

US Shrimp Task Force on the Side of Brazil

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Thousands of consumers and family-owned businesses are awaiting a decision by the U.S. Department of Commerce (DOC) that could place a tax as high as 112 percent on shrimp imported from Brazil and five other countries.

This at a time when Americans are consuming record amounts of the country's #1 seafood, according to the Shrimp Task Force formed by the Consuming Industries Trade Action Coalition (CITAC) and the American Seafood Distributors Association (ASDA).

In the coming weeks, DOC will issue its final ruling on the extent to which it will place so-called "dumping duties" on shrimp imports from six countries - Brazil, China, Ecuador, India, Thailand, and Vietnam - that together account for 75 percent of all shrimp imported by the United States each year.

Brazilian exports of shrimp to the United States took a nose dive this year after rising steadily for the six consecutive years. Between January and August they were down 54%, compared to the same period last year.

According to Itamar Rocha, president of the shrimp breeders association, there were three reasons for the reduction: a lack of government financing, a decrease in investments in new technology and an anti-dumping suit brought by eight shrimp-producing states in the southern US.

As a result of the anti-dumping suit, Brazilian shrimp exporters now face a 23.6% surtax in the US and have little chance of exporting what they exported last year: 21,800 tons.

Meanwhile, Brazilian shrimp exporters are now aiming at the European and Asian markets with the hope of at least equaling last year's results when shrimp export revenue totalled US\$ 226 million with the sale of over 58,000 tons on international markets.

Rocha says that is a disappointment, pointing out that the original target for this year was to export 76,000 tons with revenue of US\$300 million.

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The U.S. Department of Commerce announcement will arrive in the wake of data compiled by the National Marine Fisheries Service (NMFS) showing that shrimp continues to rank as the #1 seafood in the United States, with Americans consuming a record 4.0 pounds of shrimp per person in 2003, up from 3.7 pounds in 2002.

"Consumers may find their favorite seafood suddenly priced out of reach as a result of the food tax," says Shrimp Task Force Chairman, Wally Stevens.

Stevens, who also serves as President of the American Seafood Distributors Association, points out that dumping duties and new bonding requirements by U.S. Customs will also adversely affect U.S. companies, which will find the new requirements an onerous and unfair consequence of the antidumping investigation.

"American families and those businesses that bring food to American tables - including restaurants, grocery stores, distributors, trucking companies, cold storage and logistics companies, and importers - will feel a profound impact if the Department of Commerce upholds its earlier ruling and imposes a tax on imported shrimp," said Stevens.

"Together, these businesses employ tens of thousands of U.S. workers, twenty times those employed in the domestic

shrimp industry."

"The Shrimp Task Force is continuing to fight this unfair and ill-advised food tax, which will hit American families and American businesses that count on access to high-quality, imported shrimp right in their pocketbooks," continued Stevens.

"In fact, the Commerce Department has enormous discretion to adjust duty levels in its final determination, and we will press DOC to exercise that discretion in favor of open trade in shrimp.

"One example of DOC's vast discretion when investigating allegations of dumping is its policy of refusing to consider an exporter's non-dumped U.S. sales - those that fall above its foreign sales prices or production costs," continued Stevens.

"Rather than average in the cost of these sales, DOC 'zeroes them out,' considering only a hand-picked sample comprised solely of lower-priced sales.

"In the shrimp case, many exporters would not be subject to dumping duties if DOC abandoned this biased calculation approach. The WTO recently found this 'zeroing' policy (which is not required by law or regulation) illegal, setting the stage for possible retaliation against U.S. exports.

"Similarly, if the Administration requires DOC to use detailed and accurate surrogate values to measure dumping for Vietnam and China, their shrimp dumping margins will decline dramatically, or even disappear altogether in some cases,"

Stevens continued. "We have maintained from the beginning that the shrimp targeted by these trade cases has not been dumped. If the Administration exercises its trade policy discretion fairly, we are confident that DOC's final determinations will show no dumping."

In its recent report on Shrimp Industry Issues and Options, the NMFS report concluded that the U.S. shrimping industry needs drastic restructuring, not trade protection, to become competitive.

U.S. shrimpers asked for this U.S. Government report, and then tried to stop its release when they realized it would not support their attempts to blame imports for their problems.

The report offers a number of non-protectionist solutions to industry problems, including reducing the size of the domestic shrimp fleet, reorganizing shrimpers into cooperatives, and improving product differentiation from imported shrimp.

The U.S. industry has either rejected these recommendations or so far failed to implement them effectively.

DOC will announce final dumping duties for China and Vietnam by November 29, 2004, and for Thailand, India, Ecuador, and Brazil by December 15.

In June and July, DOC made preliminary determinations on dumping duties for these six countries.

The pending preliminary duties for China range from 0.04 percent to 112.81 percent, for Vietnam from 12.11 percent to 93.13 percent; for Brazil from 12.86 percent to 67.8 percent; for Ecuador from 6.08 percent to 9.35 percent; for India from 3.56 percent to 27.49 percent; and for Thailand from 5.56 percent to 10.25 percent.

During January 2005, the U.S. International Trade Commission (ITC) will then determine whether the imports from the six countries are a true cause of material injury to the domestic industry.

In response to the threat that duties pose to consumers and the consuming industries that serve them, the Consuming Industries Trade Action Coalition (CITAC) and the American Seafood Distributors Association (ASDA) formed the CITAC/ASDA Shrimp Task Force, joining concerned grocers, restaurants, processors, distributors, business councils, and U.S. importers.

The Shrimp Task Force seeks to assure that the U.S. government considers all the facts, applies the law, and exercises its discretion in the case fairly and objectively, with a full understanding of the national ramifications of any decision.

The NFI survey on seafood consumption can be found at:<http://www.nfi.org/?a=news&b=News%20Releases&year=&x=3679>

CITAC/ASDA Shrimp Task Force