. Demand for shrimp continues to grow as more and more consumers come to appreciate its dietary and health benefits. Shrimp now accounts for over 20 percent of total U.S. seafood consumption, according to a March 2002 study by the USDA, entitled “Aquaculture Outlook.”

However, a July 2002 study by the Sea Grant Program at Texas A&M University, entitled “A Review of Current Conditions in the Texas Shrimp Industry, an Examination of Contributing Factors, and Suggestions for Remaining Competitive in the Global Shrimp Market,” correctly observes that, “Since 1980, domestic landings of tropical shrimp have remained relatively steady.” In fact, in the last 10 years (1992-2001), domestic shrimp landings have averaged only about 188 million lbs. annually (measured in shell-on, headless equivalent)<sup>1</sup>.

The study further notes that “the domestic shrimp market has virtually tripled since 1980.” The study goes on to note that, in 2001, consumption approached 1.4 billion lbs., but domestic suppliers in that year were able to provide only 170 million lbs. Thus, they could satisfy only 12 percent of total demand. Clearly, domestic shrimp fishermen cannot catch nearly enough shrimp to satisfy consumer needs, and there is no prospect that they can do so in the future for reasons we will explain below.

In these circumstances, it is essential that the American public be able to continue to purchase imported shrimp. Import restrictions, in the form of duties, quotas, or other barriers, will deny to consumers an agricultural product that they have consistently demanded for decades. In each of the past 20 years, the U.S. has

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<sup>1</sup> This unit of measurement should be distinguished from “live weight,” which is the weight of the product as landed. Live weight is the unit of measurement that the National Marine Fisheries Service typically uses.

imported at least 64 percent of the total volume of shrimp it has consumed.

### *The Importation of Shrimp Provides Important Domestic Economic Benefits*

The U.S. imported \$3.6 billion worth of frozen, fresh, and prepared shrimp in 2001, according to the National Marine Fisheries Service.<sup>2</sup> Thus, this product makes an extremely important contribution to the U.S. economy. The members of the American Seafood Distributors Association all share in these benefits. If imports are restricted, however, jobs will be lost, starting with domestic processing plants that purchase imported shrimp and then perform various value-added operations, such as peeling, cooking, and breading. These processors cannot survive by processing only domestic-origin shrimp because there is simply not enough of it.

Every local and national supermarket chain sells several varieties and types of shrimp at its seafood counter. According to Progressive Grocer magazine, the 10 largest supermarket chains (Kroger, Safeway, Albertson's, Publix, Food Lion, Winn-Dixie, etc.) operate almost 7,000 full service seafood counters. Food retailers, including companies like Costco, Sam's, and Walmart, advertise shrimp as a way of drawing customers into their stores. Large restaurant chains with outlets throughout the country frequently feature and promote shrimp because it is so popular. Foodservice distributors like Sysco and U.S. Foodservice have to transport imported

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<sup>2</sup> Fresh shrimp account for only 0.5 percent of total shrimp imports since they spoil rapidly during shipment. In contrast, domestic shrimp fishermen sell a significant portion of their catch to the fresh market.

<sup>3</sup> Declines in shrimp profits are not unique in the seafood industry. The annual report of the Department of Commerce, entitled "Fisheries of the United States 2001," notes that 11 of 33 seafood species groups faced similar market conditions in 2001, including Pacific salmon, halibut, Atlantic mackerel, Atlantic cod, bluefin tuna, Dungeness crab, lobster, and sea scallops.

<sup>4</sup> An example will help to explain how the 25 percent and 50 percent tests work. Assume that the shrimp processing industry consists of just four producers. Further assume that annual total industry output is 100 units, divided as follows: Producer 1 – 10 units; Producer 2 – 20 units; Producer 3 – 30 units; and, Producer 4 – 40 units. To satisfy the 25 percent test, the combined output of those producers supporting the petition would need to equal at least 25 units. Thus, neither Producer 1 nor Producer 2 could file a petition on its own, unsupported by any other producer. Now, assume that Producer 4 decides to oppose the petition. In that event, to satisfy the 50 percent test, Producers 2 and 3 (or, alternatively, Producers 1 and 3) would both need to support the petition.

