



2009 Activities Report

Message to the Members

Many in the shrimp fishery spent 2009 trying to figure out how to survive the low value of U.S. wild-caught shrimp, while others were forced to leave the industry that has supported their families for generations. Relatively small declines in wholesale prices for U.S. shrimp precipitated massive declines in the prices received by fishermen, who were forced to bear the burden of the current downturn in demand for domestic shrimp. The discrepancy between wholesale and dockside prices for U.S. shrimp have denied the thousands of fishermen, who desperately need relief from low-priced shrimp imports, the benefits of the trade actions and marketing efforts. That is not acceptable. The SSA continued to work in 2009 towards achieving short-term relief and long-term sustainability for **all** members the U.S. shrimp industry.

As in previous years, the SSA committed substantial resources to defend the hard-won antidumping duties on imported shrimp. The organization fully litigated all administrative reviews, challenged determinations that went against the domestic industry in federal court, and worked to address circumvention of the antidumping orders. In addition, the SSA worked with Congress and the Administration to demonstrate the extensive links between weak food safety enforcement, unfair trade, and harm to the U.S. shrimp industry.

After numerous attempts to address the inequitable distributions of antidumping duties through the Continuing Dumping and Subsidies Offset Act (CDSOA or Byrd Amendment), the SSA negotiated an agreement with the Thai Frozen Foods Association to eliminate antidumping duties on Thai shrimp in exchange for a minimum of \$100 million to help the U.S. shrimp industry adjust to import competition. Members of the U.S. shrimp industry in each state, as opposed to the U.S. government, would control how to distribute the state's share of settlement funds. To finalize the settlement, the entire shrimp industry will need to unite to support the settlement before the U.S. Department of Commerce, the federal agency responsible for determining whether the antidumping duty order on Thailand should be withdrawn.

In addition to the efforts to address problems with unfair trade and food safety, the SSA continued to represent the U.S. shrimp industry in national and regional debates over fisheries management that have a significant impact on the shrimp industry. The SSA worked with regulatory officials and environmental groups to protect coral, red snapper, sea turtles and other marine life while minimizing the negative impact on the U.S. shrimp industry.

This activities report endeavors to summarize the wide range of activities the SSA has engaged in on behalf of the U.S. shrimp industry in 2009. We hope it answers your questions about what the SSA is doing to help our members and the industry at large. Please feel free to contact the SSA with further questions at 727.934.5090.

Sincerely,



Sal Versaggi
President
Southern Shrimp Alliance

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About the Southern Shrimp Alliance

Who Are We?

The Southern Shrimp Alliance (SSA) is an organization of shrimp fishermen, shrimp processors, and other members of the domestic industry in the eight warmwater shrimp producing states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas.

Purpose

Founded in 2002, the SSA works to ensure the continued vitality and existence of the U.S. shrimp industry. The livelihoods of U.S. shrimpers are threatened by cheap, unfairly traded imported shrimp. The U.S market has become a dumping ground for shrimp that are turned away from other major seafood importing countries. Proposed restrictions on shrimp fishing and rapidly increasing costs of doing business also loom over the industry. The SSA is committed to preserving the long term viability of one of our nation's most valuable fisheries, which for decades has been a foundation of the economy and social structure of countless coastal communities throughout the Gulf and Southeast regions.

Governance

The SSA is governed by a volunteer Board of Directors. The Board is composed of two elected representatives from each of the eight member-states.

The Board sets policy and financial goals through majority rule decision making. The SSA has a small staff to implement Board decisions. It employs a full-time Executive Director, Director of Field Operations, and Office Manager. The staff also includes a part-time assistant.

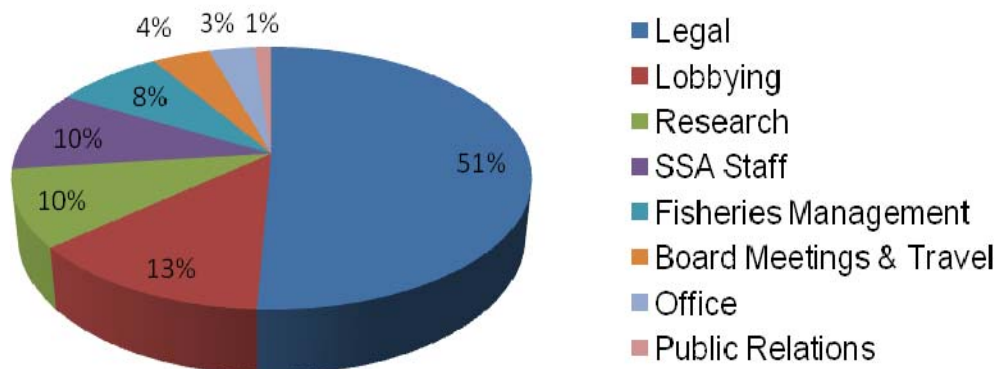
Finances

The SSA's accomplishments have required the services of a variety of individuals with expertise in areas such as fisheries biology, economics, and law. In addition, the organization has made contributions to state programs that benefit the U.S. shrimp industry, such as state marketing programs. The SSA has funded these efforts without federal appropriations.

The SSA's budget is comprised of membership funds and other contributions to the organization. In addition to annual dues and other donations from supporters, the proceeds from settlement of certain limited aspects of the trade litigation have helped to fund the SSA's extensive activities on behalf of the entire domestic shrimp industry, with minimal cost to the members of the domestic industry.

As a 501(c)(6) trade association, the SSA files annual Forms 990 which are available for public review.

SSA Expenses 2009



Fighting for Fair Trade

February 1, 2010 marks the five year anniversary of the imposition of antidumping duties on shrimp from Brazil, China, Ecuador, India, and Thailand. Throughout those five years, including 2009, the SSA has been the principle proponent and defender of this trade relief. The shrimp industry's experience with trade law over that time has been mixed.

On one hand, trade relief clearly arrested the seemingly endless growth of shrimp imports at declining prices. The drastic change in import trends that corresponded with the SSA's efforts to obtain trade relief played a vital role in the continued operations of hundreds of small businesses in our industry. Further, the antidumping orders have resulted in over \$186 million being made available to the domestic industry over the last four years. Less tangibly, the imposition of antidumping duties on imported shrimp proved that the U.S. shrimp industry can overcome tremendous obstacles when united in pursuit of a common goal to benefit the entire industry, rather than the individual interests of those within the industry.

On the other hand, the benefits of trade relief have not been apparent to many in the industry. Despite increased stability in the market place and the arrest of declining shrimp prices, the amount shrimpers receive for their catch is the lowest in memory. The \$186 million in collected antidumping duties that has been distributed to the domestic industry has overwhelmingly benefited shrimp purchasers and not fishermen. Thus, despite the influx of substantial funds into the hands of purchasers of shrimp, what shrimpers receive for their catch has continued to deteriorate.

The fact that trade relief has benefitted one segment of the domestic shrimp industry disproportionately does not negate the importance of obtaining a level playing field upon which the domestic industry can compete in the U.S. market. The antidumping orders have had an important and obvious positive effect in the marketplace. However, the inequitable distribution of benefits does mean that the SSA must carefully balance the utility of the trade relief with what is in the best interests of the entire domestic industry.

Achieving Equitable Benefits of Trade Relief

The most pressing question confronted by the SSA with respect to trade issues is: How does this benefit the domestic industry? If trade discipline leads to stable prices at the wholesale level and stable import growth but does not prevent the further serious deterioration of economic conditions for shrimp fishermen, then something has gone seriously wrong.

Analysis of prices over the last five years indicates that increases in prices for domestic shrimp at the wholesale level have not been generally reflected at the dock level, while declines in prices for domestic shrimp at the wholesale level are matched with substantially more severe declines in prices at the dock. Thus, when prices go up, the price increase and benefit is captured at the wholesale level but when prices go down, prices are pushed down at the dock level.



At the same time, the vast majority of the antidumping duties collected on shrimp imports have been distributed to companies operating at the wholesale level. Shrimp producers have received only about 20 cents of every dollar of shrimp antidumping duties distributed. For many shrimp fishermen, the cold reality of the system is demonstrated by the receipt of checks for tens or hundreds of dollars with the knowledge that others in the industry have received millions of dollars.

The fact that antidumping duties – distributed pursuant to the Continued Dumping and Subsidy Offset Act (CDSOA) – accrue largely to the benefit of shrimp purchasers does not, on its own, raise concerns. If, to name but two obvious examples, these funds were used to invest in a significant marketing campaign designed to obtain premium prices for domestic wild-caught shrimp or were broadly used to cushion the impact of falling wholesale prices on shrimp fishermen, an argument could be plausibly made that the entire industry has benefitted from the CDSOA program. But these funds have not been used for any such purposes; marketing initiatives for domestic shrimp have languished without significant financial support from shrimp processors and dock prices have fallen far more significantly than wholesale shrimp prices over the last year.

