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July 27, 2020

Interagency Seafood Trade Task Force
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**Attn:** Andrew Lawler
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**Attn:** Jim Sanford
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**Re:** RFI Response: Interagency Seafood Trade Task Force

Dear Deputy Assistant Secretary Lawler and AUSTR Sanford,

On behalf of the Southern Shrimp Alliance, we hereby submit written input on how best to achieve the objectives of the Interagency Seafood Trade Task Force as described in the President's Executive Order of May 7, 2020, *Promoting American Seafood Competitiveness and Economic Growth*, consistent with the request published in the *Federal Register* on July 10, 2020.[1] As explained in the *Federal Register* notice, it is the Southern Shrimp Alliance's understanding that the Seafood Trade Task Force will make recommendations to the United States Trade Representative (USTR) for the purposes of the development of a comprehensive interagency seafood trade strategy.

Consistent with Section 11(c) of the May 7, 2020 *Executive Order*, the *Federal Register* notice inviting written input exclusively focuses on steps that may be taken to improve export opportunities for U.S. commercial seafood producers. In the *Federal Register* notice's discussion of "International Seafood Trade," there is no mention or discussion of the nature of federal policy towards the importation of seafood products. This omission, however, appears to be inconsistent with the purpose of the Task Force, as it was expressly created "[i]n furtherance of fair and

[1] *Recommendations for a Comprehensive Interagency Seafood Trade Strategy*, 85 Fed. Reg. 41,566 (Dep't Commerce July 10, 2020) (Request for Information).

reciprocal trade in seafood products." The United States imports substantially more seafood than it exports and these imported goods define the competition that U.S. producers face both in this market and in foreign markets.

No "comprehensive" interagency seafood trade strategy is possible unless it addresses fatally flawed federal policy towards the importation of seafood. Indifference by some federal agencies to holding imported seafood to the same exacting standards that other federal agencies and state and local governments apply to the production of domestic seafood has led the United States to become a dumping ground for cheap, unsafe seafood produced overseas with unsustainable social and environmental costs, externalized to be borne by the rest of the world. For the vast majority of U.S. seafood producers, the most important market has always been the United States.

The domestic shrimp industry cannot mitigate the damage caused by swinging our doors open to seafood from all over the world through market opportunities overseas. Indeed, a cursory review of trade statistics belies such a strategy for many domestic commercial seafood industries. Unlike agricultural producers, the U.S. commercial seafood industry confronts a domestic market dominated by imports. American money spent on imported seafood has encouraged the development of excess capacity in seafood production overseas, at times augmented through foreign governments' fishing subsidies, aquaculture subsidies, and export bounties. Accordingly, when U.S. seafood producers, like the U.S. shrimp industry, compete for sales in markets outside of the United States, we compete against a monster created by the failures of federal policy towards imported seafood.

## I. A Comprehensive Interagency Seafood Trade Strategy Must Address Seafood Imports

By Executive Order of March 31, 2017, *Regarding the Omnibus Report on Significant Trade Deficits* (82 Fed. Reg. 16,721 (Apr. 5, 2017)), President Trump explained that "[f]or many years, the United States has not obtained the full scope of benefits anticipated under a number of international trade agreements or from participating in the World Trade Organization." That Executive Order reported that "[t]he United States annual trade deficit in goods exceeds $700 billion, and the overall trade deficit exceeded $500 billion in 2016."

Consistent with these observations, the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration ("NOAA Fisheries") has appropriately documented the United States' remarkable deficit in the trade of seafood products as part of the *Fisheries of the United States* annual reports. In the *Fisheries of the United States* annual report for 2016, NOAA Fisheries noted that the edible seafood trade deficit between the United States and its Asian trading partners was $6.98 billion, with half of the United States' edible seafood imports originating in Asia.[2] The next year, NOAA Fisheries reported that this trade deficit has increased to $7.7 billion.[3] And in the most recent *Fisheries of the United States* report, NOAA Fisheries

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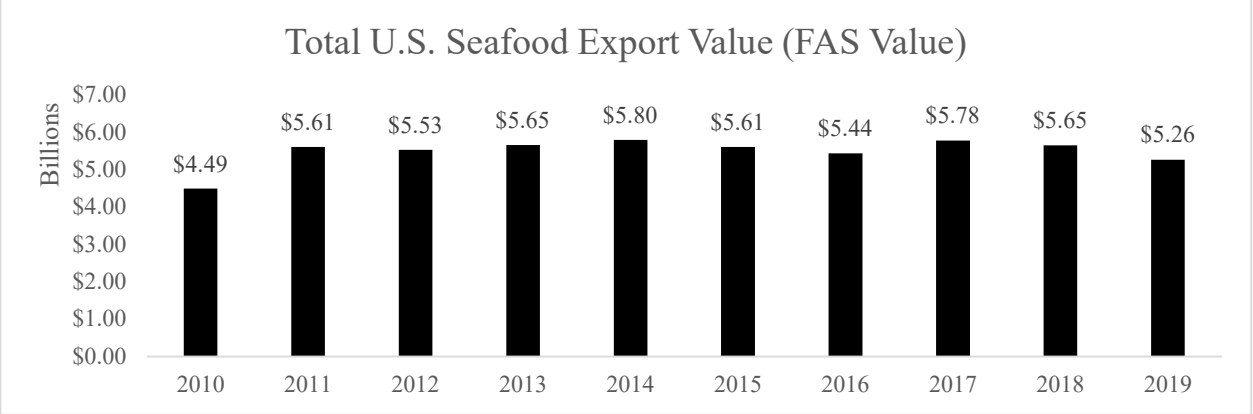
[2] NOAA Fisheries, *Fisheries of the United States 2016* (Aug. 2017) at xvii.

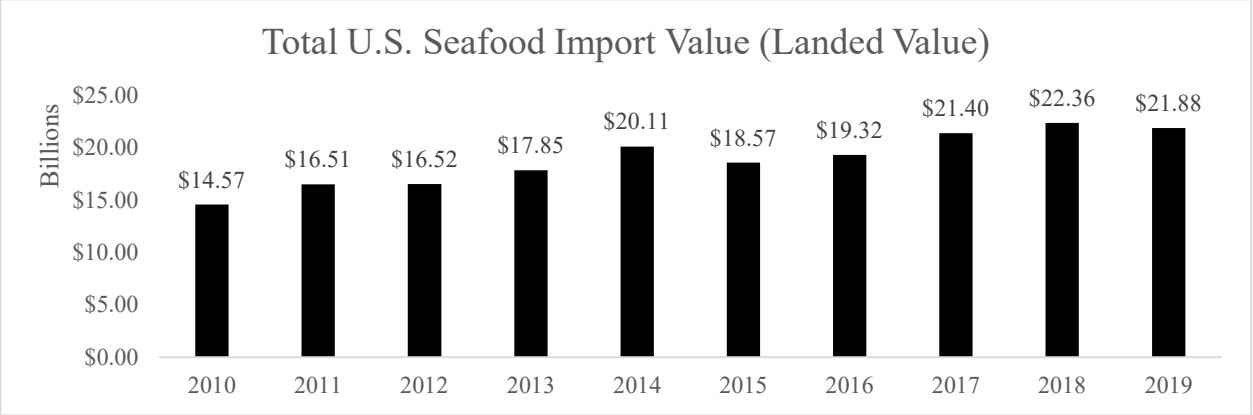
[3] NOAA Fisheries, *Fisheries of the United States 2017* (Sept. 2018) at xvii.

