

# CRS Report for Congress

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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 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 late 2004 and early 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 practices for 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 2002, approximately 87% of the 1.5 billion pound U.S. shrimp supply was derived from imported product,<sup>3</sup> with 70% 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

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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, 2002* (Washington, DC: Sept. 2003), p. 83.

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

opposed by U.S. 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. For more information on trade dispute procedures generally, see the *CRS Trade Briefing Book*, “Antidumping and Countervailing Duties”, [<http://www.congress.gov/brbk/html/ebtra67.html>].

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 for them.

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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 was suggested so that dumping margins can be created 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.

## Chronology

- 08/06/2003 — The 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 — The Southern Shrimp Alliance votes to pursue shrimp trade remedies.
- 08/22/2003 — The American Shrimp Processors Association votes to support antidumping and countervailing duty petitions against imported shrimp products.
- 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 — The 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 — The 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 — The 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 — The 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 — The Louisiana Shrimp Association files a document with the DOC opposing the shrimp antidumping petitions “as currently drafted,” arguing that the DOC should treat fresh shrimp as the same “like product” as frozen shrimp.

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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.

- 01/21/2004 — The 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 — The ITC holds a public conference on this issue.<sup>15</sup>
- 02/10/2004 — The 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 antidumping petitions.<sup>16</sup>
- 02/17/2004 — The ITC votes unanimously that there is a reasonable indication that a U.S. industry is materially injured or threatened with material injury by reason of 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 — The ITC releases the public report *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).<sup>19</sup>
- 04/01/2004 — The 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 — The 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>

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<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.

<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.

- 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 — The 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 — The DOC reports that more than 134 million pounds of shrimp were imported by the United States in February 2004, nearly double the 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 — The consumer advocacy organization Public Citizen launches a campaign to inform consumers about “health effects and social concerns of farmed shrimp.”<sup>23</sup>
- 04/29/2004 — The 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.

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

<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.

- 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 announced preliminary determinations of July 2, 2004, for China and Vietnam. The estimated dumping margins range from 7.67% to 112.81% for imports from China, and from 12.11% to 93.13% for imports from Vietnam.<sup>25</sup>
- 07/29/2004 — DOC announced preliminary determinations of July 28, 2004, for Brazil, Ecuador, Thailand, and India. The estimated dumping margins range from 0.00% 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>

### **Anticipated Future Actions**

- 09/20/2004 — Deadline by which the antidumping petitioner may claim *critical circumstances* that could result in retroactive tariffs on shrimp imported from Brazil and Ecuador.
- 11/24/2004 — DOC final determinations due for China and Vietnam.
- 12/17/2004 — DOC final determinations due for Brazil, Ecuador, Thailand, and India.
- 01/08/2005 — ITC final determinations due for China and Vietnam, if final DOC determinations are affirmative.
- 01/15/2005 — Antidumping Order, if any, due for China and Vietnam.
- 01/31/2005 — ITC final determinations due for Brazil, Ecuador, Thailand, and India, if final DOC determinations are affirmative.
- 02/07/2005 — Antidumping Order, if any, due for Brazil, Ecuador, Thailand, and India.

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<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).

<sup>26</sup> See [<http://ia.ita.doc.gov/download/factsheets/factsheet-shrimp-prelim-brz-ecu-ind-thai-072804.pdf>], visited Aug. 3, 2004.