The small segment of the industry that has inordinately benefitted from the trade relief has shown little to no interest in the health and welfare of the remainder of the industry. In response, the SSA has actively pursued any and all options to obtain an equitable distribution of the benefits of trade relief.

Customs Suit

After working with limited success to address concerns regarding the FY 2006 and FY 2007 distributions of antidumping duties under the CDSOA program, the SSA filed suit at the U.S. Court of International Trade in November 2008. The SSA's case challenged numerous aspects of U.S. Customs and Border Protection's (CBP) administration of the CDSOA program. The SSA's lawsuit also sought to prevent improper distributions for FY 2008. By demanding that CBP comply with the law, the SSA's litigation sought to increase the distributions to eligible members of the industry by excluding ineligible members, to recapture improper payments, to implement disincentives for abuse and fraud, and to reverse improper legal interpretations that have guided CBP's disbursements of CDSOA funds.

On May 15, 2009, the Court issued an opinion dismissing ten of the eleven counts of the SSA's lawsuit, allowing CBP to continue to distribute collected antidumping duties in a manner that does not provide meaningful assistance to the domestic industry. The Court ruled that:

- CBP has total and unreviewable discretion to refuse to investigate claims that are clearly absurd, improper, obviously erroneous and potentially fraudulent.
- CBP can set aside or "hold back" Byrd funds for shrimp purchasers, including importers that did not support the petition for antidumping relief.
- The law is so broad that Byrd funds could be used to offset costs related to the payment of antidumping duties on imported shrimp!
- CBP is not required to ensure that expenditures used in claims for Byrd funds be related to the production or processing of shrimp. In other words, a shrimp purchaser may not need to demonstrate that the expenditures claimed are, in fact, directly related to the processing of any shrimp.

Thai Settlement

The SSA remains committed to seeking fair and equitable distributions of antidumping duties to the benefit of the entire industry. Accordingly, the SSA negotiated a proposed settlement with the Thai Frozen Foods Association (TFFA) that would make available a minimum of \$100 million in funds for the benefit of the majority of the U.S. shrimp industry in return for the removal of antidumping duties on Thai shrimp. The antidumping orders on shrimp from Brazil, China, India, and Vietnam would not be affected.

The agreement is dependent upon the revocation of the antidumping duty order on Thai shrimp through a “changed circumstances review.” This past winter, the Ad Hoc Shrimp Trade Action Committee (AHSTAC) and TFFA jointly submitted a request to the Department of Commerce to initiate a changed circumstances review to determine whether to revoke the antidumping order on shrimp imports from Thailand. The request was joined by hundreds of shrimp fishermen from throughout the eight states, as well as dozens of shrimp processors, docks, and shoreside facilities.

The request for a changed circumstances review, however, has been strongly opposed by the American Shrimp Processors Association (ASPA). Through four years of CDSOA distributions of collected antidumping duties, ASPA’s members have received roughly \$80 million in funds through the program. The organization and its members have a strong interest in maintaining the status quo and have invested substantial resources in opposing settlement as well as any other measure that would result in the more equitable distribution of the benefits of trade relief.

Settlement depends upon the domestic industry as a whole deciding that a settlement agreement provides greater benefits to the industry than continued antidumping duties on shrimp from Thailand. Although ASPA’s membership represents a minority of shrimp processing in the United States, the organization’s opposition necessitates an affirmative demonstration of support for the settlement from the rest of the industry. Unless and until the benefit of trade relief is enjoyed throughout the domestic industry, the realization of the proposed settlement with TFFA will remain the SSA’s primary objective.



Improving Duty Collection

The U.S. trade laws can only help the domestic shrimp industry if they are enforced. Since 2006, U.S. Customs and Border Protection (CBP) has reported that it has been unable to collect nearly \$68.9 million in antidumping duties on shrimp. Some portion of these assessed duties were likely eventually collected, but a significant amount have not and will not be collected. Further, CBP appears to have stopped reporting the amount of uncollected antidumping duties on all entries of imports made after October 1, 2007.

The SSA has conducted extensive analysis of trade patterns reported in official government statistics and commercial shipment data to detect and identify circumvention of U.S. trade and food safety laws. The data are used by the SSA to help enforcement agencies identify and address circumvention of the antidumping orders and food safety laws.



Preventing Mislabeling and Transshipment

Exporters and importers of Chinese shrimp, in particular, have employed a variety of schemes to avoid antidumping duties and the FDA control. Substantial transshipment of Chinese shrimp through Indonesian exporters was uncovered several years ago by the investigatory work of Immigration and Customs Enforcement (ICE).

Since that time other transshipment schemes have been uncovered. CBP and ICE, at the request of the SSA, prevented Chinese shrimp falsely labeled as "dusted" from entering the United States duty-free. CBP and ICE, also at the request of the SSA, also determined that shipments of purportedly "Malaysian" shrimp were, in fact, Chinese in origin. CBP also developed laboratory analysis that determined that substantial shipments of purportedly "Indonesian" shrimp were, in fact, Chinese in origin.

CBP's actions resulting from the SSA's allegations and demonstration of circumvention of the antidumping duty order for Chinese shrimp resulted in the assessment of millions of dollars in antidumping duties that would have otherwise gone undetected.

One serious complication in CBP's enforcement efforts is the nature of many of the U.S. importers involved in circumvention schemes. Each month, new importers are established in the United States that exclusively import shrimp and other products that are subject to antidumping orders. These importers claim to import shrimp (and other products) that are not subject to antidumping duties. Closer inspection indicates that these products are sourced from questionable or suspicious exporters that appear to be engaged in the transshipment and false labeling of product. When and if these importers are found to be circumventing the law and

duties are assessed, the fly-by-night importers declare bankruptcy and millions of dollars in antidumping duties go uncollected.

Such circumvention schemes pose serious and systematic threats to the viability of the trade relief obtained by the domestic industry. The SSA is pursuing all legislative and regulatory options to address the problem and to prevent any further subversion of the trade relief.

CBP Recognizes SSA's Help in Preventing Mislabeling

The CBP's FY2008 Report to Congress on Plans to Increase AD/CVD Collections and AD/CVD Enforcement Actions and Compliance Initiatives states:

Based on an allegation from the domestic shrimp industry, CBP conducted a special operation centered on cargo examination and lab analysis to determine whether imports from China were being misdescribed as "dusted" shrimp so that the shipments would fall outside of the scope of the AD order. CBP's operation confirmed the allegation. CBP determined that fourteen importers evaded the AD order, resulting in \$5 million in lost revenue. CBP recently completed this operation and has initiated procedures to collect the lost revenue and issue penalties. Further investigations with ICE and penalty processing are underway.

GAO Recognizes SSA's Help in Identifying Transshipment

The Government Accountability Office's 2009 Report on Seafood Fraud states:

On the basis of industry information and CBP and ICE investigations, CBP determined that Chinese shrimp was being transshipped to the United States through Malaysia. Due to this illegal transshipment, importers of Chinese shrimp were able to circumvent not only the 2005 antidumping duty but also FDA's recent import alert. In September 2007, CBP tested shipments of suspected Chinese shrimp illegally transshipped through Malaysia for the presence of unapproved drugs and found some contaminated shrimp.

Addressing the "New Shipper" Loophole

The SSA has identified for CBP evasion of antidumping duties through the "new shipper" review, where a "new" importing business is set up to avoid antidumping duty deposits and to protect established importers from duty liability. A "new shipper" engineers sales to obtain a 0% antidumping duty deposit rate and then exports substantial quantities of merchandise to an importer that need not deposit any funds as security for antidumping duties that might later be owed. These imports are subject to significant antidumping duties when actual sales are ultimately investigated for dumping by Commerce, but when CBP attempts to collect the duties from the new shell company, the new shipper goes out of business without payment of the antidumping duties. The current system allows these shell companies to be established repeatedly without regulatory oversight.

In the FY 2009 Report to Congress on AD/CVD Enforcement Actions and Compliance, CBP indicated that for fiscal year 2008 only \$56.00 in antidumping duties was deposited on \$38.5 million worth of shrimp from China - an effective duty deposit rate of 0.00015% despite actual duty rates that, for some Chinese companies, exceed 100%. The extreme under-collection of antidumping duty deposits results, in large part, from the manipulation of the "new shipper" review process.