expanded its reporting to encompass all trading partners, noting that the overall trade deficit in edible seafood stood at ***$16.8 billion*** in 2018.[4]

A review of trade statistics by the Interagency Seafood Trade Task Force should make clear that the development of a truly comprehensive interagency seafood trade strategy must encompass both imports and exports. According to NOAA Fisheries, in 2018, the U.S. exported a total of $5.6 billion in edible seafood to the rest of the world.[5] A review of trade statistics over the last decade shows that after a significant bump in seafood export value between 2010 and 2011, the total value of U.S. seafood exports has been relatively flat over the last decade, never reaching $6.0 billion per annum.[6]




In contrast, the value of seafood imported into the United States has exploded over that same time period, increasing by a stunning $7.3 billion between 2010 and 2019.[7]

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4 NOAA Fisheries, *Fisheries of the United States 2018* (Feb. 2020) at xvii.

5 NOAA Fisheries, *Fisheries of the United States 2018* (Feb. 2020) at xvii.

6 Data obtained from U.S. International Trade Commission's *Dataweb* for FAS value of exports for all merchandise under HTSUS chapters 03; 1603; 1604; and 1605.

7 Data obtained from U.S. International Trade Commission's *Dataweb* for landed value of imports for all merchandise under HTSUS chapters 03; 1603; 1604; and 1605.

These trade data demonstrate that over the last decade while the United States has struggled to meaningfully increase its seafood exports to the world, the country has continued to welcome seafood imports from around the world. In 2019, the value of seafood imports was approximately 400 percent higher than the value of this country's seafood exports. The increase alone in seafood imports between 2010 and 2019 ($7.3 billion) is 26.2 percent higher than the highest annual value of total seafood exports posted over the last decade ($5.8 billion in 2014). As such, these figures indicate that, by far, the most significant growth market for U.S. produced seafood as a whole ***is the U.S. domestic market***.

## II. Correcting Failed Federal Policy Towards Imported Shrimp Must Be a Central Objective of Any Comprehensive Interagency Seafood Strategy

As the *Fisheries of the United States* report makes clear, the single biggest contributor to the trade deficit in edible seafood are this country's imports of fresh and frozen shrimp, valued at $6.2 billion in 2018, ahead of fillets of every type of species of fish ($5.7 billion), whole finfish ($3.0 billion), canned seafood ($2.3 billion), and every other type of edible seafood ($5.2 billion).[8] Because U.S. seafood exports have never exceeded $5.8 billion in a single year, this means that the United States runs a seafood trade deficit by virtue of its imports of shrimp alone.

Accounting for U.S. exports of shrimp products, the United States' trade in shrimp accounted for 36.2 percent of the overall deficit in edible seafood trade in 2018. Although shrimp continues to be one of the highest value species group landed by U.S. commercial fishermen,[9] as shown in the table below, our country's deficit in shrimp trade has increased substantially over the last decade. In the first three years of the last decade, the annual shrimp trade deficit[10] averaged $4.67 billion per annum. Over the next four years, that deficit grew by 23.2 percent to an average of $5.75 billion per annum. In the last three years, the United States' shrimp trade deficit grew by another 6.6 percent to an average of $6.14 billion per annum.

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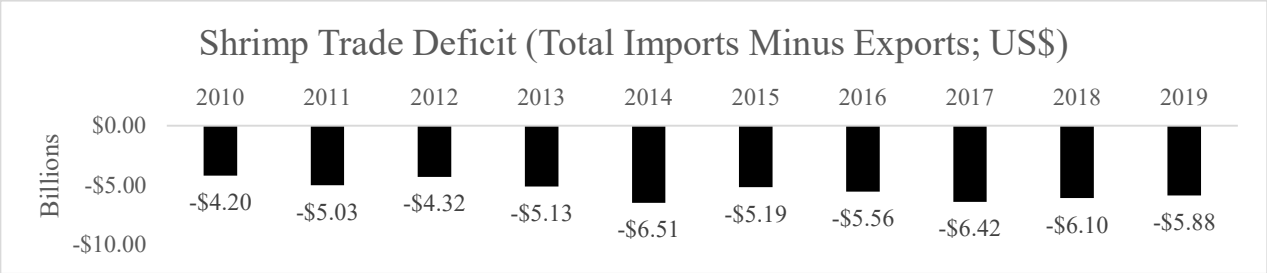
[8] NOAA Fisheries, *Fisheries of the United States 2018* (Feb. 2020) at xvii. In 2017, shrimp imports accounted for 48 percent of the total value of edible seafood imports from Asia, up from 46% in 2016. *Compare* NOAA Fisheries, *Fisheries of the United States 2017* (Sept. 2018) at xvii *with* NOAA Fisheries, *Fisheries of the United States 2016* (Aug. 2017) at xvii.

[9] NOAA Fisheries, *Fisheries of the United States 2016* (Aug. 2017) at xx ($483 million; 4th largest); NOAA Fisheries, *Fisheries of the United States 2017* (Sept. 2018) at xx ($531 million; 4th largest), and NOAA Fisheries, *Fisheries of the United States 2018* (Feb. 2020) at x ($496 million; 5th largest).

[10] Calculated through data available from the U.S. International Trade Commission's *Dataweb* as Total Export (FAS) Value minus Total Import Value for HTSUS codes: 0306.13; 0306.16; 0306.17; 0306.23; 0306.26; 0306.27; 0306.35; 0306.36; 0306.95; 1605.20; 1605.21; and 1605.29.




Thus, by meaningfully addressing the imbalance in trade in shrimp products, the United States may – through this one seafood species – significantly improve the nature of its ongoing (and growing) trade deficit in edible seafood.

The incredible growth in shrimp imports over the last decade is not a function of market principles. Rather, failures to develop and enforce effective federal policies towards shrimp and other seafood imports have played a seminal role in actually encouraging and facilitating these imports. Section 2(g) of the May 7, 2020 *Executive Order* states that it is the policy of the Federal Government to "continue to hold imported seafood to the same food-safety requirements as domestically produced products." That may be the stated policy of this Administration, but it is certainly not reflected in practice by the responsible federal agencies. While U.S. commercial seafood producers and processors operate under heavy local, state, and federal regulations regarding the manner in which they harvest, transport, process, and sell domestic seafood products, imported seafood under the jurisdiction of the U.S. Food and Drug Administration (FDA) is principally and predominantly governed by a system dependent upon the good faith efforts of the U.S. importer to assure the safety and wholesomeness of the seafood introduced to the U.S. market from abroad. The FDA inspects a miniscule number of imported seafood shipments each year and physically inspects an even smaller number of foreign seafood processing facilities on an annual basis.

