

An hourglass-shaped graphic with a globe in the top bulb and a smaller globe in the bottom bulb. The hourglass is light blue and has a dark blue top and bottom. The globe in the top bulb is dark blue, and the globe in the bottom bulb is light blue. The text is centered within the hourglass.

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*Shrimp Trade Dispute: Chronology*

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January 11, 2005

**Abstract.** In 2003, elements of the U.S. shrimp industry became increasingly concerned by what they believed to be unfair pricing practices for warm-water shrimp exported by six countries: Brazil, China, Ecuador, India, Thailand, and Vietnam. An ad hoc committee of shrimp boat owners and shrimp processors filed antidumping petitions on December 31, 2003. This action is opposed by U.S. seafood distributors, retailers, restaurateurs, and other businesses involved in shrimp processing and marketing, as well as by the targeted exporting countries. The preliminary determinations of antidumping duty investigations have been announced, and final determinations on action to be taken are anticipated in early 2005.

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## Shrimp Trade Dispute: Chronology

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### Summary

In 2003, elements of the U.S. shrimp industry became increasingly concerned by what they believed to be unfair pricing practices for warm-water shrimp exported by six countries: Brazil, China, Ecuador, India, Thailand, and Vietnam. An ad hoc committee of shrimp boat owners and shrimp processors filed antidumping petitions in late 2003. This action is opposed by U.S. seafood distributors, retailers, restaurateurs, and others involved in shrimp processing and marketing, as well as by the targeted exporting countries. Final determinations of antidumping duty investigations were announced by the Department of Commerce, and antidumping orders were issued in late January 2005. This report will be updated as the issue evolves.

In 2003, elements of the U.S. shrimp industry became increasingly concerned by what they believed to be unfair pricing of warm-water shrimp (primarily farm-raised)<sup>1</sup> exported by six countries — Brazil, China, Ecuador, India, Thailand, and Vietnam — claiming that this situation caused the loss of thousands of U.S. jobs and forced hundreds of U.S. companies to close.<sup>2</sup> In 2003, more than 88% of the 1.7 billion pound U.S. shrimp supply was derived from imported product,<sup>3</sup> with 74% of these imports from the six targeted countries.<sup>4</sup> An ad hoc committee of shrimp boat owners and shrimp processors filed antidumping petitions on December 31, 2003. This action is opposed by U.S.

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<sup>1</sup> General background on shrimp farming and associated environmental concerns can be seen at [<http://www.enaca.org/modules/wfsection/article.php?articleid=19>], viewed on Mar. 22, 2004. As a specific example, a detailed discussion of shrimp farming practices in Thailand can be seen at [[http://www.aciar.gov.au/web.nsf/doc/ACIA-5MQ4AU/\\$file/TR%2047.pdf](http://www.aciar.gov.au/web.nsf/doc/ACIA-5MQ4AU/$file/TR%2047.pdf)], viewed on Mar. 22, 2004. Harvesting of wild shrimp also has associated environmental concerns, including substantial bycatch; for a discussion of these concerns, see [<http://galveston.ssp.nmfs.gov/publications/pdf/235.pdf>], visited Aug. 2, 2004.

<sup>2</sup> See [<http://www.shrimpalliance.com/Press%20Releases/Filing%20Press%20Release.pdf>], visited on Mar. 19, 2004.

<sup>3</sup> U.S. Dept. of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, *Fisheries of the United States, 2003* (Washington, DC: Oct. 2004), p. 82.

<sup>4</sup> *Ibid.*, p. 66.

seafood distributors,<sup>5</sup> retailers, restaurateurs, and other businesses involved in shrimp processing and marketing, as well as by the targeted exporting countries, who claim that (1) imported shrimp support about 100,000 jobs in the U.S. domestic processing sector and provide additional incomes estimated at more than \$2 billion annually to U.S. retailers and restaurants, (2) the price U.S. seafood consumers pay for shrimp would increase significantly if the supply of inexpensive imported shrimp is curtailed, and (3) U.S. commercial shrimp harvesters lack competitiveness due to high costs of production, which cannot be alleviated by taxing imports. Antidumping proponents countercharge that U.S. seafood distributors and marketers make excessive profits from low-cost imported shrimp and do not pass substantial savings on to consumers.