Replacing Enhanced Bonding Requirements

Effective April 1, 2009, CBP eliminated the enhanced bonding requirement on all shrimp imports in response to an unfavorable decision from the WTO on only two of the six countries subject to antidumping orders. CBP developed the enhanced bonding program, which required that parties importing shrimp subject to antidumping duties obtain a bond in the amount of duties expected to be paid on imports in the prior year, in response to a well-documented and persistent failure to collect all antidumping and countervailing duties-particularly on agriculture and aquaculture products. Even with the enhanced bonding requirement, CBP reported that it has been unable to collect nearly \$68.9 million in antidumping duties on shrimp.



The SSA attempted to persuade CBP to institute a viable, WTO-consistent program for mitigating the harm of under-collection of antidumping duties before removing the enhanced bonding requirement. It filed comments with CBP requesting modification of the program instead of elimination. Senators Landrieu and Vitter sent a letter at the SSA's request calling upon CBP to construct a bonding program that is consistent with U.S. WTO obligations, but ensures that the U.S. retains an insurance policy for enforcement. In response to the SSA's criticism, CBP stated that it was "not abandoning its duty to protect revenue or its

requirement of sufficient security." The agency acknowledged that it is "required to collect debts aggressively" and explained that it "continues to explore options to protect revenue and address issues of uncollected AD/CV duties, consistent with U.S. international obligations." The SSA continues to work with CBP and Congress to ensure that duties assessed on shrimp imports are collected.

Litigating the Antidumping Orders

Every year, the Department of Commerce (Commerce) provides an opportunity, called an "administrative review," to identify increases or decreases in unfair trade since the duties were first imposed. Commerce adjusts the antidumping rates based upon the findings of a year-long investigation: more dumping results in higher antidumping rates, and less dumping results in a refund of collected duties.

First Administrative Reviews

In the first administrative review, Commerce exercised its discretion to the benefit of foreign companies that operate in multiple countries by ignoring the "multinational corporation provision" for shrimp exporters operating in Vietnam and China. The provision enacted by Congress is designed to prevent companies from shifting production from a country with high duties, like China, to a country with lower duties, like Thailand. The SSA challenged this decision because it allowed more than a dozen large producers/exporters in Thailand to evade significantly higher duties.

In May 2009, the Court of International Trade (CIT) upheld Commerce's decision. Three months later, the Ad Hoc Shrimp Trade Action Committee filed a legal brief before the Court of Appeals for the Federal Circuit that challenges the CIT decision. In December of 2009, the Court of Appeals for the Federal Circuit held oral argument on the appeal.

The domestic shrimp industry was represented in oral argument by Picard Kentz & Rowe LLP. The law firm, now counsel for the SSA, was formed by three former partners of Dewey & LeBoeuf that specialize in international trade, litigation, international arbitration, tax, and public policy. The firm's attorneys have extensive international trade backgrounds, including extensive work with the U.S. shrimp industry.

Second Administrative Reviews

Commerce issued final results regarding the second administrative reviews of shrimp imported from Thailand, Ecuador, India, Brazil, and Vietnam in August 2008.

Incredibly, the second administrative review regarding shrimp from China was terminated because Chinese exporters claimed to have shipped no shrimp subject to the antidumping duty order between February 1, 2006 and January 31, 2007 (the second administrative review period).

The SSA appealed to the CIT a number of determinations made by Commerce in the second administrative reviews, such as Commerce's decision to ignore procedures established by the regulations and instead allow a Thai exporter to withhold necessary information without penalty. The effect of that and other Commerce decisions was to reduce the amount of duties owed from more than 15 percent to less than 3 percent.

Briefing and oral argument for each of the second administrative reviews appealed was completed in 2009. A decision rejecting the domestic industry's challenges to the final results of the second administrative review of shrimp from Ecuador was rendered on October 30, 2009. At the same time, a decision rejecting a foreign exporter's challenge to the final results of the second administrative of

shrimp from India was handed down by the Court on June 24, 2009. With respect to shrimp from Vietnam, on September 29, 2009 the Court ordered that Commerce further consider distinct challenges brought separately by the domestic industry and foreign exporters. Three months later, the Court ordered Commerce to re-examine the challenges brought by foreign exporters to the final results of the second administrative review of shrimp from Thailand.

Why does the SSA participate in an Administrative Review?

In each administrative review, the SSA's counsel scrutinizes thousands of pages of data and legal arguments submitted by a large number of shrimp exporters. Counsel identifies deficiencies in the information provided by these exporters to the U.S. government—deficiencies which, unless addressed, would result in a failure to address the full extent of dumping occurring in the market—culminating in case and rebuttal briefs submitted to Commerce.

The SSA's continued focus on the trade actions is needed because Commerce has limited staff and resources to investigate the amount of dumping in administrative reviews. The SSA is able to identify problems and demonstrate the need for continued antidumping duties.

Absent the SSA's participation in the review process, the duties undoubtedly would have declined to a greater extent or been eliminated and the U.S. shrimp industry would not get the full relief it deserves under U.S. trade laws.

Third Administrative Reviews

The final results of the third administrative reviews of the antidumping duty orders on shrimp from China, Ecuador, India, Thailand, and Vietnam were issued in 2009. No review was conducted on the antidumping duty order for shrimp from Brazil as no Brazilian shrimp was imported into the United States between February 2007 and January of 2008 (the third administrative review period).

The outcomes of these administrative reviews were mixed. With regard to China, two shrimp exporters were assigned 9.08% dumping margins, while all other Chinese exporters subject to the review were determined to be dumping at a rate of 122.81%. Following three successive proceedings wherein at least one Ecuadorian exporter was found to have not dumped shrimp into the United States, Commerce concluded that all shrimp entering the United States during the third administrative review period from Ecuador subject to the antidumping duty order was dumped. Although final assessment rates for Ecuadorian shrimp was established as being between 0.75% and 0.85%, these amounts represented an increase over the dumping margins calculated for Ecuadorian exporters in the second administrative review (0.64%).

The final dumping margins calculated for Indian exporters declined again in the third administrative review, falling from an average of 10.17% in the investigation, to 7.22% in the first administrative review, to 1.69% in the second administrative review to 0.79% in the third. One Indian exporter was, for the second year in a row, found not to be dumping shrimp into the United States. Similarly, Commerce concluded that five different Vietnamese exporters were not dumping shrimp into the U.S. market during the third administrative review period. All other Vietnamese exporters were determined to be dumping at margins ranging from 4.30% to 25.76%.

Finally, the dumping margins determined by Commerce for Thai companies increased in the third administrative review period (average duty rate = 4.71%) over the second administrative review period (average duty rate = 3.18%) but remained below the dumping margin determined in the original investigation (average duty rate = 5.95%).



The final results of the third administrative reviews of the antidumping orders on shrimp from China, Thailand, and Vietnam have been appealed to the Court of International Trade and litigation regarding these appeals will begin in 2010.

Fourth Administrative Reviews

Administrative reviews for the fourth review period (February 2008 through January 2009) of the antidumping duty orders on shrimp from China, India, Thailand, and Vietnam were initiated in 2009. Because the antidumping duty order on shrimp from Ecuador was revoked in 2007 as the result of an adverse ruling by the World Trade Organization, no review was conducted with respect to Ecuadorian shrimp. Also, for the second successive year, no Brazilian shrimp was imported into the United States and, as such, no administrative review was initiated regarding the Brazilian antidumping duty order.

Administrative litigation in the fourth administrative reviews of the antidumping orders on shrimp from China, India, Thailand, and Vietnam will continue into 2010. The final results of these proceedings are anticipated to be released sometime between July and September of 2010.

How has the domestic industry fared in administrative reviews?

