Technical Efficiency of South Carolina Shrimp Fishery and its Implications for the Local Industry

Abstract

The increased inflow of imported shrimp into the US has lowered shrimp prices in the marketplace and with it ex-vessel prices received by shrimp fishermen. This also resulted in consolidation in the shrimp processing sector as profit margins declined. A number of recent remedies proposed are aimed at strategies to increase the prices received by domestic producers. We propose that in addition to these efforts, the industry needs to look at the production side. This paper examines the technical efficiency of South Carolina shrimp trawlers using the results of a survey of shrimp boat operators. We apply a stochastic frontier method to get estimates of production efficiency. Our estimates point to production inefficiency. A sample of South Carolina shrimp boats that operated in 2002 was estimated to have an average technical efficiency of 46 percent. This finding has strong implications on the long-term survival and viability of the local shrimp industry as it continues to face competition from low-priced imports.

Exchange Rate Pass-through and Competition in the US Imported Shrimp Market

Abstract

The decline in U.S. shrimp prices has prompted domestic producers to lobby for antidumping duties against the main shrimp exporters to the U.S. The last fifteen years show a change in import sources as Asian countries took over the Latin American share in the U.S. market. In this paper, we examine the role of exchange rate fluctuations in price setting by the shrimp exporters. Employing a detailed shrimp import dataset from 1989 to 2004 we use cointegration techniques to investigate how prices by foreign producers interact and investigate their ability to pass-through the effects of exchange rate fluctuations for each specific shrimp product type.

The Welfare Implications of US Antidumping Duties on Shrimp Imports

Abstract

The antidumping investigation of six of the biggest exporters of shrimp to the United States puts at the forefront the question of who benefits and who loses from such an intervention. Well organized domestic producers benefit from restricting inflows of imported competing products. Consumers suffer when prices go up and consumption choices are curtailed. How much do domestic producers gain? How much do consumers lose? What is the net welfare loss or gain? In this paper we used traditional partial equilibrium modeling to answer these questions. It is also of interest to know if international shrimp markets are integrated. Integrated shrimp markets would cast doubts on the efficacy of antidumping duties as remedy for falling domestic shrimp prices. An integrated shrimp market would increase the possibility that antidumping duties would lead to trade diversion as countries that were not penalized enter the US market, this dampens the price increase expected from antidumping duties.