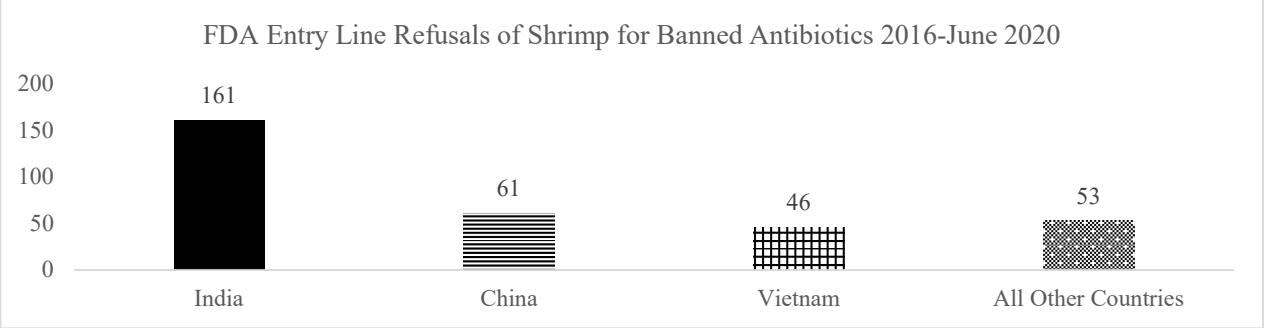
The FDA's approach has made the United States the dumping ground for the world's worst seafood. When other major markets identify continual, serious food safety problems in a nation's production and export of a particular seafood product, the United States has repeatedly ignored the issue. FDA's utter failure to meaningfully address the continued use of banned antibiotics in foreign aquaculture has seriously damaged the U.S. industry producing both wild-caught and farm-raised shrimp and has substantially undermined consumer confidence in the wholesomeness and safety of shrimp products sold in the U.S. market.

This contention is not merely the subjective opinion of the U.S. shrimp industry; it is an objective, verifiable phenomena, nowhere more obvious than in our treatment of shrimp imported from India. Although the U.S. strictly controls the use of antibiotics in domestic aquaculture, we continue to import farmed seafood from countries that do not maintain such controls. The Indian aquaculture industry has taken advantage of the relative laxity of the FDA's approach to target the U.S. market as the outlet for heavily-subsidized expansions of its seafood industry.

In 2019, shrimp products from India accounted for 39.6 percent of the total value and 40.4 percent of the total volume of shrimp imported into the United States. These figures reflect massive growth in Indian shrimp exports to the United States, as India's share of total shrimp

import value was just 7.2 percent in 2010 and its share of total shrimp import volume that year was just 5.4 percent. The influence of Indian shrimp on the U.S. seafood market is so substantial that Indian shrimp, on its own, comprised over 13 percent of the country's trade deficit in edible seafood in 2018.[11]

There is no serious dispute that India's shrimp aquaculture industry has failed to control the use of banned antibiotics. Although India does not account for the majority of the volume of shrimp imported into the United States, India accounts for the majority of shrimp refused at the border by the FDA because of banned antibiotics. Since 2016, 161 of the 321 entry lines of shrimp (50 percent) refused by the FDA for reasons related to the presence of veterinary drug residues have been from India. As shown in the chart below, India accounted for almost three times as many shrimp entry line refusals for banned antibiotics than China over the last five years.




Nevertheless, while the FDA has taken no additional measures to address the continuing presence of banned antibiotics in Indian shrimp exports, this approach has not been followed in other major seafood importing markets. The European Union, for example, has adopted targeted controls of Indian aquaculture exports designed to encourage the country to implement food safety measures that would eliminate abuse of harmful antibiotics. While these measures have successfully prevented contaminated Indian shrimp from reaching European consumers, the incentives created to clean up the industry have been fatally undermined by unfettered access to the U.S. market over the same time period.

In July 2010, the European Union issued a Commission decision declaring emergency measures with regard to imports of aquaculture products from India, including shrimp, intended for human consumption.[12] The European Union mandated that at least ten percent of consignments of aquaculture products from India be tested for the presence of pharmacologically active substances, with a particular focus on chloramphenicol, tetracycline, oxytetracycline and chlortetracycline and of metabolites of nitrofurans.

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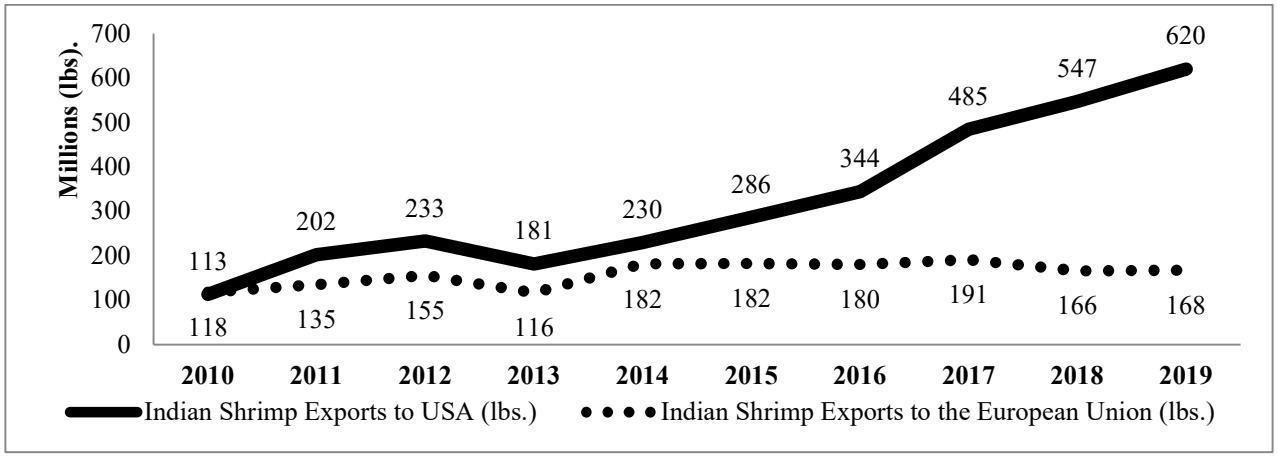
[11] Per data available through the U.S. International Trade Commission's *Dataweb*, the total value of Indian shrimp imports in 2018 was $2.2 billion.

[12] *See* Commission Decision 2010/381/EU of 8 July 2010.

Using UNCOMTRADE data, the table below shows the volume of shrimp exported from India to the United States and from India to the European Union over the last decade.[13] In 2010, India exported more shrimp to the European Union (117.6 million pounds) than to the United States (112.9 million pounds). As India's shrimp aquaculture expanded, the country's shipments to both the United States and the European Union increased significantly. But the growth in shipment volume of Indian shrimp to the European Union appears to have been impeded by the European Commission's testing regimen, such that in 2015, while India had exported a total of 182 million pounds of shrimp to the European Union, the country had exported an additional 100 million pounds of shrimp to the United States.