In 2006, the Southern Shrimp Alliance reached agreements with 104 shrimp exporting companies through their legal counsel to not contest dumping margins calculated in the investigation for the first administrative review period. Although these settlements made over \$100 million available to the industry in 2006 through the CDSOA program, maintained antidumping duty rates, and funded several initiatives undertaken on behalf of the domestic shrimp industry, the agreements were criticized by some within the industry. Beginning in 2007, the Louisiana Shrimp Association (LSA), later joined by the American Shrimp Processors Association (ASPA), intervened in the proceedings before Commerce to require litigation. Despite intervening, these parties have undertaken minimal steps to defend the antidumping duty orders. In result:

1. With the exception of shrimp from Brazil, the dumping margins determined by Commerce in administrative reviews are generally lower than those established in the original investigation. Exporters from Ecuador, for example, saw dumping margins decline from around 3.5% in the investigation and first administrative review to less than 1% in the second and third administrative reviews. Similarly, dumping margins for Indian exporters have fallen from over 10% in the investigation to less than 1% in the third administrative review. Thus, as a general matter, exporters and importers have benefited from litigating the administrative reviews.
2. Although over \$106 million was made available to the domestic shrimp industry in 2006 under the CDSOA program and an additional \$41 million was made available in 2007 because of the settlements, less than \$38 million total was made available to the industry combined in 2008 and 2009 as a result of the administrative reviews. Further, a substantial amount of the funds deposited by U.S. importers on shrimp covered by the antidumping orders will be refunded back to those importers – rather than distributed to the domestic industry – because of the administrative reviews. Because shrimp fishermen have received only a small minority of total CDSOA funds, the loss of these distributions has been most significantly felt by shrimp purchasers.
3. Settlements funded the domestic industry's participation in the trade cases as well as many other initiatives for the benefit of the shrimp industry. While these funds have been foregone, critics of the settlement approach now request that state governments fund the industry's participation. The SSA, in sharp contrast, was able to contribute funds back to state government efforts to improve the industry.

Duties Revoked for Two Thai Companies

Over the strenuous objections of the SSA, the United States Trade Representative ordered that antidumping duties on two large Thai shrimp exporters be revoked as of January 16, 2009. The revocation of the antidumping order with respect to the Rubicon Group and Thai I-Mei was based on a decision by Commerce to recalculate the amount of dumping in the U.S. market by Thai shrimp exporters using a methodology highly favorable to exporters in response to an adverse World Trade Organization dispute settlement panel ruling.

Other available methodologies that may have kept antidumping duties in place could have been used, but Commerce chose to reject them. Commerce's rationale for overlooking other acceptable calculations was that it claimed to have insufficient time; however, the ruling was issued months before the April 1 deadline.

The ruling does not apply to imports from Brazil, China, India or Vietnam and does not impact the antidumping duties in place with regard to all other Thai shrimp exporters.

One of the exporters excluded from the antidumping order, the Rubicon Group, also filed suit at the Court of International Trade (CIT) asserting that all antidumping duty deposits currently with the government for imports from the company through January of 2009 should be refunded (with interest) to U.S. importers. The case is currently pending before the Court and a decision is expected to be issued in early 2010.

Separately, with respect to the other exporter excluded from the antidumping order, Thai I-Mei, the CIT affirmed in June 2009 a second Commerce determination that would result in the refund of all antidumping duty deposits collected on imports of shrimp from the Thai producer Thai I-Mei to the exporter's respective importers. Commerce issued a determination that resulted in the calculation of a *de minimis* margin of dumping for Thai I-Mei in response to an earlier CIT ruling and over the objection of the SSA. The agency, however, has appealed the CIT's ruling to the Court of Appeals for the Federal Circuit.

Expanding the Order to Cover "Dusted" Shrimp

Commerce created a significant loophole in the effectiveness of the antidumping duty orders by excluding so-called "dusted shrimp" from the duties. Commerce defined this product as shelled, individually quick frozen shrimp, dusted with between four and ten percent flour.



The SSA has opposed the exclusion as a sham that makes getting around the duties simple because the "dusting" is easily removed after purchase, leaving a typical, frozen shrimp.



After a successful appeal of an unfavorable decision by the CIT to the Court of Appeals for the Federal Circuit on July 1, 2009, the CIT rejected Commerce's exclusion of "dusted" shrimp from the scope of the antidumping duty investigations and sent the issue back to the agency for further consideration. Based on the arguments presented by the SSA, the CIT held that Commerce failed to provide any valid reason sufficient to support the agency's exclusion of "dusted" shrimp. Commerce's reconsideration of the issue led the agency to conclude that "dusted" shrimp had been improperly excluded from the scope of the investigation. However, Commerce also held that it was without authority to include dusted shrimp in the scope of the antidumping duty order without additional action by the U.S. International Trade Commission. Commerce's remand determination is currently before the CIT and a decision on the validity of the agency's new findings is expected early in 2010.

Closure of this loophole is an important step in preventing additional volumes of dumped shrimp from entering the U.S. market and harming the domestic industry. However, the abuse of the "dusted" shrimp exclusion to circumvent antidumping duties has declined substantially over the last few years as the result of significant enforcement actions taken by U.S. Customs and Border Protection to curb the unlawful scheme.

Addressing Child Safety and Labor Abuses

The use of child and forced labor is a serious problem in some shrimp exporting countries. The use of such labor is not only morally repugnant but also has a direct trade impact in that it provides an unfair cost advantage to producers who exploit such workers. In addition, imports produced by such labor can be excluded from entry into the United States and other restrictions may also apply. Accordingly, in response to a request for comments, the SSA researched and filed extensive comments with the U.S. Department of Labor (Labor) on June 11, 2008 regarding evidence of child and forced labor in the production of shrimp that is eventually exported to the United States.

On September 10, 2009, Labor's Bureau of International Labor Affairs released three reports on child labor and/or forced labor in countries around the globe. The documents include the initial "List of Goods Produced by Child or Forced Labor" required by the Trafficking Victims Protection Reauthorization Act of 2005. This initial list included the use of child and forced labor in the production of shrimp from Thailand, as well as the use of child labor in the production of shrimp from Bangladesh and Cambodia. Copies of the reports are provided at <http://www.dol.gov/ilab>.

Summary of SSA's Fight for Fair Trade

The SSA has prosecuted and defended the antidumping duties imposed to respond to unfair pricing, and provided information and analysis to multiple government agencies to respond to illegal evasion of the duties. Although the SSA remains committed to obtaining a level playing field upon which the domestic industry may compete in the U.S. marketplace, the SSA is also committed to ensuring that the benefits of trade relief are enjoyed by all segments of the domestic industry not just a fortunate few.



Fisheries Management

The U.S. brown, white, pink, rock and royal shrimp fisheries are managed in federal waters by a very complex regulatory process as authorized in the Magnuson-Stevens Fishery Conservation and Management Act. The primary regulatory bodies include the Gulf of Mexico Fishery Management Council, the South Atlantic Fishery Management Council, and fishery scientists and managers at the National Marine Fisheries Service (NMFS), which is a sub-agency of the National Oceanic and Atmospheric Administration (NOAA) of the Department of Commerce.

How is the shrimp industry managed?

Fisheries Management Councils include diverse representatives from the state governments, federal agencies, commercial and recreational fishing industries, and the environmental community that are appointed by the Secretary of Commerce. Each Council also appoints representatives from industry and other stakeholders to serve on an array of Advisory Panels to provide input and expertise into the Council decision-making process.

Each year, Fisheries Management Councils hold a minimum of four week-long meetings during which they develop what are often very complex science-based conservation and management measures for the various shrimp fisheries as well as for bycatch (e.g. red snapper, sea turtles) in these fisheries.

These measures are recommended to the National Marine Fisheries Service (NMFS) for approval and implementation through a formal federal rulemaking process. This time-consuming process is both highly technical and intensely political.

Representing U.S. Shrimp Fisheries

Through its representatives, members and staff, the SSA participates extensively and aggressively in the Fisheries Management Councils and federal rulemaking processes on behalf of the domestic shrimp industry, serving in roles of public stakeholder and as Council and Advisory Panel appointees. The SSA has contributed substantial shrimp industry expertise and influence in this process which had previously been dominated by strongly anti-shrimp industry sentiment and politics.

Unlike many other fishery stakeholders, the SSA has taken the progressive approach of working cooperatively and extensively with federal scientists and managers and in coalition with other stakeholders in the development of management measures that achieve stringent statutory conservation requirements for shrimp and bycatch, but which also minimize adverse social and economic impacts on the shrimp fishery.



The SSA also prepares and submits detailed comments on all federal fishery management rulemakings that directly affect the domestic shrimp fisheries including Fishery Management Plan Amendments, Draft and Final Environmental Impact Statements, and Proposed and Final Rules and Interim Rules. When appropriate, the SSA also engages Congressional Members and staff in this process.

Important Management Achievements 2009

The SSA's comprehensive participation in the fishery management process has produced many positive results for the domestic shrimp fishery. The SSA has become the definitive and highly-effective voice of the domestic shrimp industry in this difficult political and regulatory process. Important achievements include:

- Prevented the imminent closure of critical fishing grounds in the Gulf brown, white and pink shrimp fisheries while achieving bycatch reductions necessary to rebuild the Gulf red snapper stock.
- Prevented the closure of the South Atlantic royal red shrimp fishery while protecting deep sea corals through the development of Habitat Areas of Particular Concern.
- Prevented time-area closures of the Gulf and South Atlantic shrimp fisheries to reduce blacknose shark bycatch by working with NMFS scientists to correct and substantially revise their assessment of blacknose shark bycatch in the shrimp trawl fisheries.
- Repealed and revised draconian permit requirements on the South Atlantic rock shrimp fishery in order to enable this fishery to achieve its optimum yield.
- Substantially mitigated any adverse impacts of offshore aquaculture development on Gulf and South Atlantic shrimp fisheries.

