



Southern Shrimp Alliance

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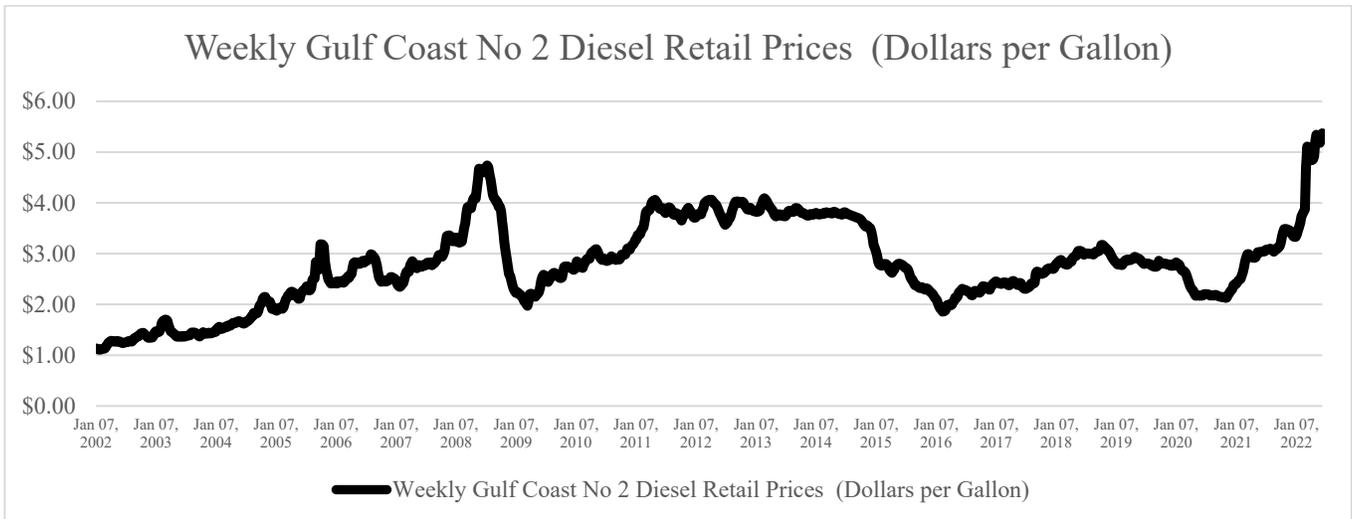
June 27, 2022

President Joseph R. Biden
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President,

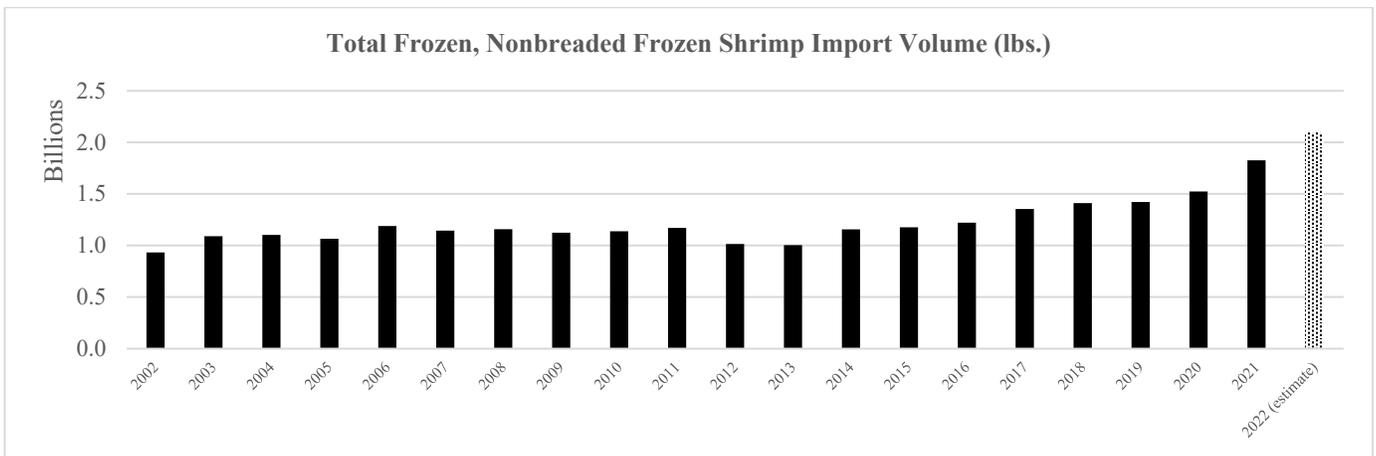
On behalf of the Southern Shrimp Alliance, I am writing to draw your attention to a convergence of circumstances that threatens the livelihoods of thousands of Americans along our southern coastline. For twenty years, our organization has represented the U.S. commercial shrimp fishing industry, with members comprised of a diverse group of Americans operating small businesses from Brownsville, Texas to Wanchese, North Carolina. Our industry has faced tremendous challenges over that time – avalanches of unfair imports; devastating hurricanes; the Deepwater Horizon disaster, to name just a few – but this year may be our most difficult ever. We are only a few weeks away from the re-opening of federal waters off of the coast of Texas to commercial shrimpers. However, instead of being a time of hope for another bountiful year, our members are frightened, worried that this year may be their last in the industry.