<sup>5</sup> An example may help to explain how the material injury test works when a significant number of market conditions are having an adverse effect on domestic producers at the same time. Assume that domestic producers have experienced price and profit declines that they allege are the result of dumped imports. Further assume that opponents of the petition demonstrate that domestic producer prices and profits have also been affected by declines in demand, increases in expenses, competition from fairly traded (non-dumped) imports, and purchaser concerns about reliability of domestic supply. In this situation, where a number of factors have or may have contributed to the condition of the domestic industry, the International Trade Commission must determine whether allegedly dumped imports are, by themselves, the cause of material injury to the domestic industry, or whether they are a lesser cause that is overwhelmed by much greater competitive factors and conditions that are the real material causes.

<sup>6</sup> An article suggesting other creative ideas developed by the President of the National Fisheries Institute, Richard E. Gutting, Jr., is appended hereto as Attachment 7.

shrimp from the ports where it is landed to the locations where it is sold.

The important economic benefits that these companies now enjoy will be lost if imports are curtailed. An economic impact study prepared by Thomas J. Murray & Associates conservatively estimates that imported shrimp generate direct and indirect economic activity in the U.S. exceeding \$9.8 billion. About 100,000 jobs have been created as a result of this activity, which will be jeopardized if imports are restricted. This study is found at Attachment 2.

Consumers now know that shrimp and other forms of seafood promote good health and counteract obesity. Annual per capita shrimp consumption is now 3.4 lbs., compared to 2.9 lbs. for tuna, according to the National Marine Fisheries Service. In 2001, for the first time, shrimp surpassed tuna as the most popular U.S. seafood. Shrimp is America's seafood. Consumers want more of it.

### ***Shrimp Production Is an Engine of Economic Growth and Stability Around the World***

Worldwide production of shrimp is now approaching 5 billion lbs. annually. Importantly, almost 40 percent of this shrimp is produced through aquaculture, i.e., farming, as opposed to wild capture by fishing vessels. The President of Ocean Boy Farms in Clewiston, Florida, which bills itself as the first and largest inland marine shrimp farm in the U.S., was quoted this summer as saying, "We can make a lot of money raising shrimp, but it is not for the weak of heart or the weak of wallet. There is no limit on the size of the market." See attachment 3. Another Florida shrimp farmer was quoted in the same article as saying, "There's a huge market out there. We're not talking about a million-dollar industry here. We're talking about, potentially, a billion dollar industry, and that's very exciting."

Despite these optimistic statements and despite the fact that shrimp can be raised in freshwater in climates as diverse as Arizona, Kentucky, and Nebraska, aquaculture is badly lagging in the United States, accounting today for less than 2 percent of total domestic shrimp production. Given that no knowledgeable expert foresees a short term or long term increase in wild captive supplies in the Gulf Coast or Atlantic Coast regions, the absence of sufficient aquacultural efforts to date is the major reason why the marketplace is so desperately short of domestic-origin supplies.

In contrast, over 50 countries now export shrimp to the U.S. and alleviate the severe domestic supply shortages. These countries and the volume imported from each in 2001 are identified in Attachment 4. The primary current sources are Mexico, Thailand, India, Vietnam, China, Ecuador, Indonesia, Guyana, Brazil, Venezuela, Honduras, Bangladesh, Panama, Nicaragua, and Colombia. Most of these countries have extremely fragile economies, several are politically unstable, and some have strategic importance in the war on terrorism. Shrimp farming and shrimp fishing are among the most suitable industries that they can develop due mainly to the abundance of natural habitat.