In 2016, after continued detection of antibiotics in shipments of Indian aquaculture products to Europe, the European Union determined to take additional action with respect to Indian shrimp and, as the chart above shows, shrimp shipments to the United States exploded while India's shrimp exports to the European Union declined. Specifically, in October 2016, the European Union issued another Commission decision observing that "[t]he results of analytical tests undertaken by official control laboratories demonstrate that the level of compliance of aquaculture products from India intended for human consumption as regards the presence of residues of chloramphenicol, tetracycline, oxytetracycline, chlortetracycline and metabolites of nitrofurans is unsatisfactory."[14] The European Union found that "[t]he obligation for [] mandatory testing should be strengthened to continue to deter producers in India from misusing the relevant substances and to minimise risks to human health in the European Union" and ordered that samples be taken from at least **fifty percent** of consignments of aquaculture products from India, including shrimp. In the wake of this testing requirement, India's shrimp exports to the European Union declined while India substantially ramped up shipments to the United States.

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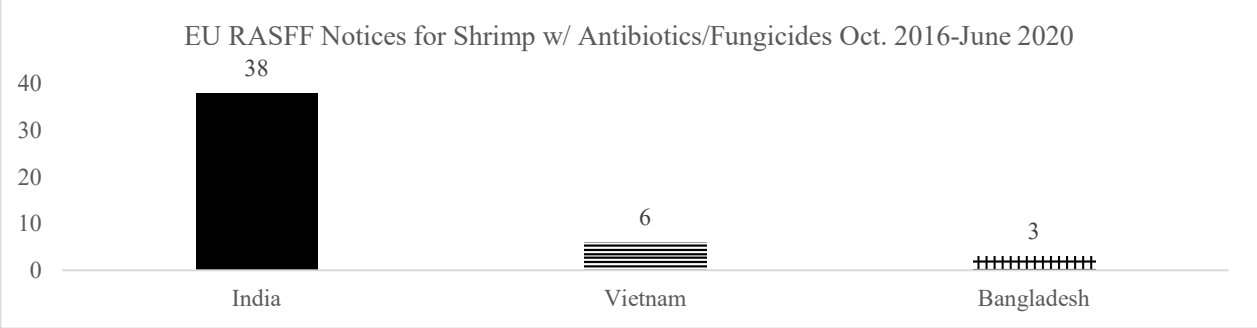
[13] These data were obtained from UNCOMTRADE for Indian exports of merchandise under Harmonized Schedule codes 0306.13; 0306.16; 0306.17; 0306.23; 0306.26; 0306.27; 0306.35; 0306.36; 0306.95; 1605.20; 1605.21; and 1605.29 to Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom, and the United States.

[14] *See* Commission Implementing Decision 2016/1774 of 4 October 2016.

This substantial level of testing of import shipments is done **in addition** to the European Union's requirements for pre-shipment controls on Indian exports of aquaculture products.[15] The European Union's pre-shipment controls require that all shrimp exported out of India to the European Union must be from an establishment approved by India's Export Inspection Council (EIC), with each processor obligated to have samples taken from them every six months to test for the presence of antibiotics "including chloramphenicol, nitrofuran metabolites and tetracyclines." EIC-approved shrimp exporters are only permitted to source shrimp from shrimp farms that are registered with India's Marine Product Export Development Agency (MPEDA). MPEDA registered shrimp farms are, in turn, required to have shrimp batches sampled and tested for chloramphenicol and four nitrofuran metabolites prior to harvest. EIC-approval also requires that a processing plant limit the number of farms/batches in one exported consignment to four. This limitation on sourcing allows for more accurate sampling, facilitates follow-up investigations, and ensures traceability. Further, prior to export, staff from EIC laboratories visit the EIC-approved facility and take samples to test for chloramphenicol, tetracycline, oxytetracycline, chlortetracycline, and metabolites of nitrofurans. All shipments of shrimp to the European Union from India must be accompanied by the results of this analytical test.

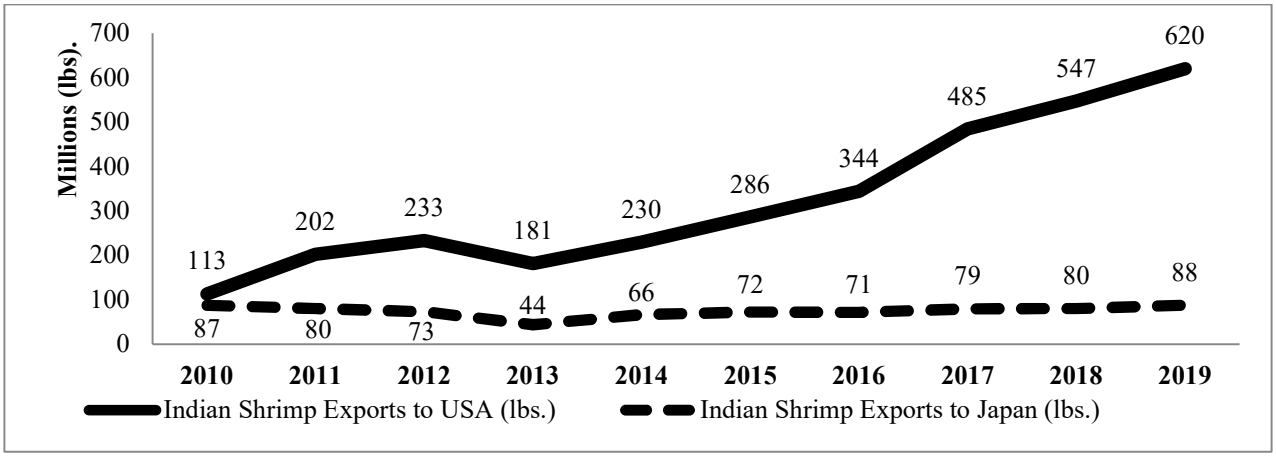
The mandated sampling of fifty percent of all aquacultured products imported into the European Union from India is intended to ensure that the pre-shipment controls adopted by India prevent antibiotic-contaminated shrimp from reaching European consumers. Yet, even with knowledge that its shipments of shrimp will be subject to this heightened level of scrutiny, Indian shrimp dominates the European Union's reported detections of antibiotic-contaminated shrimp. Since October 2016, there have been a total of 47 notices posted on the European Union's Rapid Alert System for Food and Feed (RASFF) regarding the detection of different forms of antibiotics or fungicides in shrimp. In total, 38 of these 47 RASFF notices were for shrimp shipped from India.




