

THE SHRIMP ADVOCATE



March 2005

SOUTHERN SHRIMP ALLIANCE

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SSA Elects New President

The Southern Shrimp Alliance held its officer elections on February 17, 2005 in Washington, DC. The Board of Directors unanimously elected Joey Rodriguez of Bayou La Batre, Alabama to the position of President. Sal Versaggi of Tampa, Florida was reelected as Vice President and John Williams of Tarpon Springs, Florida was reelected as Secretary and Treasurer.

“Joey is an articulate, even-tempered, strong leader that will unite the shrimp industry to achieve SSA’s ambitious goals in 2005,” said Eddie Gordon, ex-officio President and a current SC Director.

Rodriguez owns and operates with his family two freezer shrimp boats, a ship building business, a fuel and ice plant, and a net shop.

Shrimp Industry Wins Dumping Cases

The U.S. shrimp industry won its dumping trade actions against Brazil, China, Ecuador, India, Thailand, and Vietnam. The law firm of Dewey Ballantine LLP successfully demonstrated that six countries engage in the unfair trade practice of dumping and that the dumped shrimp imports have injured American shrimp fishermen and processors. To offset the market distortions caused by dumped shrimp on U.S. shrimp prices, the Department of Commerce (DOC) imposed duties on frozen warmwater shrimp imports from the six countries that range from 2.48% to 112.81%. That’s a trade-weighted average of 17.04% when the company-specific duty rates are assigned to the companies’ volume of exports. Despite claims that the duties won’t increase import prices, importers are deeply concerned about the impact of duties.

While the duties are impacting the market, SSA is appealing the “dusted” shrimp finding to the U.S. Court of International Trade (CIT) to close a potential loophole in the trade actions. In its final determination, Commerce exempted “dusted” shrimp from the duties. “Dusted” refers to an insubstantial addition (as little as four percent of the total weight) of rice or wheat flour to shrimp.

An imported frozen shrimp with a small amount of flour added, which can be easily removed upon import, competes directly with domestically produced frozen shrimp. SSA believes the CIT should reverse the finding that “dusted” shrimp is a product that differs significantly in physical characteristics and uses from U.S. frozen shrimp, which would make dusted shrimp subject to duties.

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SSA Hosts Shrimp Boil in DC

On February 16, 2005, SSA members from each of the eight states visited their elected representatives to alert the Senators and Representatives about SSA's 2005 legislative goals (see page 3, left column). Following a day of back-to-back meetings with the state delegations, Members of Congress and their staff were invited to the American Legion Post to feast on Wild American shrimp. The first annual Shrimp Boil attracted over 120 guests, including Members of Congress, their senior staff, and committee staff responsible for issues facing the U.S. shrimp industry. The casual environment gave shrimpers the opportunity to explain the market conditions facing the industry and the necessary solutions. It also showcased the superior flavor of Wild American Shrimp. Special thanks go to the Alabama shrimpers that cooked for the event and the Mississippi fishermen that provided the shrimp for all to enjoy.

**Tsunami Could Provoke a
"Changed Circumstances Review"**

The International Trade Commission (ITC), the quasi-judicial body that determines whether unfair trade injures or threatens to injure the domestic industry, has requested comments regarding the effects of the tsunami on shrimp imports from Thailand and India. Based on the public record, the ITC will determine whether or not to self-initiate a "changed circumstances review." A changed circumstance review would determine whether or not removing the existing duties on Thailand and/or India is likely to lead to a continuation or recurrence of material injury to the domestic shrimp industry. If the ITC self-initiates a review in April, SSA believes that it has a solid legal argument that the U.S. shrimp industry will continue to be injured by dumped imports from Thailand and India unless antidumping duties remain in place.

China Appeals to CIT, Other Appeals Expected

The countries and companies that are subject to duties have the right to appeal the U.S. findings of dumping. The companies can take the challenge to the U.S. Court of International Trade (CIT) and many of the countries can file appeals at the World Trade Organization (WTO). Thirty-two Chinese companies have filed complaints at the CIT. No action has been taken at the WTO on the final determinations, but unlike U.S. courts, there is not a firm statute of limitations. This means countries can file an appeal at a later point in time.

Be a Part of the Action!

SSA is the national voice for the U.S. shrimp industry, addressing the issues that impact our daily lives. To have your voice heard in Washington, DC and in your state, you need to be an active member.

In 2005, SSA will work to:

- Pursue strong enforcement of the antidumping orders
- Prevent the importation of shrimp contaminated with antibiotics
- Improve implementation of trade adjustment assistance (TAA)
- Fight efforts to repeal Country-of-Origin Labeling (COOL)
- Participate in the Magnuson Reauthorization
- Protect the Byrd Amendment from repeal
- Support efforts to market Wild American Shrimp

While SSA had impressive accomplishments in 2004, it does not come easily. We need your involvement and financial support to sustain the industry's record of achievement!