A compliment to the SSA's participation in the federal fishery management process is its participation in the legislative process in the U.S. Congress.

Important Legislative Achievements 2009

As in the fishery management process, the SSA has become the definitive and highly-effective voice of the domestic shrimp industry in the development and consideration of any federal fishery management legislation before Congress. Significant results include:

- Secured \$200,000 under the FY2009 appropriations legislation and another \$2,200,000 in FY2010 to fund the Shrimp Industry Fishing Effort Research program, which manufactures and installs Electronic Logbooks on the Gulf offshore shrimp fleet and uses the effort data collected to determine red snapper bycatch in the shrimp fishery. This program has been central to SSA's success in preventing vast time-area closures of the Gulf shrimp fishery.
- Prevented the application of new statutory requirements for setting annual catch limits on all U.S. fish stocks to brown, white, pink and rock shrimp, which would have had substantial and scientifically unjustified adverse impacts on domestic shrimp fisheries.
- Secured a delay and reconsideration of the application of draconian EPA discharge permit requirements to shrimp fishing vessels.

Addressing Permit and Gear Requirements

Latent Moratorium Shrimp Permits

The environmental community, including the Ocean Conservancy, has launched a new campaign to eliminate what they refer to as “latent” permits in the Gulf shrimp fishery—meaning those permits associated with vessels that have not made shrimp landings in recent years for whatever reason. Amendment 13 to the shrimp fishery management plan established a 10-year moratorium on the issuance of shrimp permits and set rules for permit eligibility and renewal which did not require fishermen to land shrimp in order to maintain the legal validity of their permits. This campaign is designed to unfairly take advantage of the shrimp industry while it is experiencing the worst financial crisis in its history by trying to keep shrimp fishing effort held down to its historically-low level.

Part of the environmental community’s motivation is to achieve further reductions in sea turtle bycatch by permanently capping the number of permits and shrimp fishing effort at these unacceptably low levels. The SSA is working on all fronts to strongly oppose any efforts to take valid permits away from Gulf shrimpers for any reason.



Rock Shrimp Permit Requirements

NOAA Fisheries Service approved an amendment to the Fishery Management Plan for the Shrimp Fishery of the South Atlantic Region on August 21, 2009. The SSA spearheaded the effort to revoke the “use it or lose it” policies hindering the rock shrimp fishery. Amendment 7 removes the 15,000-pound rock shrimp landing requirement, reinstates all endorsements lost due to not meeting the landing requirement of 15,000 pounds of rock shrimp in one of four consecutive calendar years, and reinstates all endorsements for those who renewed their permit in the year in which they failed to renew their endorsement. The final rule became effective on November 2, 2009.



NPDES Permits

In early 2008, a District Court decision revoked a longstanding exemption for commercial and recreational vessels from a requirement to obtain a National Pollutant Discharge Elimination System (NPDES) permit under the Clean Water Act.

The SSA participated in the coordinated effort to secure commercial vessel exemptions that were strongly opposed by the environmental community and resisted by the recreational boating community. Congress restored an exemption from the federal and state permitting requirements under the Clean Water Act for the U.S. shrimp industry—an act once thought to be politically impossible.

The legislation provides a 2-year moratorium on permits for all commercial fishing vessels of any size and for all other commercial vessels of 79 ft or less. It also requires the EPA, working with the Coast Guard, to conduct a 15-month study to evaluate the impacts of various discharges from vessels and report their findings to Congress for the purposes of making final decisions on vessel discharge permit requirements. The SSA arranged for SSA member vessels to participate in this critical study. The SSA is currently working with Congress and other fishing organizations around the country on legislation to extend the exemption from the permitting requirement for fishing vessels through the end of 2013.

Bycatch Reduction Devices

NMFS decertified the Expanded Mesh and the Gulf Fisheye bycatch reduction device (BRD) designs in 2008 because the devices do not meet current BRD certification criteria. However, workshops testing currently certified BRDs show few, if any, BRDs can reliably meet the criteria to reduce finfish bycatch 30 percent by weight, which suggests the criteria must be reconsidered given current technology.

The SSA has asked that NMFS perform a new, updated bycatch practicability analysis to determine if current BRD requirements exceed, and are thus inconsistent with, the Magnuson-Stevens Act bycatch reduction criteria. To date NMFS has not agreed to this request and the issue is under continued discussion.





Influencing Fisheries Management Plans

Fisheries Ecosystem Plan

In 2008, a Habitat Area of Particular Concern (HAPC) was developed to protect important deepwater coral. The SSA's negotiations with the South Atlantic Fisheries Management Council (SAFMC), NMFS and other interest groups preserved the Royal Red shrimp fishery's traditional fishing grounds through the establishment of a Shrimp Fishery Access Area. New Amendments that propose boundary revisions had the potential to undermine both the coral protection and fishery access aspects of the HAPC.

The SSA also worked with members and staff of the SAFMC as well as NMFS personnel to defer a proposal by the NMFS Office of Law Enforcement (OLE) to substantially revise and reduce the number of the coordinates that delineate the Deepwater Coral Habitat Area of Concern (HAPC) including the Shrimp Fishery Access Areas for the deepwater royal red shrimp fishery. The SSA continued to work with NMFS OLE and the Council staff and succeeded in reaching a compromise that is acceptable to the shrimp industry and addresses NMFS OLE's objectives. This action was submitted in 2009 to the Secretary of Commerce for final approval and is expected to be approved and implemented in 2010.

Red Snapper Management

On January 29, 2008, the NMFS published final regulatory actions to reduce the red snapper catch, bycatch, and discard mortality in the directed commercial and recreational fisheries, as well as in the shrimp fishery. These regulations are designed to ensure a reasonable probability of ending red snapper overfishing by 2010 and rebuild the stock by 2032 in accordance with new Magnuson-Stevens Act mandates. The rule required that shrimpers reduce red snapper bycatch mortality by 74% from the average levels five years ago in the 10-30 fathom areas of the western Gulf.

The SSA worked successfully with the Council and NMFS to redesign a bycatch reduction strategy targeting only key juvenile red snapper habitat areas and thereby keeping the fishery open. The SSA was also successful in building into the rule a relaxation of the shrimp bycatch reduction requirement as the red snapper stocks recover. Due primarily to market conditions and careful monitoring of the location of shrimp fishing effort, no regulatory reductions in shrimp effort are expected to be necessary to meet the goals set in the Management Plan.

NMFS held a SEDAR red snapper stock assessment update in August 2009 at which Dr. Benny Gallaway presented his landmark research concerning density-dependent mortality of juvenile red snapper. This new scientific information substantially improved the understanding of the status of the Gulf red snapper stock and the relative role of shrimp trawl bycatch mortality in the rebuilding of the red snapper stock and contributed to the conclusion that a new benchmark stock assessment is needed to incorporate further improvements proposed by Dr. Gallaway.

In 2009, the SSA also began laying the foundation for the Gulf Council to revise the red snapper bycatch regulations to reduce the bycatch reduction target level from 74% to 67% beginning in fishing year 2011. This is consistent with both the measures the SSA successfully secured in the original plan adopted by the Gulf Council in 2007 and the favorable results of the red snapper stock assessment update which incorporated a higher assumption of natural mortality for juvenile red snapper as recommended by Dr. Gallaway. The SSA will continue to pursue this important regulatory change in 2010 through the Gulf Council and NMFS.

Blacknose Shark Management

NMFS issued a Proposed Rule/Environmental Impact Statement to implement Amendment 3 to the Highly Migratory Species Fishery Management Plan, which includes measures to provide for the rebuilding of blacknose shark. In 2008, NMFS announced a surprising new stock assessment that finds blacknose shark is overfished and overfishing is occurring. According to the report, 30-62 percent of the fishing mortality of this species is due to shrimp trawl bycatch in the Gulf of Mexico and an additional 4-7 percent is attributable to shrimp trawl bycatch in the South Atlantic.