The continued use of banned antibiotics in Indian shrimp aquaculture has additionally prevented India from increasing its shipments to other major seafood importing markets, including Japan. Repeated findings of antibiotics in Indian shrimp exports has led the Japanese government to implement inspection orders mandating increased testing of Indian shrimp, most recently

[15] *See* European Commission's Directorate-General for Health and Food Safety's "Final Report of an Audit Carried Out in India from 20 November 2017 to 30 November 2017 in Order to Evaluate the Control Systems in Place Governing the Production of Fishery Products Intended for Export to the European Union," DG(SANTE) 2017-6161.

ranging from between 30 to 100 percent of all shipments.[16] The chart below compares India's volume of shrimp exports to Japan with its exports of shrimp to the United States over the last decade. As shown, in 2010, India's shrimp exports to the United States were a little under 30 percent higher than the volume of shrimp exported by India to Japan. In 2019, India's shrimp exports to Japan remained at roughly the same level as they were in 2010, but the volume of India's shrimp exports to the United States was now 608 percent higher.




At the same time as the European Union and Japan subjected Indian shrimp to additional testing, the FDA took no special measures to respond to the presence of banned antibiotics. The U.S. Government Accountability Office explained in a 2017 report that, "regarding drug residues, in fiscal year 2015 FDA tested 0.1 percent of about 1 million seafood entry lines for drugs of concern to FDA in an effort to detect unsafe residues."[17] This staggering difference in regulatory approach defines the U.S. market for seafood, as well as the current conditions of international trade in seafood.

As should be evident from the example of Indian shrimp, the FDA's tolerance for unsafe seafood imports has incentivized countries with poor food safety controls to increase their export shipments while simultaneously undermining the efforts taken by other major seafood importing markets to improve food production in these nations. Over the last several years, the FDA's lax approach to imported seafood has been highlighted even more sharply by the oversight of imported seafood under the jurisdiction of the U.S. Department of Agriculture (USDA).[18] Unlike the FDA, the USDA evaluates and holds responsible foreign producing nations for the integrity of their domestic food safety regulations, while also closely monitoring and inspecting shipments of imported seafood. While these two distinct approaches to imported seafood have evolved out of two different federal agencies with differing histories, the example of Indian shrimp over the last

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16 *See* Outlook India, *Japan Lifts Inspection Order for Indian Black Tiger Shrimps* (Apr. 5, 2020).

17 U.S. Government Accountability Office, *Imported Seafood Safety: FDA and USDA Could Strengthen Efforts to Prevent Unsafe Drug Residues*, GAO-17-443 (Sept. 2017) at 19.

18 Pursuant to Section 12106 of the *Agricultural Act of 2014*, P.L. 113-79 (Feb. 7, 2014), the Federal Meat Inspection Act (21 U.S.C. § 601(w)) was amended to include "all fish of the order Siluriformes," giving the USDA's Food Safety and Inspection Service inspection authority over this species of seafood.

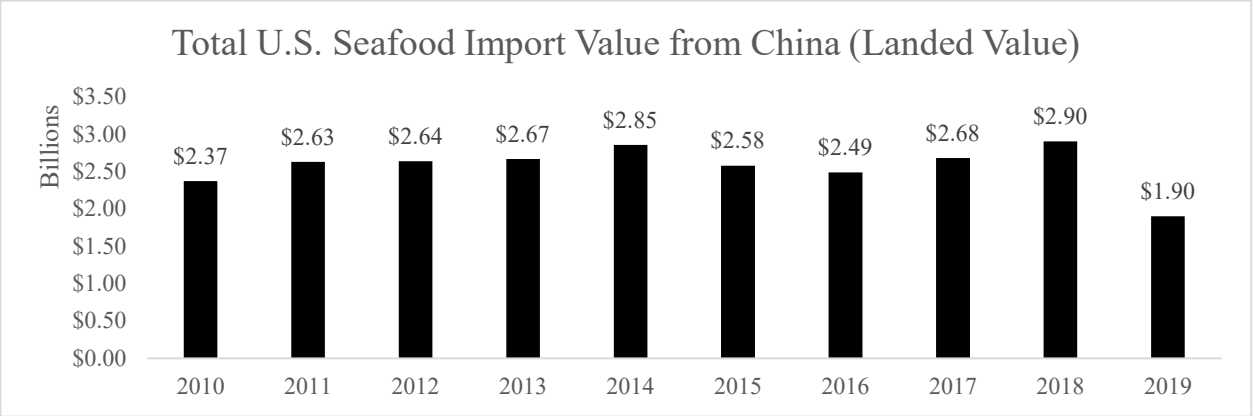
decade raises substantial questions about the efficacy of the FDA's regulatory structure and the harm this has created for the U.S. seafood market. For these reasons, the Southern Shrimp Alliance believes that in order to develop a comprehensive interagency seafood trade strategy, the Task Force must address how the United States' role as a dumping ground for seafood products deemed unfit for human consumption in other markets has impacted international trade in seafood.

## III. Increased Seafood Exports Means Increased Reliance on the Chinese Communist Government

Even if U.S. seafood import policy were to be ignored, a close review of seafood trade data provides several reasons to be wary of the pursuit of market access as a trade policy priority in light of the significance of China to U.S. seafood export markets. After almost continual growth in the value of total seafood imports into the United States, this trend was reversed in 2019. Although the overall value of our seafood imports has been steadily increasing each year over the last decade, import values in 2019 were 2.1 percent lower than they were in 2018. At the same time, the value of U.S. seafood exports also fell by 6.8 percent in 2019 compared to 2018.

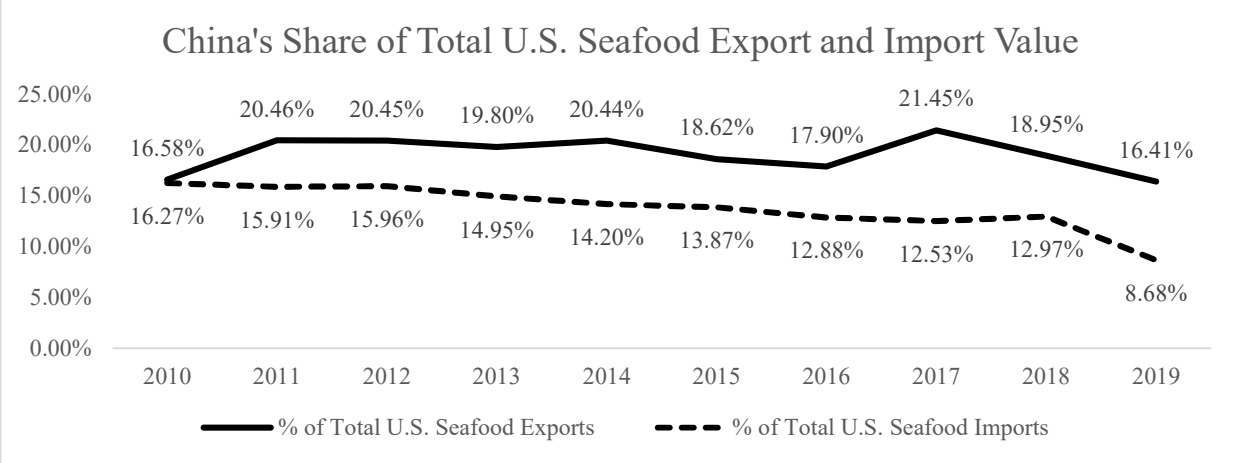
For both U.S. seafood exports and U.S. seafood imports, the major factor in the declines seen in 2019 was a change in trade patterns with China. Last year, over half of the drop (53.5 percent) in the value of U.S. seafood exports was due to a decline of over $200 million in our exports to China. As shown in the table below, at $860 million, the value of seafood exported to China from the United States was at the lowest level experienced since 2010.


