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November 18, 2008

The Honorable Susan C. Schwab  
United States Trade Representative  
600 17th Street, N.W.  
Washington, D.C. 20508

Dear Ambassador Schwab:

The Southern Shrimp Alliance (SSA), a non-profit alliance of the hard-working men and women of the U.S. shrimp industry, urge you to engage in meaningful discussions during the Asia-Pacific Economic Cooperation (APEC) 20th Ministerial Meeting from November 19-20, 2008 to address the continuing violations of our nation's food safety and fair trade laws by certain APEC members.

As you are aware, parties in a number of APEC member countries, including Thailand, Vietnam, the People's Republic of China (China), Malaysia, and Indonesia, continue to engage in such unfair and unlawful trade practices as (1) the use of banned and hazardous substances in shrimp exported to the United States, (2) the transshipment of shrimp imports through certain APEC countries to evade effective enforcement of U.S. antidumping orders and other U.S. laws, and (3) the subsidization of foreign shrimp production to artificially stimulate the production of shrimp exports beyond market demand.

First, the systemic use of banned substances in shrimp exports to the United States to artificially increase production has been well documented in APEC countries such as Thailand, Vietnam, China, Malaysia, and Indonesia. Nine out of every ten pounds of shrimp consumed in the United States is imported from other countries. The vast majority of this shrimp was raised in ponds through aquaculture. Raised in these crowded and dirty ponds, farmed shrimp is very susceptible to disease. Foreign aquaculture shrimp farmers live constantly under the threat that disease could ravage a shrimp crop and leave them destitute. As such, the incentive to take any available measure of protection to guard against crop failure is extremely powerful. In many instances, this fear of economic failure leads to the utilization of harmful antibiotics and pesticides that pose serious threats to unwitting U.S. seafood consumers.

Compounding this problem is the lack of consistency of controls on the acquisition and use of banned and harmful substances in shrimp exporting countries. As the European Union found in its inspection of Vietnamese food producers in 2007:

The ongoing detections of veterinary drug residues in exported consignments tested at EU border inspection posts raise concerns on the effectiveness of residues controls which are weakened by the general availability of drugs

without prescription, the limited scope of official testing, the capacity of the laboratory network, and, in some cases, insufficient follow-up.<sup>1</sup>

The APEC Ministerial Meeting is an ideal forum for the United States to increase cooperation among APEC members and their national food safety authorities to prevent the unauthorized export of contaminated and otherwise harmful seafood products.

Second, the United States must engage APEC members, particularly China, Indonesia and Malaysia, to prevent the transshipment of shrimp imports through third countries to unlawfully avoid U.S. tariffs, antidumping duties, or scientifically demonstrated food safety controls. Effective enforcement of these laws and controls is essential to the domestic shrimp industry's efforts to recover from the injury caused by unfairly traded shrimp imports.

As you are aware, existing antidumping duty orders on certain shrimp imports are meant to enable the domestic shrimp industry to compete with unfairly traded goods on a level playing field. However, foreign shrimp producers subject to these antidumping orders have been circumventing the orders by transshipping shrimp imports through non-subject countries. In March 2006, Customs found 54 shrimp importers had falsely designated imported Chinese shrimp as Indonesian-origin shrimp, and thus had failed to pay over \$65 million in required antidumping duties. According to recent press reports, Customs' testing of shipments of shrimp ostensibly from Indonesia has led the agency to conclude that the product was actually transshipped from China. Apparent transshipment of Chinese shrimp continues through countries such as Malaysia and Cambodia. The government of Malaysia has, to the domestic industry's knowledge, refused to cooperate in preventing the transshipment of Chinese merchandise. In addition, the so-called "dusted" shrimp exclusion in the antidumping orders has allowed foreign producers to circumvent the payment of antidumping duties through a gaping loophole. As a result, large quantities of unlawful, unfairly traded, and potentially unsafe imported shrimp enter the United States. Ensuring the effective enforcement of the antidumping orders and other U.S. laws would have a direct and positive impact on the livelihood of U.S. producers and the value of U.S. fair trade laws.

Finally, we urge you to unequivocally denounce the use of subsidies by certain APEC members to artificially increase shrimp production in those countries beyond market demand. Shrimp exporters depend heavily on subsidies to compensate for the low prices caused by massive overcapacity and overproduction spurred by the use of illegal antibiotics and pesticides. From price supports for Thai shrimp farmers to export incentives for Indian shrimp exporters, the subsidization of one country's shrimp industry has led to further subsidies granted in other countries, as each tries to compete with the distortions caused by subsidization. In result, the domestic shrimp industry is denied a level playing field and the U.S. market is overrun with cheap, subsidized and often contaminated shrimp imports. The United States must act to prevent foreign governments from brazenly providing subsidies to their shrimp industries.

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<sup>1</sup> Final Report of a Mission Carried Out to Vietnam from 24 January to 1 February 2007 in order to Evaluate the Control of Residues and Contaminants in Live Animals and Animal Products, Including Controls on Veterinary Medicinal Products, European Commission, Health & Consumer Protection Directorate - General, Directorate Food and Veterinary Office, DG(SANCO)/2007/7322 - MR Final, p. 5 (Feb. 2007).

We emphasize that the United States has a unique opportunity during the APEC Ministerial Meeting in Lima, Peru to take a stand for U.S. industries struggling in this current economy against violations of U.S. fair trade and food safety laws. We urge you to act upon this opportunity for the sake of the domestic shrimp industry.

Sincerely,

A handwritten signature in black ink that reads "John Williams". The signature is written in a cursive style with a large, prominent initial "J".

John Williams  
Executive Director  
Southern Shrimp Alliance