



Southern Shrimp Alliance

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March 27, 2020

The Honorable Acting Commissioner Mark A. Morgan
U.S. Customs and Border Protection
1300 Pennsylvania Avenue, NW
Washington, DC 20229

Re: Additional Days of Payments Due to COVID-19

Dear Acting Commissioner Morgan,

On behalf of the Southern Shrimp Alliance, I am writing to express the U.S. shrimp industry's objection to any request made to U.S. Customs and Border Protection for the deferral of payments of estimated antidumping and countervailing duties. The American shrimp industry is, as with all other domestic commercial fishermen, farmers, ranchers, and manufacturers, confronting unprecedented economic challenges in light of the measures taken to contain and address the pandemic of COVID-19. The use of this crisis by purchasers of imported products to advocate for measures that would permit a flood of unfairly-traded goods to enter this market is grossly inappropriate and must be rejected.

Per the reporting of U.S. Customs and Border Protection, over the last decade (fiscal years 2010 through 2019), the United States has imported \$23.9 trillion in imported goods. The total of all duties, taxes, and fees deposited on these imports over that same time period amounts to just 1.7 percent of this value (\$407.6 billion). As Americans, the members of the Southern Shrimp Alliance are deeply troubled by the desire of importer interests to manipulate current circumstances in order to obtain relief from this minimal burden.

In this regard, the Southern Shrimp Alliance is grateful for U.S. Customs and Border Protection's issuance of Cargo System Messaging Service #42161666 (March 26, 2020) explaining that the agency "is no longer accepting requests for additional days of payment." However, as the agency "will retain the right to allow additional days . . ." and the Administration continues to receive petitions for broad deferrals of estimated duty payment obligations, we believe it is important to describe the devastating impact that any broad deferral program would have on our industry, as well as on U.S. producing industries generally.

Proposals to provide deferrals of deposits on antidumping and countervailing duties are targeted towards the narrow portions of American supply chains polluted with unfairly-traded imports. While total duties, taxes, and fees deposited represent just 1.7 percent of the total value of imported goods over the last decade, the amount of antidumping and countervailing duties deposited during the same time period represents just 0.04 percent of the value of imported goods (\$10.4 billion). Although antidumping and countervailing duties impact only a small portion of overall trade, these trade remedies are essential to the survival of many important domestic industries.

In order to obtain trade relief, the thousands of small- and medium-sized family-owned businesses that comprise the U.S. shrimp industry demonstrated to the U.S. International Trade Commission that they were suffering material injury by reason of unfairly-traded imports in 2004. Since then, the industry has twice (most recently in 2017) established that the removal of antidumping duties would likely lead to the recurrence of material injury to the domestic industry. Reports within the industry currently indicate that the market for domestic shrimp, driven in large part by food service and restaurant demand, may be severely impacted. In consequence, our industry is made even more vulnerable to the adverse impacts of renewed unfair trade.

The vast majority of Chinese shrimp exporters are currently subject to a 112.81 percent antidumping duty cash deposit rate. As with other antidumping and countervailing duty orders that impose a high estimated duty deposit requirement, this has prevented imports of Chinese shrimp from significantly effecting this market. A broad deferral of duty deposit obligations, however, would allow foreigners – as non-resident importers of record – to bring in merchandise in circumvention of these cash deposit requirements, disappearing when duty payments came due. The same result will also be achieved through the use of domestic shell and paper companies acting as importers of record during the period of any broad deferral.

U.S. Customs and Border Protection is already acutely familiar with the challenges posed by non-resident importers of record and paper/shell companies to duty collection. In a recent report issued by the agency to Congress, U.S. Customs and Border Protection observed that the principal owed on outstanding claims for antidumping and countervailing duties increased from \$2.8 billion in fiscal year 2017 to \$3.5 billion in fiscal year 2019. A broad deferral of duty deposit obligations would cause the amount of uncollected duties to explode in fiscal year 2020.

Importing interests have argued for a deferral of duty payments by analogizing to the income tax extension granted to American businesses and workers. In doing so, they have obfuscated the fact that a substantial portion of goods imported subject to antidumping and countervailing duties are done through foreign entities, not American businesses. Similarly, importing interests have elected not to explain that a broad duty deposit deferral period would facilitate the importation of huge volumes of goods from China at a time when that country's manufacturing facilities and export infrastructure roar back into operation and American producers and manufacturers now confront the virus that had previously shuttered them. These Chinese goods, once imported and sitting in inventory in the United States, will substantially inhibit the ability of U.S. producing industries to recover from the challenges we are all currently facing.

Hon. Mark A. Morgan

March 27, 2020

Page 3

For all of these reasons, the Southern Shrimp Alliance requests that U.S. Customs and Border Protection reject any and all requests by importers for the deferral of payment of antidumping and countervailing duty cash deposits.

We appreciate U.S. Customs and Border Protection's consideration of the U.S. shrimp industry's views with regard to requests for the deferral of duty deposit obligations on goods subject to antidumping and countervailing duty orders. I am available to address any questions you might have regarding this correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "John Williams". The signature is fluid and cursive, with a large initial "J" and "W".

John Williams
Executive Director

cc: United States Secretary of Commerce Wilbur L. Ross, Jr.
Director of the Office of Trade and Manufacturing Policy, White House, Peter Navarro
United States Trade Representative Robert E. Lighthizer
Senator Bill Cassidy (LA)
Senator Tim Scott (SC)
Senator John Cornyn (TX)
Senator John Kennedy (LA)
Senator Richard Burr (NC)
Senator Thom Tillis (NC)
Senator Lindsey Graham (SC)
Senator David Perdue (GA)
Senator Kelly Loeffler (GA)
Senator Rick Scott (FL)
Senator Marco Rubio (FL)
Senator Richard Shelby (AL)
Senator Doug Jones (AL)
Senator Roger Wicker (MS)
Senator Cindy Hyde-Smith (MS)
Senator Ted Cruz (TX)
Executive Assistant Commissioner, Office of Trade, Brenda B. Smith