At the same time, the value of U.S. imports of Chinese seafood fell by roughly $1 billion last year, to the lowest level experienced over the last decade.




The overall decline in total seafood import value in 2019 compared to 2018 – $478 million – was less than half of the collapse of seafood imports from China ($1 billion) because other countries, including India, Canada, and Russia, significantly increased their shipments of seafood to the United States.

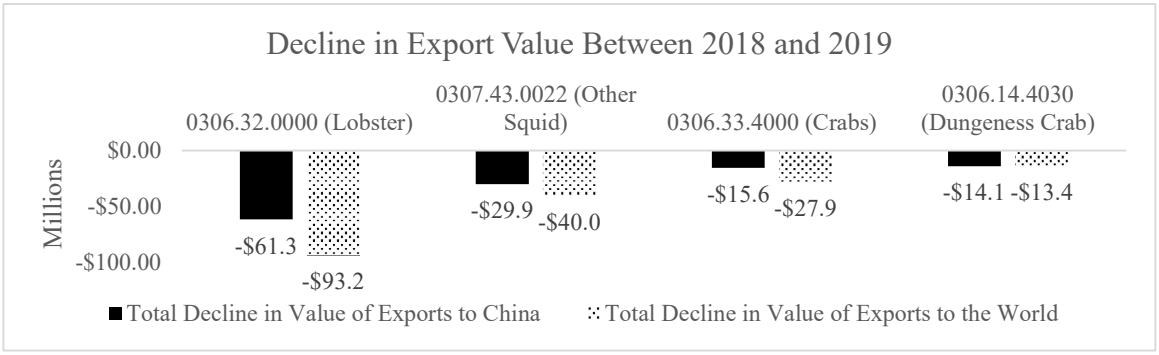
Over the last ten years, the United States' reliance on China as a supplier of seafood has diminished, while our country's reliance on China as a market for our seafood has increased. The table below sets forth changes in China's share of total U.S. seafood exports to the world and of this country's total seafood imports. Since 2010, China's share of the value of overall seafood imported into the United States has experienced a general decline before collapsing in 2019. In contrast, China's share of the value of total U.S. seafood exports increased after 2010 and, even with a sharp (19.3 percent) decline in value in 2019, remained at roughly the same level as it was at the beginning of the decade.




While the seafood market in the United States is not heavily reliant on China as a source of supply and other nations stand ready to fill in anything that Chinese producers are no longer able to provide, U.S. commercial seafood producers that export have become heavily reliant on China as the principal market for their goods, with minimal ability to shift sales elsewhere if that market is closed to them. Over half of the $207 million decline in U.S. seafood exports to China is accounted for by just four tariff numbers: Lobsters (Homarus Spp.), Live, Fresh or Chilled,

Except Rock Lobster (0306.32.000); Other Squid, Loligo Opalescens, Frozen (Except Fillets), Dried, Salted or In Brine (0307.43.0022); Crabs, Live, Fresh or Chilled, Other Than Crabmeat (0306.33.4000); and Dungeness Crabs, Frozen, Except Crabmeat (0306.14.4030). Collectively, these four product groups saw a decline in export value to China of roughly $121 million in 2019, accounting for 58.5 percent of the total decline in seafood export value to China.

U.S. producers of seafood products were unable to offset their losses in China by shifting sales to other markets. As shown in the table below, declines in exports of these products to China dictated significant declines in the overall export value of this seafood.




Since 2011, China, alternating with Canada, has been either the first or second largest market for U.S. seafood exports. The amount of value lost in U.S. seafood exports to China in 2019 compared to 2018 ($206 million) was more than the country's total annual seafood export value to all but four other countries (Canada, Japan, South Korea, and the Netherlands) in 2019. Thus, any effort to quickly rebuild or increase U.S. seafood exports must, necessarily, focus on China. Under current conditions, this is not a promising long-term objective.

Political disagreements between the governments of China and the United States notwithstanding, China has repeatedly demonstrated that access to its market is governed not by commitments made under the agreements of the World Trade Organization, but are, instead, subject to the caprice of the Communist Party of China. As has been widely reported, China currently claims that shrimp imports from three major shrimp exporters in Ecuador – Industrial Pesquera Santa Priscila S.A.; Empacreci S.A.; and Empacadora Del Pacifico Sociedad Anonima Edpacif – tested positive for the coronavirus on at least the outside of packaging and inside a shipping container.[19] Each of these three Ecuadorian shrimp companies also exports significant quantities of shrimp to the United States and, in response to China's claims regarding this shrimp

[19] *See*, *e.g.*, Dominique Patton and Alexandria Valencia, *China Suspends Imports of Ecuador Shrimp on Coronavirus Risk*, Reuters (July 10, 2020); Elizabeth Shim, *China On Guard After COVID-19 Tests on Ecuador Shrimp Packaging*, UPI (July 15, 2020); Matt Craze, *China Thwarts Salmon, Shrimp Markets Using Coronavirus Tactic, Suppliers Claim*, UndercurrentNews (July 13, 2020); Demi Korban, *China Detects COVID-19 on Three New Samples of Ecuadorian Shrimp Packaging*, INTRAFISH (July 16, 2020); and Louis Harkell, *Two More Local Chinese Authorities Detect Coronavirus on Ecuadorian Shrimp Packages*, UndercurrentNews (July 16, 2020).

and earlier assertions regarding salmon,[20] the FDA has reportedly confirmed that there is no evidence that COVID-19 is transmitted through food or food packaging.[21]

Nevertheless, China's actions banning Ecuadorian shrimp imports on the basis of COVID-19 detection – unprecedented for any major food importing market and unsupported by anything remotely approaching a scientific consensus – are reportedly having devastating effects on Ecuador's shrimp industry[22] and threaten to further flood the U.S. market with cheap shrimp.[23] For U.S. seafood producers seeking to increase sales to China, these actions serve as a cautionary tale. As the Ecuadorian government and its shrimp industry are currently experiencing, nothing prevents the Chinese government from targeting seafood imports with unfounded bans if and whenever such a strategy may be advantageous. In its efforts to develop a comprehensive interagency seafood trade strategy, the Task Force should be clear about the risks presented by increased reliance on the Chinese market for U.S. seafood producers.