Aquaculture techniques are not necessarily simple or easy to implement, but they provide an extraordinarily efficient way of raising income and employment levels, preventing overexploitation of natural coastal resources, providing food security, and restraining the growth of already dense urban populations. A July 2002 draft report, prepared under the auspices of the World Bank, the United Nations, and the World Wildlife Fund, entitled “Shrimp Farming and the Environment,” states as follows:

*Most shrimp farming in Asia is undertaken by small-scale farmers owning less than 5 ha (hectares) of land located in rural coastal areas, and, in both Asia and Latin America, shrimp farming has emerged as a main source of employment and income for hundreds of thousands of people. Additional employment and income is generated in supply industries as well as in shrimp processing and distribution including retailing. Returns from shrimp farming continue to be high, benefiting small-scale farmers and communities, as well as larger-scale entrepreneurs.*

Similarly, the Global Aquaculture Alliance carried an article in the August 2002 edition of its Global Aquaculture Advocate magazine stating that the Honduran shrimp industry has generated 10,000 direct jobs in rural southern Honduras. This region is among the world’s poorest, with 67 percent of the households lacking access to basic services like water, sanitation, and primary education. This article is provided in Attachment 5.

These important global economic benefits will be reversed if shrimp farmers can no longer export to the United States, which is the world’s single largest market.

### ***The Reasons Why Domestic Fisherman Cannot Catch Enough Wild Shrimp***

Fishing for almost every seafood, including shellfish, has always been an uncertain proposition even though it has supported thousands of American fishermen for many years. For example, in 2000, Texas offshore shrimp fishermen caught 52.8 million lbs. (shell-on, headless equivalent). In the next year, their total catch declined to 31.7 million lbs., which was the third lowest total in the past 37 years and 25 percent below the 37-year average.

The shrimp industry in this country is properly admired for its determination in the face of numerous obstacles that have made it increasingly difficult to earn a livelihood. As noted above, the conclusion that domestic supplies of wild shrimp are not increasing is widely accepted. The problems documented by independent experts and scientists include:

- Shrimp have a total life span of only 12-14 months. Thus, any disruptions in the development of shrimp larvae into full-fledged

adults can have a critical impact on the annual harvest. Shrimp larvae typically develop in sheltered bay areas, but mortality and growth can be affected by cold fronts and rain in the spring, which tend to flush out nutrients and reduce salinity, as well as drive juvenile shrimp away from natural protection afforded by underwater grasses. The website of the Louisiana Department of Wildlife and Fisheries states that the “growth and survival” of shrimp larvae are “highly dependent upon the prevailing temperature, water levels and salinity regimes, which dictate to a very large degree the potential seasonal harvest.”

- Last year, these factors had a significant adverse effect in some areas. For example, a September 2, 2002 Associated Press article stated that, in Louisiana, “Unusually cold spring weather caused a premature migration of shrimp from coastal marshes into offshore waters, robbing inland fishermen, who use smaller boats, of about 40 percent to 60 percent of their catch across the state.”
- An article in the Florida Times-Union, reprinted in the July 17, 2002 edition of The Wave, stated that, in coastal Georgia, “Shrimpers and crabbers say their harvests are declining because of reservoirs being built upstream that prevent freshwater from flowing into estuaries and balancing the level of salt in the water.” One shrimper added that, “We need freshwater to flush the shrimp out of the upper estuaries and sounds offshore where we can get at them. If they’re not moving out into the ocean, it doesn’t matter how many shrimp there are because we can’t get at them.”
- Meteorological and resulting ecological conditions can also affect the total volume available for harvesting as well as the average size of individual shrimp. Larger shrimp generate a higher price, but the historical trend in the Gulf Coast is downward in terms of size. As noted on the website of Louisiana’s Department of Wildlife and Fisheries, “the landings of large shrimp (greater than 30 count headless) have decreased since 1970 both in absolute terms and as a proportion of total landings.” The Department further notes that, “because of the smaller size of shrimp landed, Louisiana’s dockside per-pound shrimp price is the lowest among the Gulf states.” In contrast, aquaculture has allowed foreign producers to produce a much larger percentage of higher priced shrimp that are more popular with consumers.
- Tropical storms, such as those just experienced on the Gulf Coast, can disperse the potential catch in a manner that prevents efficient and complete harvesting, and severe storms can prevent shrimp boats from leaving shore. Shrimp mortality is also a problem.
- Shrimp nets must now contain turtle excluder devices that allow wild