**Wild American Shrimp:
The shrimp you thought you were eating**

Marketing research shows that consumers already prefer Wild American shrimp to foreign, farm-raised shrimp, believing that it is a superior product. Research also demonstrates that 95% of consumers in the Southeast think they are eating wild, locally-caught shrimp when they are actually eating farmed imports. That is why the number one objective of the U.S. shrimp industry's marketing efforts is to educate the consumer to ask about the origins of their shrimp.

Through certification programs, branding, advertising, and other public relations efforts, Wild American Shrimp, Inc. (WASI) is going to change the way Americans think of shrimp. The WASI team has a lot lined up for 2005, ranging from educational articles in *Food and Wine Magazine* (May 2005) to celebrity endorsements of Wild American Shrimp by chefs such as Paula Dean and Emeril. The marketing strategies being set in place now are aimed at sophisticated consumers and chefs that are already buying shrimp and want the best quality available.

By differentiating Wild American shrimp from other shrimp and increasing its comparative value, WASI aims to raise shrimp prices at the dock enough to sustain the wild-caught, U.S. shrimping industry on a long-term basis.

Shrimp Importers Learn that Duties Hurt

Shrimp importers that depend on access to dumped shrimp have tried to convince the U.S. shrimp industry that antidumping duties will have no effect on prices. Now that the duties are in place, shrimp importers are singing a different tune.

Today, importers claim that the trade actions could put small importers out of business and will be a barrier to trade with the target countries. Shrimpers should expect imports from the target countries to continue, but at lower volumes and/or higher prices. Imports from non-target countries will increase, but will not have to compete against dumped prices.

Some fear that importers will resort to illegally traded shrimp. SSA will be watching for evidence of circumvention, which is a violation the trade laws, the new Homeland Security Act, USDA country-of-origin labeling laws, US Customs country-of-origin-labeling, the Lacey Act, FDA labeling laws and HACCP. The costs of violation are high and importers and exporters should be wary.

Become a Member!

SSA is working hard to stabilize and increase U.S. shrimp prices and needs your commitment to fund the litigation, marketing, and legislative initiatives on behalf of the industry.

If you have already sent in your 2005 renewal form, thank you for your support. Otherwise, please find a copy of the membership form enclosed with this mailing and/or on website.

Dues Schedule:

Boats = \$200 each

Shoreside Facilities = \$500

Processors/Other = \$1,000

For more 2005 membership information, please feel free to call John Williams at 727.934.5090.

As a 501c(6), SSA's annual tax return (IRS Form 990) is public information and shows where the money has been spent. Remember, despite their hard work, none of the officers nor directors are compensated.

Media Relations

Reporters calling you for a quote? Looking for more information regarding a news report you heard? Want to respond to an article you read? Contact Deborah Long at 919.969.9606.

Information about the Byrd Amendment

When an antidumping duty order is imposed, Commerce instructs the Bureau of Customs and Border Protection (Customs) to assess antidumping duties on imports of the product into the United States to offset the unfair trade practice. Under the Continued Dumping and Subsidy Offset Act of 2000 (CDSOA or Byrd Amendment), the antidumping duties collected are distributed annually to affected domestic producers for qualifying expenditures incurred. Following imposition of an antidumping order, the ITC provides Customs with a list of affected domestic producers (those producers who publicly expressed support for the petition during the investigation through a questionnaire OR letter of support sent to the ITC prior to 12/8/04). This list is not made public because Customs, not the ITC, has the final authority to determine who is eligible for Byrd Amendment funds. *For this reason, please do not contact the ITC regarding whether your company is eligible!*

Prior to the annual distribution, Customs publishes in the *Federal Register* a notice of intent to distribute and the list of affected domestic producers potentially eligible for the distribution based largely on the list of affected domestic producers forwarded by the ITC. Customs typically publishes the final list of potentially eligible producers in July. Since distributions in the shrimp cases are not possible in 2005, shrimpers may have to wait until July 2006 for such a list. Potentially eligible affected domestic producers must then submit certifications to Customs that 1) indicate the company's desire to receive a distribution 2) verify that the company is eligible to receive a distribution, and 3) identify "qualifying expenditures" incurred since the issuance of the order. All potentially eligible shrimp fishermen and processors should keep detailed documentation of all expenditures made as of February 1, 2005!

SSA directors will arrange a meeting with Customs officials to help identify how costs incurred by shrimpers fit into the "qualifying expenditures" categories designated by Congress. SSA members in good standing will receive information about how and when to apply for Byrd Amendment distributions after that meeting.

For further information, please visit:

http://www.usitc.gov/trade_remedy/731_ad_701_cvd/byrd.htm

Did the ITC receive my letter of support?

You can go online to find out. Visit www.usitc.gov and do a "public access" search/retrieval of the Electronic Database Information System (EDIS). The shrimp case is # 731-1063. The file will bring up every public filing in the case, including individual letters sent to the ITC.

Note: Please do not call ITC staff. They will refer you to this website.