Moreover, the arbitrariness of China's actions towards Ecuador's shrimp shipments is further underscored by the nation's uneven and inconsistent enforcement of its own laws. Here, again, the experience of Indian shrimp exports is instructive. As shown in the table below, between 2016 and 2018, India's second largest market for its shrimp exports was not the European Union, Japan, Australia, or Canada, but was, instead, Vietnam. Part of the reason for Vietnam's ascendance as a consuming market for exported shrimp was that substantial volumes of shrimp shipped from India to Vietnam were subsequently smuggled into China. After the Chinese government began to address these widespread illegal activities,[24] India's shipments to Vietnam plummeted while direct imports of Indian shrimp to China exploded.

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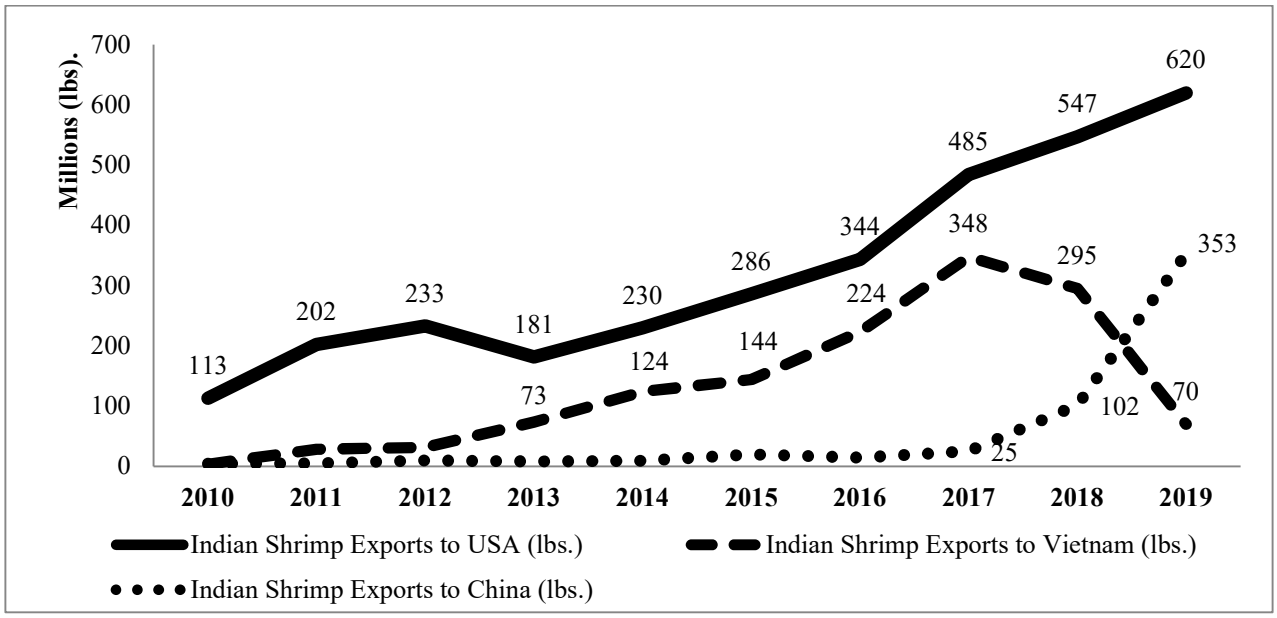
20 *See*, *e.g.*, *Coronavirus Beijing: Why an Outbreak Sparked a Salmon Panic in China*, BBC News (June 18, 2020); Jason Holland, *Seafood Industry Moves to Quash Rumors of Beijing's COVID-19 Spike Being Linked to Salmon*, SeafoodSource (June 17, 2020); and Rachel Mutter, *New China COVID-19 Outbreak to Directly Impact 'Salmon Business Around the World*,*'* INTRAFISH (June 15, 2020).

21 *See*, *e.g.*, Michael Hirtzer and Mike Dorning, *U.S. Once Again Rebuffs China's Attempt to Link Virus to Food*, Bloomberg (July 10, 2020) and Louis Harkell and Dan Gibson, *COVID-Shrimp Link: Deadly Threat or Dangerous Hype?*, UndercurrentNews (July 22, 2020) (*quoting* Joint FDA and USDA statement as follows: "The United States understands the concerns of consumers here domestically and around the world who want to know that producers, processors and regulators are taking every necessary precaution to prioritize food safety especially during these challenging times. However, efforts by some countries to restrict global food exports related to COVID-19 transmission are not consistent with the known science of transmission.").

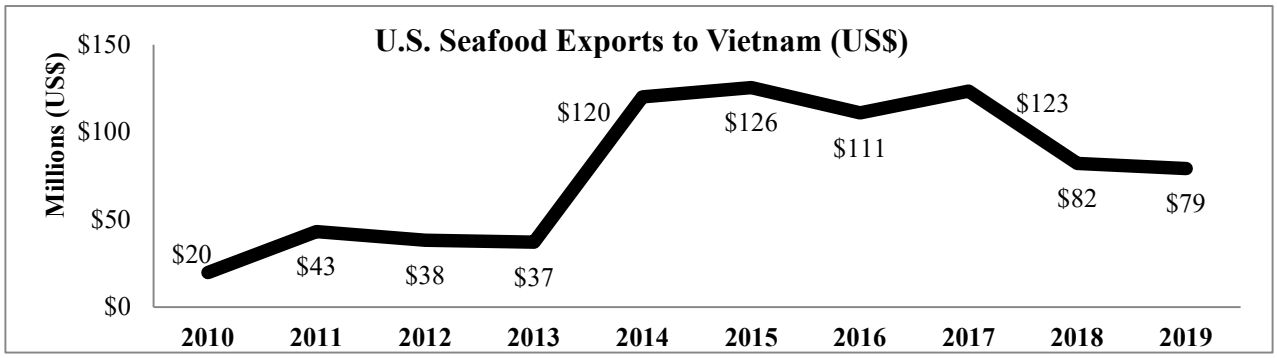
22 *See*, *e.g.*, Maria Feijoo, *Ecuador Shrimp Producers Below Breakeven Before Impact of China Disruption Felt*, UndercurrentNews (July 16, 2020) and John Evans, *Ecuador Quashes COVID-19 Shrimp Link as Talks to Lift Chinese Suspensions Continue*, INTRAFISH (July 16, 2020).

23 *See* Jason Huffman, *Blocked in China, Ecuador Shrimp Industry Cozies Up More to the US Market*, UndercurrentNews (July 17, 2020).

24 *See*, *e.g.*, Louis Harkell, *China-Vietnam Seafood "Grey Trade" Hit by Smuggling Crackdown*, UndercurrentNews (Jan. 2, 2018); John Sackton, *Chinese Crackdown on Salmon Smuggled through Vietnam in Nation-wide Raids*, Seafoodnews.com (Apr. 5, 2018); Lola Navarro, *China Crackdown Cutting Off Ecuadorian Shrimp's Vietnamese Back Door*, INTRAFISH (Apr. 24, 2019); and Mark Godfrey, *China*




Similar indicia of widespread awareness of circumvention of Chinese trade laws also exists in U.S. seafood export data, as export values for shipments to Vietnam nearly quadrupled in 2014 before declining in 2018.