sea turtles to escape. However, these TEDs are not perfectly efficient, so some portion of the shrimp catch can also be lost. For example, the October 11, 2002 edition of the authoritative online newsletter, The Wave, published by World Catch, stated that “Large clumps of marsh dislodged from the coast during the past two storms (Isadore and Lili) have settled on the ocean floor and are being scooped up by trawlers. The debris is preventing the turtle excluder devices from closing, allowing the shrimp catch to spill out of the nets.”

### ***Domestic Shrimp Producers Face Difficult Economic Circumstances Unrelated to Imports***

Every industry that is faced with an inability to increase supply to meet demand must respond competitively if it wants to preserve market share and protect price levels. Unfortunately, domestic shrimpers, already unable to increase domestic supply, have also been hit with the double whammy of dramatically increased expenses, itemized below.

- Turtle excluder devices are mandatory and, therefore, constitute a new, non-discretionary expense.
- Fuel is the most important operating expense, and fuel costs are rising.
- Labor costs are always increasing, as are repair and maintenance costs.

The Texas A&M study concluded that, “unfortunately, there is not much opportunity for [shrimp] fishermen to improve the bottom line by reducing expenses.” The authors found that “total trawler expense per dollar of gross revenue,” i.e., the production expense ratio, averaged 98 percent for the 11 year period of 1986 – 1997. In other words, the median trawler had a 2 percent profit margin long before allegedly dumped imports ever became a “problem.”

As the authors of the study note, “operating expenses such as crew shares, fuel, repairs, and gear comprise virtually all of the expenses a trawler incurs. Thus, there are few expenses which are unnecessary and can, therefore, be eliminated or deferred and still operate the vessel.” Although a theoretical answer might be that vessels should spend more days fishing in order to be more productive, the study concludes that these vessels are already:

*...operating at or very near to a maximum annual level. Therefore, the two survival avenues open to firms like manufacturers – reducing or deferring certain expenses and, if feasible, boosting throughput that can make a contribution to fixed expenses – are not available to the offshore (shrimp) trawler fleet.*

In an agricultural commodity industry susceptible to major supply shifts due to

unforeseeable weather and climate change, periods of supply shortage like the one the industry experienced in 2001 can be devastating. Imports have nothing to do with this problem.<sup>3</sup>

### *Allegations of Dumping by Foreign Producers Lack Credibility*

The domestic shrimp fishermen have publicly alleged that producers located in as many as 16 countries are dumping shrimp in the United States. As anyone familiar with the antidumping laws of the United States knows, proving dumping is a difficult, time-consuming, and complicated task in the best of circumstances. The shrimpers made their dumping allegation without first completing the required factual and legal analysis. Thus, it constitutes irresponsible speculation, unaccompanied by any evidence that foreign producers are engaged in unfair trade. They seem to think that vociferous accusations and threats of expensive and burdensome litigation before the two federal agencies that administer the antidumping law, i.e., the Commerce Department and the International Trade Commission, will be enough to intimidate foreign producers and importers despite the lack of any link between imports and the current condition of the domestic industry.

**The Standing Requirement May Not Be Satisfied.** In order to have a good faith basis to proceed under the antidumping law, potential “petitioners” for relief from dumped imports must clear very high procedural hurdles. First, in a case involving a processed agricultural product like shrimp, the petitioners must include processors of raw, wild caught shrimp. *See* 19 U.S.C. § 1677(9)(G). These processors are, by and large, independent companies that add value to the raw commodity by engaging in processing steps such as peeling, cooking, and breading. Under the antidumping law, it is the processors, not the fishermen, who must satisfy the “standing” test.