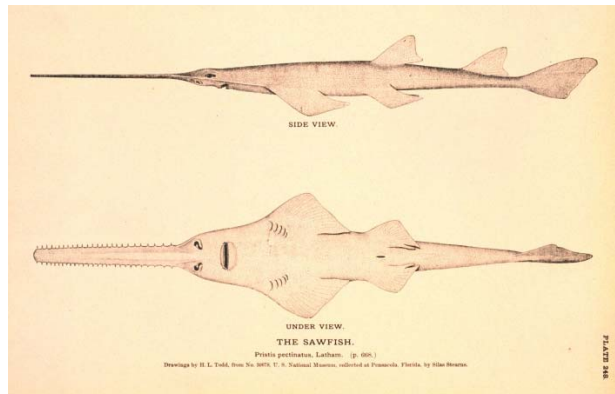
The SSA funded a comprehensive scientific analysis of the federal stock assessment for blacknose sharks that strongly questioned the data and scientific conclusions of that stock assessment concerning blacknose shark bycatch in the shrimp trawl fisheries. The SSA also conducted an in-depth review of trawl video used to sensationalize this issue and showed that 83% of the sharks escaped from turtle excluder devices that are widely used throughout the industry today.

Further, the SSA recommended to NMFS that no measures should be proposed for the shrimp fishery until these urgent scientific questions are resolved. The SSA also recommended that any management measures to reduce blacknose shark bycatch in the shrimp fisheries, if needed, should be developed by the Gulf and South Atlantic Councils rather than by the NMFS Highly Migratory Species Division.

Consistent with the SSA's earlier recommendations, the Proposed Rule to implement HMS Amendment 3 does not propose any measures for the shrimp fishery and indicates that such measures will be considered by the Gulf and South Atlantic Councils, if any are needed. The SSA then succeeded in securing a decision and letter from the Gulf Council to NMFS confirming that no management action for the shrimp fishery is necessary to address blacknose shark bycatch. The SSA continues to support NMFS efforts to improve the underlying stock assessment for blacknose sharks as well as the scientific understanding of blacknose shark bycatch in the shrimp trawl fisheries.

Smalltooth Sawfish Management

In 2009, the annual incidental take limit for the shrimp trawl fishery for the Smalltooth Sawfish under the Endangered Species Act (ESA) was exceeded. The current incidental take limit under the ESA is one Smalltooth Sawfish per year. Unfortunately, three takes occurred in shrimp trawls in a relatively small area southwest of Key West, Florida that is under the South Atlantic Council's jurisdiction and additional takes have occurred near the eastern Gulf pink shrimp grounds. Consequently, NMFS will reinitiate



consultations under Section 7 of the ESA which triggers the development of a new Biological Opinion on the status of smalltooth sawfish and a determination as to whether the shrimp fishery is causing jeopardy to the future survival of the species. The SSA immediately engaged in the long, arduous and potentially draconian ESA regulatory process which will ultimately require the development of 'reasonable and prudent alternatives' to minimize mortalities of sawfish in the shrimp fisheries. This is expected to be a very difficult challenge because the traditional bycatch exclusion technologies such as TEDs and BRDs are unlikely to provide a practical solution for sawfish.

Bottlenose Dolphin Regulations

According to NMFS, there continue to be small but unacceptable numbers of interactions in the Gulf shrimp trawl fisheries with bottlenose dolphins, which are the subject of intense regulatory protection under the Marine Mammal Protection Act. Apparently, these interactions involve entanglements with the trawl lazy lines used to haul-back the cod ends which result in dolphin mortality. The SSA immediately initiated discussions with NMFS and industry gear experts to explore options for understanding and solving this bycatch problem, which could have profound regulatory implications for the fishery if not adequately addressed.



New Sea Turtle Regulations

In 2009, NMFS conducted an Environmental Impact Statement (EIS) and held public scoping meetings on the impact of proposed implementation of new sea turtle regulations in the Atlantic and Gulf of Mexico trawl fisheries. The SSA submitted comments regarding the proposed plan on behalf of the U.S. shrimp industry and attended key scoping meetings.

These requirements are expected to affect primarily trawl fisheries that do not use Turtle Excluder Devices (TEDs) to protect threatened and endangered sea turtles in the western Atlantic Ocean and Gulf of Mexico. NMFS recognizes that "Turtle Excluder Devices (TEDs) have been proven to be an effective method to minimize adverse effects related to sea turtle bycatch in the shrimp trawl fishery" and is using shrimpers as an example of how TEDs can help eliminate unintentional catches of sea turtles. Nevertheless, the SSA is increasingly concerned that NMFS intends to propose a requirement to use TEDs in shrimp 'try nets' and will be working to address that issue in 2010.

Artificial Reef Placement

The SSA continues to collaborate with several counties on the development of two proposed artificial reefs located just south of Cape Canaveral in St. Lucie and Martin counties in Florida. The initial sites chosen for both reefs cut directly across productive rock shrimp fishing grounds used by Atlantic coast and Gulf coast fishermen.

In St. Lucie, the site has been moved two times and the County is now working on its third site revision. Site revisions have been based primarily on the information presented by the SSA. The third revision appears satisfactory to several rock shrimpers.

Martin County is earlier in the process. The SSA notified fishermen of the site's placement and provided input to the environmental consulting firm handling the site development.

Offshore Aquaculture

In 2008, the Gulf Council submitted to NOAA a plan that set rules for offshore aquaculture development in the Gulf of Mexico. The proposal excluded brown, white, pink and royal red shrimp from the list of eligible species for offshore aquaculture because the SSA successfully argued that it would negatively impact U.S. shrimp stocks. Also in response to the SSA's recommendations, the Council added new requirements that mandate the use of Electronic Logbook data on the shrimp fishery to identify and protect shrimp fishing grounds, and require NMFS to provide written notice and a public comment period when considering offshore aquaculture permit and siting applications to ensure that shrimpers have a voice in the process.

The plan was tacitly approved in 2009 when NOAA failed to take action within a mandatory timeframe. The Gulf Council offshore aquaculture plan must undergo a rule making process before permits can or will be issued. NOAA has indicated that it intends to postpone the rule making process until a national policy for marine aquaculture is completed.

In September 2009, NOAA responded to the Council's plan by announcing its intent to develop a comprehensive national policy for sustainable marine aquaculture in the coming months.

The news came a week before the House Natural Resources Committee, Subcommittee on Insular Affairs, Oceans and Wildlife held an oversight hearing on offshore aquaculture that questioned whether NOAA has the authority under U.S. law to regulate aquaculture in federal waters. Both Congress and NOAA appear to be developing separate national policies for offshore aquaculture at this time. The SSA is working with the Committee and others in Congress on legislation introduced by California Representative Lois Capps which would establish a comprehensive national offshore aquaculture policy that includes many favorable provisions to protect the interests of wild stock fisheries including shrimp.

Summary of the SSA's Participation in Fisheries Management

The SSA has undertaken (a) detailed analysis of proposals and supporting information presented by parties opposed to continued shrimp fishing, (b) funding of scientific studies, (c) securing appropriations for federal research and marketing, and (d) sustained participation in rulemaking and the legislative process with remarkably successful results.

Absent the SSA's active involvement, fisheries would undoubtedly have been closed or severely restricted, often on scientifically unjustified information, and unnecessary and harmful constraints would have been imposed on shrimp fishermen. Such outcomes would have had disastrous impacts on the economic condition of the domestic shrimp industry.

Enhancing Food Safety

The SSA has demonstrated that the relatively lax U.S. imported food safety regime and the widespread use of banned substances to increase the production of foreign pond-raised shrimp combine to make the United States market a dumping ground for contaminated and likely contaminated shrimp imports. As a result, the health of American consumers and the economic viability of the domestic shrimp industry are gravely threatened.

Providing Enforcement Solutions

Foreign producers of pond-raised shrimp have powerful economic incentives to use banned substances, such as antibiotics and pesticides, to increase production yields in crowded shrimp ponds and to reduce the risk of total crop failure. Use of these banned substances and various subsidies encourage overproduction and below fair market pricing.

The European Union (EU), Canada, and Japan, have strict food safety regimes that have repeatedly found banned substances in farm-raised shrimp imports. Every major shrimp importing country, except the United States, has taken action to prevent contaminated shrimp from entering their markets. Foreign pond-raised shrimp that is or may be contaminated is diverted to the U.S. market because of the relatively lax U.S. testing of imports. For example, the massive surge of U.S. imports from China in 2002-2004 was due in substantial part to the closure of the EU market to Chinese imports after banned antibiotics were detected.

Food Safety Legislation

Making substantial improvements to the food safety requirements for imported food has been a high priority for the SSA for many years as a means to prevent the importation of farm-raised shrimp contaminated with illegal and dangerous antibiotics and pesticides, and the negative impacts of those illegal imports on the domestic shrimp producing industry.