Notably, in addition to the losses experienced by U.S. lobster and squid exporters in their direct shipments to China, the value of U.S. lobster shipments to Vietnam fell by 61.1 percent in 2019, a drop of $15.3 million, while the value of U.S. squid (Loligo Opalescens) shipments to Vietnam fell by 75.5 percent, a drop of $6.3 million.

These trade statistics further reflect the arbitrary nature of Chinese government enforcement of trade regulations and laws. They would also appear to imply profound and expansive corruption in China's regulatory system governing the importation of seafood. These conditions should be directly addressed by the Task Force in any recommendations regarding opportunities to expand U.S. commercial seafood export opportunities.

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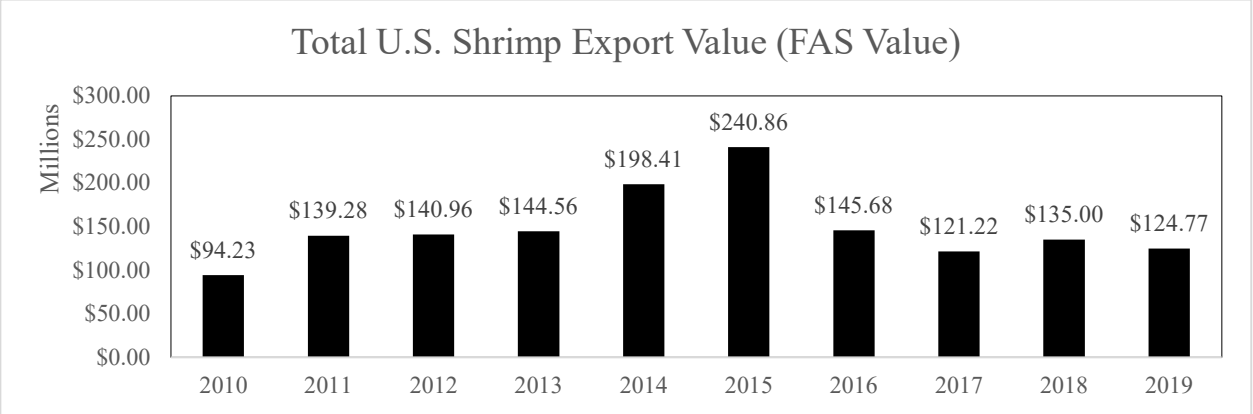
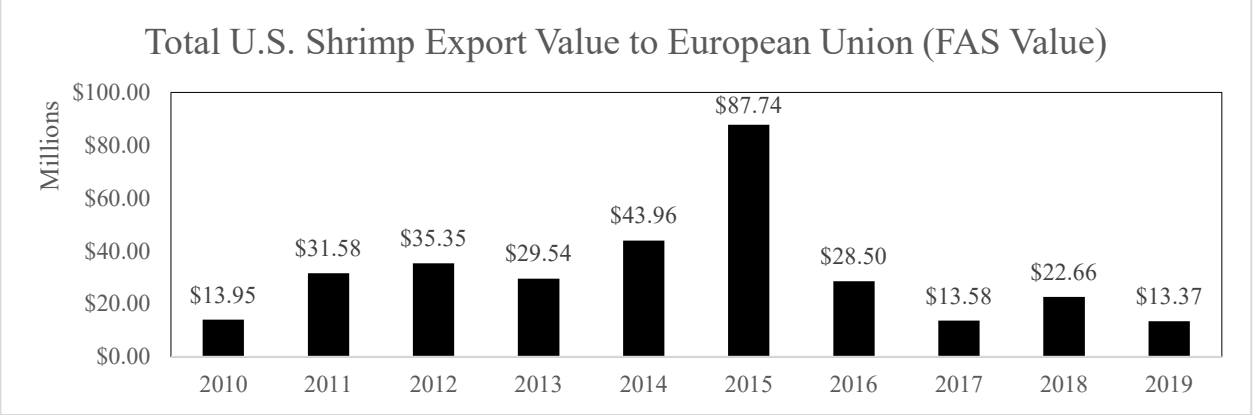
*Continues Clampdown on Seafood Smuggling with New Seizure at Vietnam Border*, SeafoodSource (Jan. 9, 2020).

## IV. Significant Tariffs on U.S. Shrimp Exports Impede Trade

Shrimp has not been a substantial contributor to the country's seafood exports, accounting for between 2.1 percent and 4.3 percent of total annual U.S. seafood export value since 2010. Over the last decade, the value of U.S. shrimp exports has increased, but after substantial growth between 2010 and 2015, values declined sharply in 2016 and have not recovered.




The high watermark for shrimp exports was principally the result of a spike in shipments to the European Union in 2015. These shipments collapsed in 2016 and have remained at depressed levels over the last four years.




The European Union's tariff treatment of shrimp imported from the United States will continue to impede efforts by the U.S. shrimp industry to grow sales in Europe. For everything but prepared meals containing shrimp,[25] the United States allows shrimp products to be imported duty free. In contrast, the European Union imposes tariffs of between 12 and 20 percent on shrimp imported from the United States,[26] while affording preferential duty treatment to most of

[25] Merchandise entered under HTSUS Codes 1605.21.0500 and 1605.21.0900 is subject to a 5 percent general rate of duty.

[26] Shrimp imported into the European Union under product codes 0306.16.99, 0306.17.91, 0306.17.92, 0306.17.93, 0306.17.99, 0306.26.90, 0306.27.91, and 0306.27.99 is subject to a 12 percent duty rate. Shrimp imported under product codes 0306.16.91, 0306.17.94, 0306.26.31, 0306.26.39, and

the world's other warmwater shrimp producers.[27] In these circumstances, the U.S. shrimp industry is unable to compete for sales in the European market.

Although exports are unlikely to play a substantial role in the U.S. shrimp industry's sales, the domestic industry's experience indicates that there is a market for U.S. shrimp in Europe. In the absence of prohibitive duties, U.S. shrimp exports to Europe would likely increase.

## V. Conclusion

Any comprehensive interagency seafood trade strategy must, by necessity, address the conditions governing the importation of seafood into the United States. The incredible growth in seafood imports, when contrasted to flat U.S. seafood exports, strongly indicates that the most important growth market for most U.S. produced seafood is found at home. Moreover, to the extent that imported seafood has taken or suppressed sales of domestically produced seafood in this market, U.S. producers will face the same competition for sales in every foreign market. The Southern Shrimp Alliance believes that the Task Force must address the conditions governing both seafood exports and imports into the United States in developing recommendations for a comprehensive interagency seafood trade strategy.

Thank you for any consideration you are able to give to this written input. I am available to address any questions you might have regarding this correspondence.

Sincerely,

John Williams
Executive Director

0306.27.95 is subject to an 18 percent duty rate. Shrimp imported under product codes 0306.16.10, 0306.17.10, 0306.26.10, 0306.27.10, 1605.21.10, 1605.21.90, and 1605.29 is subject to a 20 percent duty rate. *See* Commission Regulation (EU) No 1006/2011 of 27 September 2011 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

[27] *See* Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008.