The standing test was enacted as part of the Uruguay Round Agreements Act in order to implement modifications of the Antidumping Agreement that were adopted in 1994 by the World Trade Organization. Because dumping duties impose high costs on the national economy, the standing test was adopted in order to prevent isolated or small elements of an industry from filing an antidumping petition that is not supported by a substantial portion of that same industry. The test specifically provides that a petition must be supported by domestic shrimp processors that “account for at least 25 percent of the total production of the domestic like product” and that also “account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition.” 19 U.S.C. § 1673a(c)(4).

The flaw in the dumping charge is that shrimp processors have not yet come forward to say that they support an antidumping petition. Thus, it is by no means clear that the “25 percent” and “50 percent” tests just quoted from the statute can be satisfied.<sup>4</sup> Instead, the only complaints that have been raised are from shrimp fishermen and their state associations, who do not have the standing needed to file a

case. Unless the processors come forward in sufficient numbers to express their willingness to file a petition, there is no legal basis upon which an antidumping investigation could proceed. And, the American Seafood Distributors Association has no reason to believe at this time that the shrimp processing industry, if asked, would support a petition, much less take all of the actions and incur all of the expenses necessary to prepare, file and pursue that petition. In addition, there is, as yet, no evidence that the domestic shrimp fishermen themselves can satisfy the standing test, assuming that their support for an antidumping petition is even relevant under the law.

**No Credible Proof of Dumping Exists.** Every antidumping petition must, of course, contain a thoroughly documented allegation of dumping, which means that the potential petitioners must provide credible evidence that foreign producers are selling products in the United States at prices that are lower than they sell those same products in either their home country's market or in their largest and most representative third country market. As noted above, the domestic industry has yet to provide credible evidence of dumping as to a single producer located anywhere in the world, much less all producers located in 16 different countries, that vary widely with respect to: the species of shrimp (e.g., Black Tiger, brown, white, or pink); the waters from which a species comes (warm water or cold water); the size (referred to most commonly as the "count" or number of shrimp per lb. or kg.); and, the product form (e.g., raw or cooked, head-on or headless, shell-on or peeled, breaded or plain) that each exports to the United States.

A credible allegation of dumping would consist, at a minimum, of a detailed calculation of the margin of dumping pertaining to representative producers and products covering a representative number of countries. However, as indicated in Attachment 6, a representative dumping analysis for Thai-origin shrimp shows that dumping is not likely to be occurring.

**Petitioners Could Not Satisfy the Injury Test.** Even if the domestic industry can satisfy the standing test and establish that producers in all of the countries that they have targeted are engaged in dumping, they still cannot obtain relief in the form of an *ad valorem* antidumping duty unless they can show that dumped imports have caused them to incur "material injury." 19 U.S.C. § 1673. The term "material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A). Importantly, the courts have construed the material injury standard to require "substantial evidence" that dumped imports are themselves a cause of material injury. It is not enough that they contribute to material injury that is the result of a combination of factors that are causing adversity.<sup>5</sup>

There is no question that the domestic shrimp fishermen have been affected by a wide variety of factors that have nothing to do with unfair import practices. These factors, some of which we have previously discussed, include:

- The temporary weakening of demand worldwide due to the recession and the tragedy of 9/11;
- The ever-increasing costs that shrimp fishermen must incur, including fuel, fishing gear (including turtle excluder devices), labor, repairs, and maintenance;
- Terrible weather conditions in the Gulf of Mexico last year, including tropical storms and hurricanes. For example, the September 24, 2002 edition of The Wave reported that, “Low interest, federally guaranteed loans will be made available to Louisiana shrimpers, processors, and others who can prove damages from May cold fronts that pushed shrimp offshore before they could be harvested;”
- The inability of domestic shrimpers to increase their harvest of wild caught shrimp since they are operating at maximum capacity in terms of fishing days and since the available supplies do not seem to be increasing;
- The failure of the domestic shrimp industry to adopt innovative packaging, branding, marketing, or advertising programs; and,
- The failure of the domestic shrimp industry to adopt aquaculture to the extent necessary to meet fast-growing demand.