Consistent with the SSA's objectives, the House passed very comprehensive food safety legislation in 2009 that substantially advances the scrutiny and control over shrimp imports and substantially enhances the ability of the FDA to prevent shrimp imports contaminated with dangerous antibiotics and pesticides from entering the U.S. market.

The bill also increases U.S. requirements for many domestic facilities and businesses that process, transport or store food products - including seafood - in order to prevent and respond to food safety problems.

Finally, the bill includes an amendment championed by Louisiana Congressman Charlie Melancon (D-LA) on behalf of the SSA to exempt fishing vessels from certain requirements of the bill that would have been impractical and onerous for the shrimp fishery.

Economically-Motivated Adulteration

In 2009, the FDA looked at the growing problem of economically-motivated adulteration of foods. The FDA is defining economically-motivated adulteration as "the fraudulent, intentional substitution or addition of a substance in a product for the purpose of increasing the apparent value of the product or reducing the cost of its production, i.e., for economic gain." This includes the use of antibiotics, pesticides, and other chemicals in farm-raised seafood.

The SSA argued in comments submitted to the FDA in August 2009 that to effectively control public health risks, economically-motivated adulteration must simultaneously address the fraudulent mislabeling of country of origin of seafood imported into the United States. The consequences of mislabeling country of origin of seafood are both economic and health-related for consumers because the use of antibiotics and other banned substances in aquaculture is more prevalent in foreign production of seafood. The intentional mislabeling of imported shrimp gives consumers false confidence that they are receiving safe, wholesome, natural shrimp and undermines the premium price for U.S. wild-caught shrimp - all for the economic benefit of a few. Link to the SSA's Web site to read the complete comments to the FDA at: <http://shrimpalliance.com/Press%20Releases/8-1-09%20Comments%20on%20EMA.pdf>

An Authority on Food Safety

The SSA is a leading source of information on imported seafood safety for Congress, enforcement agencies, and the media due to its extensive research.

The side-by-side comparison of the food safety systems in the EU, Japan, Canada, USDA and FDA prepared by the SSA has been a major agent of change because it clearly identifies weaknesses in FDA regulation.

The SSA continues to build on this expertise every year, through coordination with state government and private organizations involved in food safety issues and close tracking of developments regarding food safety actions taken by trading partners.

Shrimp Fraud Investigations

In 2009, federal and state agents launched multiple state investigations into whether U.S. shrimp purchasers have falsely labeled imported shrimp as domestic shrimp. Steve Campbell, a special agent with NOAA law enforcement, called the investigation "the tip of the iceberg" in news reports.

The SSA has worked closely with government regulatory agencies to enhance efforts to stop all forms of seafood fraud, particularly where the fraud causes serious harm to U.S. consumers' clear preferences for wild-caught domestic shrimp. By falsely selling imported shrimp as domestic shrimp, shrimp resellers seek to reap the benefit of price premiums for domestic shrimp while simultaneously diminishing the reputation of domestic shrimp by providing customers with lower quality imported farmed shrimp. This fraud does substantial damage to the industry as a whole, while providing a short-term (and short-sighted) benefit to a few unscrupulous individuals.

NOAA law enforcement has been acting on credible information provided by members of our industry and asks for additional cooperation to help further the investigations. The SSA also encourages individuals with information to come forward to end the cycle of fraud injuring the industry.



Developing Standards and Testing

The SSA is a primary sponsor and partner in efforts by the Association of Analytical Communities (AOAC) International to develop testing methods and standards to identify various harmful contaminants in seafood.

Richard Vendetti represented the SSA by serving on the AOAC International's Stakeholders Panel for Marine and Freshwater Foods. During a two-day conference, the Panel worked towards creating rapid tests for illegal drugs in seafood—such as those repeatedly found in imported, farm-raised shrimp—and multi-analyte tests that will allow for labs to detect multiple contaminants through a single evaluation of a shrimp sample.



AOAC is working to develop fast and affordable methods for testing for fluoroquinolones, nitrofurans, chloramphenicol, quinolones, methyltestosterone, malachite green and gentian violet in shrimp, catfish, tilapia, and salmon. The importance of the development of less expensive methods for identifying harmful contaminants was underscored by the presentations of various state government officials who noted that, despite continued detection of dangerous antibiotics and other substances, budget constraints have severely restricted the ability of regulators to conduct testing regimens. In particular, one state official reported that Texas, Florida, Louisiana, and Mississippi are no longer able to test seafood products to ensure their safety for their respective state's consumers.

The Panel includes representation from government, industry, academia, and other organizations. Panel members (voting and non-voting) included representatives from the Canadian Food Inspection Agency, NOAA, USDA-FSIS, the FDA, and state government food safety officials. On behalf of domestic industry groups, the SSA and the U.S. catfish industry have worked with Slade Gorton & Co. and the AOAC to address the problem of insufficient testing of imported seafood. The Panel also explored methods to identify seafood authenticity in light of recent seafood mislabeling schemes (i.e.- farm-raised vs. wild caught shrimp).

Summary of the SSA's Efforts to Improve Food Safety

The SSA has shaped the debate on food safety and related legislation through research, written analyses, briefings, and Congressional hearing testimony. The SSA is acknowledged as the primary producer organization seeking to improve U.S. law with well-founded proposals for statutory change.

Industry Enhancement Efforts

In addition to the trade and management issues, the SSA works on a variety of other national issues in an effort improve the environment in which the U.S. shrimp industry conducts its business.

Creating New Markets for U.S. Shrimp

USDA Procurement Program

Since 2003, the U.S. Department of Agriculture (USDA) has spent nearly \$155 million procuring seafood products for government programs like the school lunch program. The USDA's programs are intended, in part, to assist domestic production of seafood. However, the single largest beneficiary of the government's purchases is an American subsidiary of Thai Union Frozen Products PCL, one of the largest exporters of Thai shrimp. Nearly 60% of the money spent on fish purchases, such as tuna, salmon and catfish, go to this Thai subsidiary while no U.S. shrimp fishermen benefit from the program. The SSA has been working with the USDA's Agricultural Marketing Service to have shrimp included in the commodity purchase program.



Marketing Programs

Through marketing, the U.S. shrimp industry can create niche markets that allow U.S. shrimpers to demand a higher price for superior product. The SSA used part of the revenue from the first administrative review settlements to support state marketing programs. In years past, the SSA completed several requests for federal appropriations for national marketing efforts of wild caught American shrimp securing over \$10 million dollars. In 2009, the SSA began new efforts to revive U.S. wild-caught shrimp marketing through discussions with key partners within the industry. While a variety of ideas are under consideration, continuous funding and ensuring a higher price is paid at the vessel level remain as real obstacles in moving forward.

The SSA will continue to pursue marketing strategies that benefit U.S. shrimp producers and will oppose any marketing strategies developed that do not expressly work to the benefit of shrimp fishermen.

Seafood Watch List

The Monterey Bay Aquarium Seafood Watch program helps consumers and businesses make choices for healthy oceans. The program raises consumer awareness through pocket guides, a website, mobile applications and outreach efforts that recommend which seafood items are "Best Choices," "Good Alternatives," and which ones you should "Avoid."

The Seafood Watch scientists research government reports, journal articles and white papers. The SSA worked with the research group to help secure a "Good Alternative" ranking for U.S. wild-caught shrimp and to distinguish our product from farm-raised imported shrimp, which received a recommendation of "Avoid."

Confronting Barriers to Business

Health Care Legislation

The availability of affordable and reliable health care for all U.S. fishermen has become an unusually serious problem. The SSA joined other U.S. fisheries in support of "The Commercial Fishing Industry Health Care Coverage Act of 2008" by sending letters to the membership's U.S. Senators and Representatives. The legislation would allow states and organizations to develop health plans based on regional needs and provide affordable, quality coverage to fishing families. Success in this endeavor will not only benefit all shrimp fishermen in the southeast, but all U.S. fishermen and their families. Unfortunately, while the SSA remains committed to this endeavor, throughout 2009 virtually all activity in this arena was mired in the larger national health care debate.

Facilitating Communication

Industry

In 2009, the SSA continued its efforts to attend commercial fishing meetings and to update industry participants about the latest activities by the organization and with regard to numerous issues that affect U.S. shrimpers and their businesses. The SSA presented information at the annual shrimp association meetings in Texas, Georgia and South Carolina, two different association meetings in Florida, and the Gulf and South Atlantic Fisheries Foundation meeting in Tampa. In addition, dockside workshops were conducted throughout the Florida panhandle and widely along the North Carolina coast.