Fuel accounts for one-third (or more) of a shrimper's total operational costs. Just like millions of other Americans, the prices that we are seeing at the pump are simply unprecedented.

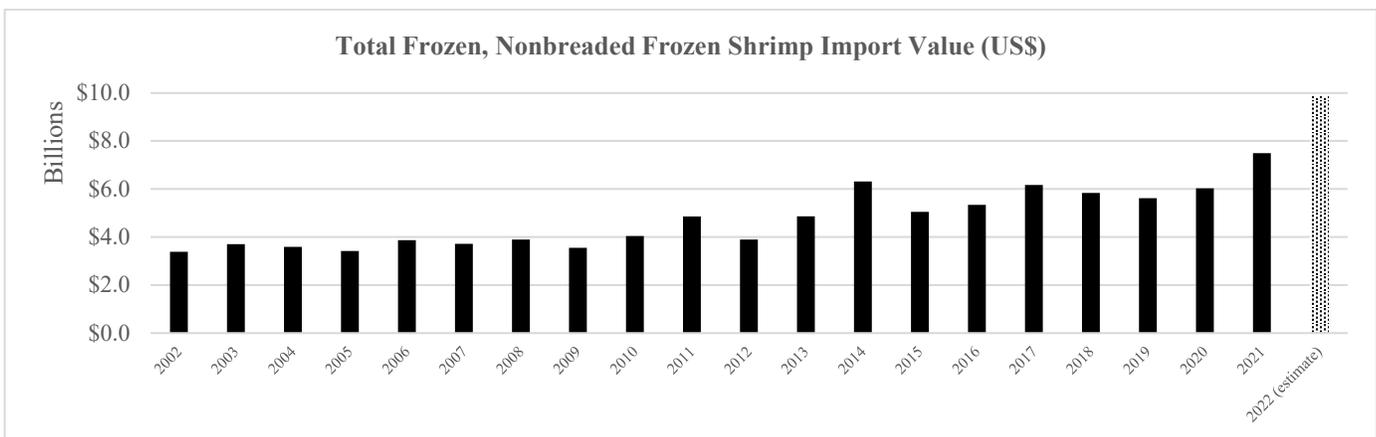


As data from the U.S. Energy Information Administration shows in the chart above, for the first time ever, No. 2 diesel retail prices in the Gulf of Mexico crossed the five dollar a gallon mark in May and have remained above that level for the last seven weeks. Last year, at this time, No. 2 diesel was retailing at roughly three dollars a gallon; two years ago, it was at two dollars. For fishermen with boats holding 20,000 gallons of diesel, that means having to invest over \$100,000 in order to leave the dock – \$47,000 more than last year and \$64,000 more than in 2020.

Our commercial fishermen are being hit with this massive increase in costs at the same time as our market is being inundated with an unprecedented level of imports. We saw record volumes of frozen shrimp imports in 2021 and this import volume has grown by another 14.5 percent over the first four months of this year compared to the same time period last year. If that growth holds for the remainder of this year, we will import over *two billion pounds* in 2022.



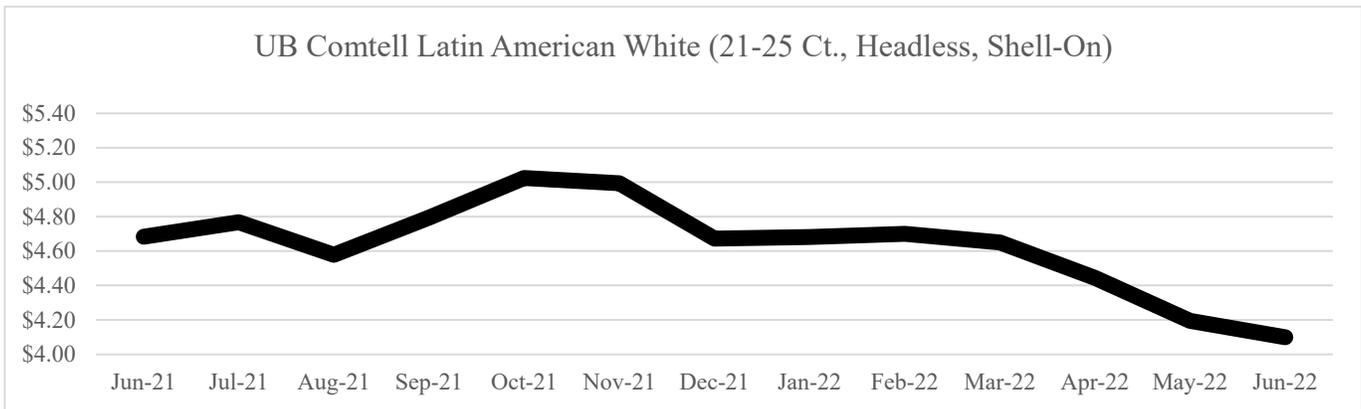
Moreover, if the surge in imports continues at the same pace throughout the rest of this year, the United States will import roughly *ten billion dollars* worth of frozen shrimp in 2022.