### **THE DOMESTIC INDUSTRY AND THE AMERICAN SEAFOOD DISTRIBUTORS ASSOCIATION NEED TO WORK TOGETHER TO DEVELOP WORKABLE AND PRACTICAL SOLUTIONS**

The Texas A&M Study contains a clear-headed and financially viable solution to the domestic shrimp industry’s problems:

*The simplest way to improve the economic condition of the domestic shrimp industry would be to position wild-harvested shrimp in a niche market as a premium product, commanding a premium dockside price over comparably sized pond-raised imports.*

This strategy can work because many believe that wild harvested shrimp has a discernibly improved flavor over its pond-raised counterparts. Members of the ASDA have offered to meet with the domestic industry to discuss how they could assist in implementing this and other ideas, but their offer has not to date been accepted.<sup>6</sup> However, the merits of this business strategy have been recognized in several other segments of the food industry, such as the promotion of wild Alaska salmon certified under the Marine Stewardship Council’s eco-labeling program by

Whole Foods Market.

There is no question that savvy American consumers will “buy American” and they will buy more expensive products if they believe that those products represent an outstanding value. One need look no further than growers of organic products, whose market is exploding, even though they produce a product that looks and tastes the same as their cheaper, non-organic competitors.

Yet another idea that could benefit the domestic industry is restoration of existing shrimp habitats. For example, a major restoration effort is underway in the Bahia Grande region of south Texas. Its goal is to restore thousands of acres close to shore in which larval shrimp initially develop before migrating into deeper waters where they eventually mature. The ASDA has a strong interest in supporting restoration efforts like this one, and they are prepared to discuss other innovative approaches, as well.

## CONCLUSION

Domestic shrimp producers cannot increase the supply of shrimp in the wild, and they cannot stop the growth in demand. An antidumping duty might have the effect of raising import prices or reducing import volumes, but the short-term effects are entirely uncertain and unpredictable. Antidumping duties on shrimp imports would cause far greater harm to the national economy and would put thousands of American jobs at risk.

The American Seafood Distributors Association has watched in recent years as the seafood industry has engaged in costly and unproductive trade litigation wars involving, among other products, crawfish, salmon, and crabmeat. The condition of domestic producers in each of these three industry segments has not materially improved even though, in the crawfish and salmon cases, the domestic petitioners “won” their cases in the sense that they obtained antidumping orders, albeit at a huge expense in terms of both money and distraction from the task of running their businesses. Prices in the salmon market, for example, have continued to decline despite antidumping orders covering imports from Chile and Norway. Conditions in the crabmeat market remain difficult because the traditional crab producing habitats and, most importantly, the Chesapeake Bay, no longer can produce the volumes that they once did due to the decline in the ecological conditions that once supported a legendary industry. New shippers in China continue to export crawfish despite a high antidumping duty.

Trade wars are not the answer, and the United States does not need to pick yet another fight with so many of its trading partners, some of which possess critical geopolitical significance in the war against terrorism. The ASDA encourages the Administration to engage in discussions with significant shrimp exporting countries as part of the normal bilateral discussions that trade officials regularly hold. These discussions can explore ways in which trade in shrimp can continue to benefit American consumers while, at the same time, providing domestic fishermen with a

reasonable opportunity to continue to earn a decent living in an exceptionally difficult business climate.

Experience shows that the most frequent winners in trade wars are the lawyers and consultants that each side is compelled to hire to fight the battles. The ASDA is prepared to fight and make the huge expenditures that will be required because it has no other economic choice. We must be able to continue to provide imported shrimp to American consumers who demand it. There are no practical substitutes on American tables and American restaurant menus.

For all of these reasons:

**WE URGE CONGRESS, THE ADMINISTRATION, AND THE PUBLIC TO OPPOSE ALL EFFORTS TO IMPOSE RESTRICTIONS ON THE IMPORTATION OF SHRIMP.**

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