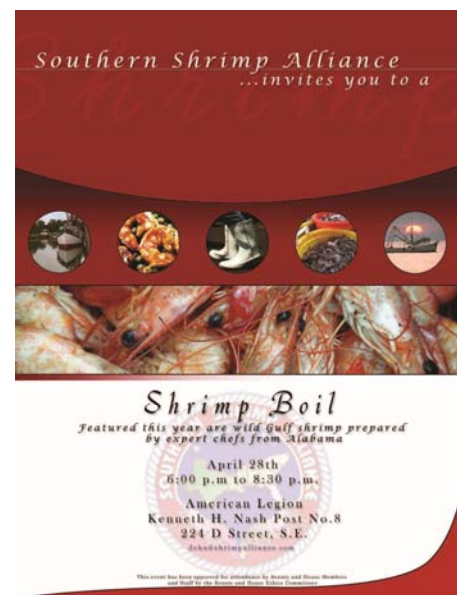
At the end of 2009, the SSA initiated a new series of "town hall meetings" regarding the potential settlement with Thailand. The SSA held three meetings in Louisiana, one in Alabama and one in Georgia by the year's end, with additional meetings scheduled for early 2010 in North Carolina, South Carolina and Florida.

Additional information on upcoming meetings can be found in the SSA's electronic newsletter, which is e-mailed to its membership and posted on its public Web site. A hard copy of the newsletter is sent to members without an e-mail address. Breaking news and other important updates are posted online and sent to members throughout the month as needed.

Congress

In addition to communicating with the U.S. shrimp industry, the SSA helps the industry maintain continuous communications with U.S. Senators, Members of the House of Representatives, Congressional Committees and key staff members in their home districts and Washington, DC. The SSA helps provide information to the U.S. shrimp industry to present to elected officials in addition to their personal expertise.

Each spring, the SSA also coordinates a DC Fly-In to provide SSA members the opportunity to bring priority issues directly to Congress and the Administration. While in the nation's capitol, the SSA hosts a low country shrimp boil to provide congressional offices and federal agencies with the opportunity to meet shrimping families from their districts, learn more about the shrimp industry and issues important to it, and to sample some U.S. wild-caught shrimp.



The SSA expresses its profound appreciation to the many members of Congress and their excellent staff who have supported and worked so hard to advance the SSA's objectives on behalf of the US shrimp industry.

Summary of the SSA's Industry Enhancement Efforts

Throughout 2009, the SSA represented the business needs of commercial fishermen and businesses before elected officials and worked on developing new markets and demand for U.S. shrimp products. In addition, the organization has brought attention to other needs of the U.S. shrimp community, such as access to immigrant labor and affordable healthcare.

Conclusion

The SSA's legal and legislative efforts prevented the threatened closure or severe restriction of fisheries in the South Atlantic and Gulf of Mexico, educated policy makers regarding the threat posed by contaminated imported shrimp, and preserved duties and on unfairly traded imports. The organization funded ground-breaking research and state marketing initiatives that enhance the U.S. shrimp industry. Since its inception, the SSA has also imposed duties on unfairly traded imports, secured the distribution of over \$140 million to members of the domestic shrimp industry, and obtained vital federal appropriations for national marketing efforts of wild-caught American shrimp among other achievements. The SSA looks forward to bringing the voice of the U.S. shrimp industry to legislators and regulators in 2010 and serving America's most valuable fishery.

For updates on the Southern Shrimp Alliance's activities throughout the year, please visit www.shrimpalliance.com.



Membership

Why the SSA needs you

Government officials, regulatory bodies, and the media look to the SSA to understand the U.S. wild-caught shrimp industry's opinion on issues that affect your way of life. A robust and representative membership allows the SSA to speak on behalf of the industry with a strong, united voice. By joining the SSA, you provide support for your industry and enhances its influence in both the national and international arenas.

Benefits to you

In addition to creating a single, strong voice for shrimp harvesters and processors before Congress, the Executive Branch and Administrative offices, your financial support and membership in the Alliance provides you with access to information and influence over decisions that affect your business on a daily basis. You will receive:

- A newsletter and breaking news delivered directly to you via e-mail (or mail if necessary) that highlight issues facing the U.S. shrimp industry and affect the prices received for our products;
- Increased access to decision makers. SSA members have had the opportunity to meet directly with U.S. Senators, Congressmen, Department of Commerce officials, Customs Border Protection officials, and other key influencers;
- An opportunity to participate in development of legal, legislative, regulatory, and communications strategies that will influence the future of the U.S. shrimp fishery and your business;
- An annual activities report that holds the SSA accountable to its membership and details progress and actions taken to support its mission;
- Voting privileges for your state representatives on the SSA Board of Directors;
- Leadership opportunities to serve on the SSA Board of Directors;
- Services, such as legal, political, and public relations, otherwise not available to most individual harvesters and processors.

The Southern Shrimp Alliance needs your support and full participation in order to achieve a truly fair and preferred market for American shrimp products.

Please use the application form on the following page to become a part of the only national association exclusively serving the U.S. wild-caught shrimp industry.



SOUTHERN SHRIMP ALLIANCE, INC.
 POST OFFICE BOX 1577
 TARPON SPRINGS, FLORIDA 34689
 Telephone 727-934-5090
 Fax 727-934-5362

**MEMBERSHIP DUES –CALENDER YEAR
 JANUARY 1, 2010– DECEMBER 31, 2010**

All information must be filled out. Please **print or type the information.*

NAME: _____

E-MAIL: _____ Phone _____ Fax _____

BUSINESS: _____

ADDRESS: _____

CITY, STATE _____ Zip _____

SIGNED: _____ Date _____

MEMBERSHIP: Per Vessel..... \$ 100.00
Vessel Name AND Official Number (List additional vessels on back)

MEMBERSHIP: VESSEL SHORESIDE SERVICING FACILITY \$ 200.00
 (circle one) - Supply House, Fuel & Ice Dock, Unloading Dock, Vessel R/M, Other

Company: _____

MEMBERSHIP: ASSOCIATE MEMBER..... \$ 300.00
 (circle one) - Processor, Shrimp Buyer, Trade Association, Major Equipment Supplier,
 Financial Institution, Navigation District, Chamber of Commerce, and Friend of the industry,
 Other.

Company: _____

Total Enclosed _____

Make Check Payable to: Southern Shrimp Alliance
 Post Office Box 1577
 Tarpon Springs, Florida 34688

Contributions to the Southern Shrimp Alliance, Inc. are not deductible as charitable contributions on the donor's federal income tax return. While such contributions generally may be deductible as trade or business expenses if ordinary and necessary in the conduct of your business (a determination that should be made in consultation with your tax advisor), any contributions made to the Southern Shrimp Alliance, Inc. during the period beginning January 1, 2010 and ending December 31, 2010 will not be deductible, as all contributions will be allocated to nondeductible lobbying expenditures of the organization.

Terms

Administrative Reviews	An annual investigation by the Department of Commerce to determine whether the actual amount of unfair trade was greater than or less than the duty rate. The Review may result in duties being increased, decreased, or remaining the same.
Antidumping Duties	A tax imposed by the U.S. government on imports that have been found (1) to be sold for less than fair value, and (2) to cause injury to the domestic industry.
BRD	Bycatch reduction device.
CDSOA	The Continued Dumping and Subsidies Offset Act, also called the "Byrd Amendment." The repealed U.S. law allows duties collected on imports before October 2007 to be distributed to U.S. producers that supported trade actions.
CIT	The U.S. Court of International Trade, which rules on appeals regarding U.S. trade laws.
Commerce	The Department of Commerce, which determines whether or not U.S. trade laws have been violated.
Dumping	The practice of selling a product into the U.S. market for less than fair/normal value or below the cost of production.
ICE	The Department of Homeland Security's Immigration and Customs Enforcement, which helps identify illegal imports.
ITC	The International Trade Commission, which determines whether a domestic industry is injured by unfair trade.
OLE	The National Marine Fisheries Service Office of Law Enforcement.
NMFS	The National Marine Fisheries Service, a department of the National Oceanic and Atmospheric Administration that oversees the U.S. shrimp industry.
Gulf Council	The Gulf of Mexico Fisheries Management Council, which regulates the U.S. shrimp industry and other fisheries in federal waters of the Gulf of Mexico.
South Atlantic Council	The South Atlantic Fisheries Management Council, which regulates the U.S. shrimp industry and other fisheries in the federal waters of the Atlantic.
USTR	The United States Trade Representative, which negotiates trade agreements.
WTO	The World Trade Organization, which determines whether actions to impose restrictions on trade by a country are consistent with international trade agreements.