The vast majority of this shrimp is coming from just three countries – India (36.9% of imports); Ecuador (24.0% of imports); and Indonesia (21.8% of imports) – with each responding to difficulties they have had selling into other markets by re-directing shrimp to the United States. For example, the European Union requires that half of India’s aquaculture shipments, including

farmed shrimp, be tested for banned antibiotics, while China has restricted the access of Ecuadorian shrimp to its market due to concerns over the potential spread of COVID-19.

As cheap imports have poured into this country, the market has seen a pronounced deterioration in the wholesale prices for imported shrimp, as tracked and reported by Urner Barry Comtell, the preeminent commercial reporter of protein commodity prices in the United States. The chart below sets out one illustrative price trend, documenting how U.S. wholesale prices for headless, shell-on Latin American white (*vannamei*) shrimp have been in continual decline since October of last year.



Commercial shrimp fishermen are therefore facing punishing challenges from two directions. Fuel prices have massively increased the cost of fishing at the same time as imports are swamping the market and pressuring wholesale prices for all shrimp downward. For shrimpers and their families, we are absorbing the impact of inflation on everything we buy while simultaneously watching the prices for the goods we produce fall precipitously.

Cold storage across the country filled to the brim with imports. Opportunities to sell domestic shrimp have been constrained severely as customer orders are being filled by cheap, foreign shrimp. With imported shrimp subverting demand for domestic shrimp, all fishermen are hearing is that the market is saturated and freezers are full before our season has even started. As such, even if shrimpers were willing to throw caution to the wind and fill up their tanks at elevated diesel prices, there may not be anyone willing to buy our catch even at substantially discounted prices.

This entire industry is in dire straits. As plainly as I can put it, we need help.

During the last fiscal year, the U.S. Department of Agriculture purchased roughly \$25 million in wild shrimp products as part of its administration of Section 32 of the *Agricultural Adjustment Act*. Last week, Rep. Garret Graves (LA) and Rep. Jerry Carl (AL) sent a letter to Secretary Vilsack asking that the agency purchase more wild shrimp products through its Section 32 program in fiscal year 2022. The Southern Shrimp Alliance enthusiastically supports this request. We believe that USDA purchases can play a vital role in helping the industry survive this season by providing a market for shrimp that would otherwise be treated as surplus due to the overwhelming presence of imports. Moreover, the wild-caught shrimp harvested and sold by our industry are a healthy, wholesome, low calorie protein option for the beneficiaries of the USDA's

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Section 32 program purchases. As you likely already know, wild-caught shrimp is an important source of good cholesterol (high-density lipoprotein), Omega-3 and Omega-6 fatty acids, and astaxanthin antioxidants. Bringing this food to market is a source of tremendous pride for commercial shrimpers and the USDA's Section 32 program provides a unique opportunity to share it with our fellow Americans who might otherwise not have access to high quality seafood.

Beyond federal government purchases of shrimp, we also believe that it is essential that this Administration continue to fully support, defend, and utilize our trade laws. In the absence of the antidumping duty orders obtained by the industry seventeen years ago, there would have been no one around to make these requests. Further, the Section 301 tariffs on Chinese imports, including shrimp, have helped to limit the impact that China has had on our marketplace.

We are acutely aware that our trade remedies are only meaningful if they are vigilantly enforced. For example, the Indian government responded to the antidumping duty orders by boosting export subsidies to the Indian shrimp industry, eventually leading to the implementation of the Merchandise Exports from India Scheme (MEIS) that was successfully challenged by the United States Trade Representative at the World Trade Organization as being inconsistent with India's obligations under the WTO Agreements. Although India's government abandoned MEIS, it simply replaced that export subsidy program with a new program, the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which continues to provide generous export bounties for shrimp sold to the United States. We therefore ask that this Administration voice its strong support for the trade laws and continue to explore ways to use those laws to combat unfair trade in all of its various forms.

Finally, we recognize that, at present, high fuel costs are a massive burden across American industries. However, we hope that you will keep the commercial fishing industry in mind as your Administration considers options to provide relief for businesses throughout the country. As boat operators, the purchase of diesel fuel by shrimp fishermen does not include federal or state excise taxes and, as such, adjustments to these taxes would provide no assistance to our industry.

Thank you for any consideration you may provide to these requests.

Sincerely,



John Williams
Executive Director

cc: The Honorable Tom Vilsack, Secretary, U.S. Department of Agriculture
The Honorable Gina Raimondo, Secretary, U.S. Department of Commerce
The Honorable Jennifer Granholm, Secretary, U.S. Department of Energy
The Honorable Xavier Becerra, Secretary, U.S. Department of Health and Human Services
The Honorable Pete Buttigieg, Secretary, U.S. Department of Transportation
The Honorable Katherine Tai, United States Trade Representative