Antidumping investigations are not simple accounting exercises. When the Department of Commerce exercises its considerable flexibility to select the data and design methodologies to make the antidumping calculations,<sup>6</sup> it makes international economic policy choices for the U.S. government. The U.S. government has very broad discretion in calculating cost and price of shrimp exports from the six countries, including cost and price definitions and comparisons that will affect any dumping margins. Opponents of the petitions seek assurances that these exercises of discretion will be transparent and subject to review and oversight, claiming that too much is at stake, both here and abroad, for these choices to be made without public scrutiny.<sup>7</sup> A preliminary economic analysis of the impact of shrimp imports on U.S. industry is provided in *Certain Frozen and Canned Warmwater Shrimp and Prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam* (Investigation Nos. 731-TA-1063-1068 (Preliminary), USITC Publication 3672), released on March 16, 2004.

The following chronology follows the development of this issue. Key references are identified in footnotes by links to where they may be viewed, with care taken to select those resources that may be least transient. Full citations are not provided to these footnoted documents because of the lengthy organizations and titles.

## Chronology

- 08/06/2003 — Board of the Louisiana Shrimp Association unanimously votes to pursue shrimp trade remedy actions, including antidumping and countervailing duty petitions, against foreign shrimp imports.
- 08/08/2003 — Southern Shrimp Alliance votes to pursue shrimp trade remedies.
- 08/22/2003 — American Shrimp Processors Association votes to support antidumping and countervailing duty petitions against imported shrimp products.

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<sup>5</sup> See [<http://www.freetradeinseafood.org/news/press11.htm>], visited on Mar. 19, 2004.

<sup>6</sup> For example, the Department of Commerce adopted the suggestion of petitioners' lawyers that it collect data to compare the prices of peeled vs. shell-on shrimp. Opponents of the petitions suggest this approach compares dissimilar products, when sales of identical products are available for comparison, and results in dumping margins where none really exist.

<sup>7</sup> US-ASEAN Business Council, Inc., *Shrimp Antidumping Cases Threaten a Major Economic Sector in the Targeted Developing Countries*, undated, 2 p.

- 11/10/2003 — Louisiana Governor Mike Foster reportedly pledges \$600,000 in state funding if an antidumping petition is filed by December 15, 2004.<sup>8</sup>
- 12/18/2003 — Southern Shrimp Alliance and the National Chamber of Fishing and Aquaculture Industries of Mexico issue a joint statement, announcing cooperation to oppose unfair shrimp trade.<sup>9</sup>
- 12/31/2003 — Ad Hoc Shrimp Trade Action Committee, an ad hoc committee of boat owners and shrimp processors, files six antidumping petitions with the International Trade Commission (ITC) and the Department of Commerce (DOC).<sup>10</sup>
- 01/08/2004 — ITC publishes a *Federal Register* notice that preliminary antidumping investigations are being initiated for frozen and canned warmwater shrimp and prawns from six countries.<sup>11</sup>
- 01/12/2004 — Foreign Agricultural Service, U.S. Department of Agriculture, certifies a petition for trade adjustment assistance for Alabama shrimpers, based on a determination that increased imports of farmed shrimp contributed to a decline in the domestic price of shrimp during 2002.<sup>12</sup>
- 01/16/2004 — Louisiana Shrimp Association files a document with the DOC opposing the antidumping petitions “as currently drafted,” arguing that the DOC should treat fresh shrimp as the same “like product” as frozen shrimp.
- 01/21/2004 — DOC announces that the petitions of the Ad Hoc Shrimp Trade Action Committee meet statutory requirements and that antidumping investigations are being initiated.<sup>13</sup> The DOC subsequently publishes a *Federal Register* notice of this action.<sup>14</sup>
- 01/21/2004 — ITC holds a public conference on this issue.<sup>15</sup>

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<sup>8</sup> See [<http://www.usvtc.org/shrimp%20article%201.pdf>], visited on Mar. 19, 2004.

<sup>9</sup> See [<http://www.shrimpalliance.com/Press%20Releases/Mexico%20Support.pdf>], visited on Mar. 19, 2004.

<sup>10</sup> See [<http://www.shrimpalliance.com/Press%20Releases/Filing%20Fact%20Sheet.pdf>], visited on Mar. 19, 2004.

<sup>11</sup> 69 *Fed. Reg.* 1301-1302, Jan. 8, 2004.

<sup>12</sup> 69 *Fed. Reg.* 1695, Jan. 12, 2004.

<sup>13</sup> See [[http://www.ita.doc.gov/media/FactSheet/0104/shrimp\\_012104.html](http://www.ita.doc.gov/media/FactSheet/0104/shrimp_012104.html)], visited on Mar. 19, 2004.

<sup>14</sup> 69 *Fed. Reg.* 3876-3883, Jan. 27, 2004.

<sup>15</sup> See [[http://www.usitc.gov/er/wl/wl1\\_0119.pdf](http://www.usitc.gov/er/wl/wl1_0119.pdf)], visited on Mar. 19, 2004.

