



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

### White Paper Synopsis

*On December 31, 2003, the domestic shrimp industry, represented by the Southern Shrimp Alliance, filed an antidumping petition against shrimp imports from six (6) countries: China, Thailand, Vietnam, India, Ecuador, and Brazil, alleging unfair trade practices and seeking tariffs of more than 200 percent. As past trade actions have demonstrated, tariffs do not address or solve the problems facing domestic producers. Rather, trade actions create uncertainty in the marketplace by disrupting or limiting supplies, which in turn harms U.S. businesses and hurts consumers by driving up prices. A recent economic study commissioned by the American Seafood Distributors Association estimates that tariffs on shrimp will lead to lost revenue for thousands of American companies that currently benefit by free trade in shrimp.*

Shrimp consumption in the United States has grown steadily over the past 20 years. Annual U.S. shrimp consumption has exceeded one billion pounds since 1998; shrimp now accounts for more than 20 percent of total seafood consumed in the United States. As American consumers purchase shrimp at all-time record levels—in 2002, per capita consumption was 3.7 pounds—this economic activity benefits thousands of U.S. businesses that are engaged in the importation, distribution, and retailing of shrimp. For these businesses—“the other domestic industry”—shrimp has become a profitable seafood item, providing a platform upon which many companies can plan to expand—both menu offerings and store locations. Just recently, Yum! Brands, Inc. announced plans to more than double the number of outlets for its seafood concept, Long John Silver’s, featuring fish and shrimp as the centerpiece of the chain’s “Fish First” initiative. Other chains have announced similar expansion plans, citing the availability of fish (particularly America’s favorite seafood—shrimp) as key to being able to expand. Without a steady supply of seafood, fish and seafood chains cannot plan for growth. Trade actions limit the ability of restaurants and retail chains to make expansion plans. Growth in this industry sector creates jobs for American workers; uncertainty limits job growth.

And nothing sustains the restaurant industry more than shrimp--imported shrimp, that is. Today, nearly **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.

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

The U.S. imported \$3.6 billion worth of frozen, fresh, and prepared shrimp in 2002, according to the National Marine Fisheries Service. Imported shrimp makes an extremely important contribution to many sectors of the U.S. economy. Imports grew some 36 percent in 2003, according to the U.S. government.

Domestic processing plants that purchase imported shrimp and then perform various value-added operations, such as peeling, cooking, and breading depend on imported shrimp. These processors cannot survive by processing only domestic-origin shrimp because there is simply not enough of it.

A broad range of U.S. businesses benefit from shrimp imports. These include transportation, distribution, and refrigeration businesses, along with foodservice distributors like Sysco and U.S. Foodservice. Transportation companies such as Service Transport, Inc., truck the imported shrimp from the ports where it is landed to the locations where it is sold.

In addition, local and national supermarket chains benefit from featuring shrimp as a way to draw in store traffic. Today, nearly every supermarket in the United States sells several varieties and types of shrimp at its seafood counter. These include the 10 largest supermarket chains (Kroger, Safeway, Albertson's, Publix, Food Lion, Winn-Dixie, etc.), which operate almost 7,000 full service seafood counters; food retailers such as Costco, Sam's, and Walmart.

Finally, shrimp has become a favorite appetizer and center-of-the-plate item in restaurants—from small “mom and pop” establishments to large chains with outlets throughout the country. At retail supermarkets and restaurants alike, shrimp brings customers into stores and restaurants, where they make other purchases as well. If shrimp imports are curtailed, these important economic benefits that these companies now enjoy will be lost.

A recently released economic impact study prepared by Thomas J. Murray & Associates conservatively estimates that the business of importing shrimp results in economic activity of **\$9.8 billion and related employment of 100,000 jobs**. **This economic activity will** be jeopardized if imports are restricted. In short, the domestic industry and ASDA must work together to develop workable and practical solutions that benefit all parties.

## **The Domestic Industry and ASDA Need to Work Together to Develop Workable and Practical Solutions**

The American Seafood Distributors Association (ASDA) 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 make shrimp less available or more expensive to the consumer.

In recent years, ASDA has watched as the seafood industry has engaged in costly and unproductive trade litigation wars involving crawfish, salmon, crabmeat, and catfish. In the case of crawfish and salmon, the condition of domestic producers in each of these three industry segments has not materially improved even the domestic petitioners obtained

antidumping orders. In the case of farmed salmon from Chile, in fact, the U.S. government has rescinded the dumping duties on 100 percent of the companies in the original decision. A study by the Sea Grant Program at Texas A&M University 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 [farmed] imports.*

ASDA believes that this strategy could work if the domestic industry could receive technical and marketing assistance to foster quality, and then create niche markets for high-quality products. ASDA members, in fact, have offered to meet with the domestic industry to discuss how they could assist in implementing this and other ideas. 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 co-labeling program by Whole Foods Market.

There is no question that savvy American consumers could be persuaded to "buy American" if they believe that those products represent an outstanding value.

## **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 short-term effect of raising import prices or reducing import volumes, but the short-term effects are entirely uncertain and unpredictable and they harm consumers as well as the seafood business. Antidumping duties on shrimp imports would cause far greater harm to the national economy and would put thousands of American jobs at risk.

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. ASDA encourages the Bush 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.

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.

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