- 02/10/2004 — National Shrimp Industry Association, representing major U.S. shrimp processors and importers, announces that it will join the American Seafood Distributors Association in opposing the petitions.<sup>16</sup>
- 02/17/2004 — ITC votes unanimously that there is a reasonable indication that a U.S. industry is materially injured or threatened with material injury by imports of certain frozen and canned warmwater shrimp and prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam that are allegedly sold in the United States at less than fair market value.<sup>17</sup> The ITC subsequently publishes a *Federal Register* notice of this action.<sup>18</sup>
- 03/16/2004 — ITC releases *Certain Frozen and Canned Warmwater Shrimp and Prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam* (Invest. No. 731-TA-1063-1068 (Prelim.), USITC Publication 3672).<sup>19</sup>
- 04/01/2004 — Consuming Industries Trade Action Coalition (representing U.S. restaurants, grocers, seafood distributors and processors) announces its opposition to the shrimp antidumping action.<sup>20</sup>
- 04/05/2004 — Foreign Agricultural Service, U.S. Department of Agriculture, certifies petitions for trade adjustment assistance for Florida and North Carolina shrimpers and Arizona shrimp producers, based on a determination that increased imports of farmed shrimp contributed to a decline in the domestic price of shrimp.<sup>21</sup>
- 04/05/2004 — After shrimp exports to the Australian market surge, ABC News reports that Australia is investigating the possibilities of launching an independent trade action against shrimp exporting nations and filing an amicus brief in support of U.S. action.
- 04/09/2004 — National Restaurant Association announces its opposition to the shrimp antidumping petitions.<sup>22</sup>
- 04/13/2004 — After this date, shrimp imported to the United States from China and/or Vietnam could be subject to retroactive tariffs, if the decision on their petition is affirmative.
- 04/14/2004 — DOC reports that more than 134 million pounds of shrimp were imported by the United States in February 2004, nearly double the

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<sup>16</sup> See [<http://www.freetradeinseafood.org/news/press14.htm>], visited on Mar. 19, 2004.

<sup>17</sup> See [<http://www.usitc.gov/er/nl2004/ER0217bb1.HTM>], visited on Mar. 19, 2004.

<sup>18</sup> 69 *Fed. Reg.* 9842, Mar. 2, 2004.

<sup>19</sup> See [<ftp://ftp.usitc.gov/pub/reports/opinions/PUB3672.PDF>], visited on Mar. 19, 2004.

<sup>20</sup> See [[http://www.citac.info/shrimp/press\\_releases/2004/04\\_01.htm](http://www.citac.info/shrimp/press_releases/2004/04_01.htm)], visited on Apr. 22, 2004.

<sup>21</sup> 69 *Fed. Reg.* 17637-17638, Apr. 5, 2004.

<sup>22</sup> See [<http://www.restaurant.org/news/story.cfm?ID=192>], visited Apr. 26, 2004.

amount for February 2003, as shrimp-exporting nations seek to ship inventory prior to the time they could face potential tariff liability under the pending antidumping petitions.

- 04/20/2004 — Consumer advocacy group Public Citizen launches campaign to inform consumers on “health effects and social concerns of farmed shrimp.”<sup>23</sup>
- 04/29/2004 — Louisiana Shrimp Association files a lawsuit in U.S. district court, asking for a ruling on whether LSA members are eligible for any monetary proceeds that may result from the antidumping petitions.
- 05/06/2004 — After this date, shrimp imported to the United States from Brazil, Ecuador, Thailand, and/or India could be subject to retroactive tariffs, if the decision on their petition is affirmative.
- 05/07/2004 — Thirteen Members of Congress send a letter to the Secretary of Commerce calling for efforts to assure a fair, rational, and objective process and urging consideration of a 50-day extension on the preliminary determination of any antidumping duties.<sup>24</sup>
- 05/14/2004 — Louisiana Governor Kathleen Blanco authorizes the transfer of \$350,000 to the Southern Shrimp Alliance to help pay legal expenses for the antidumping proceedings.
- 05/19/2004 — Noting the extraordinarily complicated nature of the proceedings, DOC announces that it will delay a preliminary determination on antidumping duties until July 2 for China and Vietnam, and until July 28 for Brazil, Ecuador, Thailand, and India.
- 05/19/2004 — Citing a surge in shrimp imports from China, Thailand, India, and Vietnam, the Southern Shrimp Alliance files a *critical circumstances* petition with the DOC, requesting retroactive duties on these imports.
- 07/06/2004 — DOC announces preliminary determinations for China and Vietnam. Estimated dumping margins range from 7.67% to 112.81% for China, and from 12.11% to 93.13% for Vietnam.<sup>25</sup>
- 07/29/2004 — DOC announces preliminary determinations for Brazil, Ecuador, Thailand, and India. The estimated dumping margins range from 0.00%

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<sup>23</sup> See [<http://www.citizen.org/pressroom/release.cfm?ID=1692>], visited on Apr. 26, 2004.

<sup>24</sup> See [[http://www.citac.info/shrimp/doc/to\\_evans\\_doc\\_050704.pdf](http://www.citac.info/shrimp/doc/to_evans_doc_050704.pdf)], visited on May 26, 2004.

<sup>25</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-nme-shrimp-prelim-revised-070704.pdf>], visited Aug. 3, 2004. See also 69 *Fed. Reg.* 42654-42672, July 16, 2004 (China) and 69 *Fed. Reg.* 42672-42687, July 16, 2004 (Vietnam).

to 67.80% for Brazil, from 6.08% to 9.35% for Ecuador, from 3.56% to 27.49% for India, and from 5.56% to 10.25% for Thailand.<sup>26</sup>

- 08/24/2004 — DOC announces amendments to the preliminary determinations for Brazil, China, and Vietnam to correct for ministerial errors.<sup>27</sup>
- 11/30/2004 — DOC announces its final determinations for China and Vietnam. The dumping margins range from 27.89% to 112.81% for China, and from 4.13% to 25.76% for Vietnam.<sup>28</sup>
- 12/20/2004 — DOC announces its final determinations for Brazil, Ecuador, Thailand, and India. The dumping margins range from 9.69% to 67.80% for Brazil, from 2.35% to 4.48% for Ecuador, from 5.02% to 13.42% for India, and from 5.79% to 6.82% for Thailand.<sup>29</sup>
- 01/06/2005 — ITC announces affirmative final determinations for non-canned warmwater shrimp and prawns from all six countries.<sup>30</sup>
- 01/26/2005 — DOC issues antidumping orders for all six countries. The amended final dumping margins range from 27.89% to 112.81% for China, from 4.30% to 25.76% for Vietnam, from 4.97% to 67.80% for Brazil, from 2.48% to 4.42% for Ecuador, from 4.94% to 15.36% for India, and from 5.29% to 6.82% for Thailand.<sup>31</sup>

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<sup>26</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-shrimp-prelim-brz-ecu-ind-thai-072804.pdf>], visited Aug. 3, 2004. See also 69 *Fed. Reg.* 47081-47091, Aug. 4, 2004 (Brazil), 69 *Fed. Reg.* 47091-47100, Aug. 4, 2004 (Ecuador), 69 *Fed. Reg.* 47111-47120, Aug. 4, 2004 (India), and 69 *Fed. Reg.* 47100-47110, Aug. 4, 2004 (Thailand).

<sup>27</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-brazil-prc-vietnam-shrimp-amended-prelim-ad-082504.pdf>], visited Jan. 10, 2005. See also 69 *Fed. Reg.* 52860-52862, Aug. 30, 2004 (Brazil), 69 *Fed. Reg.* 53409-53411, Sept. 1, 2004 (China), and 69 *Fed. Reg.* 53411-53413, Sept. 1, 2004 (Vietnam).

<sup>28</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-prc-vietnam-shrimp-final-113004.pdf>], visited Jan. 10, 2005. See also the DOC's decision memos on China [<http://ia.ita.doc.gov/frn/summary/prc/04-26976-1.pdf>] and Vietnam [<http://ia.ita.doc.gov/frn/summary/vietnam/04-26977-1.pdf>] as well as 69 *Fed. Reg.* 70997-71005, Dec. 8, 2004 (China) and 69 *Fed. Reg.* 71005-71010, Dec. 8, 2004 (Vietnam), visited Jan. 10, 2005.

<sup>29</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-shrimp-brazil-ecuador-india-thailand-122004.pdf>], visited Jan. 11, 2005. See also 69 *Fed. Reg.* 76910-76913, Dec. 23, 2004 (Brazil), 69 *Fed. Reg.* 76913-76916, Dec. 23, 2004 (Ecuador), 69 *Fed. Reg.* 76916-76918, Dec. 23, 2004 (India), and 69 *Fed. Reg.* 76918-76920, Dec. 23, 2004 (Thailand).

<sup>30</sup> See [[http://www.usitc.gov/ext\\_relations/news\\_release/2005/er0106cc1\\_corrected.htm](http://www.usitc.gov/ext_relations/news_release/2005/er0106cc1_corrected.htm)], visited Jan. 27, 2005.

<sup>31</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-shrimp-brazil-ecuador-india-thailand-prc-vietnam-amended-final-012505.pdf>], visited Jan. 27, 2005.