



Frozen Warmwater Shrimp from Brazil, China, India, Thailand, and Vietnam

Testimony in Support of the Antidumping Orders

March 16, 2017

Overview

- 1) Cumulation**
- 2) Conditions of Competition**
- 3) Volume**
- 4) Price**
- 5) Injury**

1) Cumulation

- **Discernible Adverse Impact**
- **Reasonable Overlap**
 - Fungible
 - Same Channels
 - Same Regions
 - Same Periods
- **Other Conditions of Competition**

1) Cumulation

- **Imports from Brazil will have more than a discernible adverse impact if the order is revoked**
 - Imports from Brazil more than doubled from 2001 to 2003, and have retreated from the U.S. market since the order was imposed
 - In 2015, Brazil had more than 100 million pounds of excess capacity, enough to more than double 2003 imports of 48 million pounds
 - Brazil's aquaculture production is projected to rise by more than 20 million pounds from 2016 to 2018
 - The Brazilian home market is plagued by the worst recession in more than 20 years

1) Cumulation

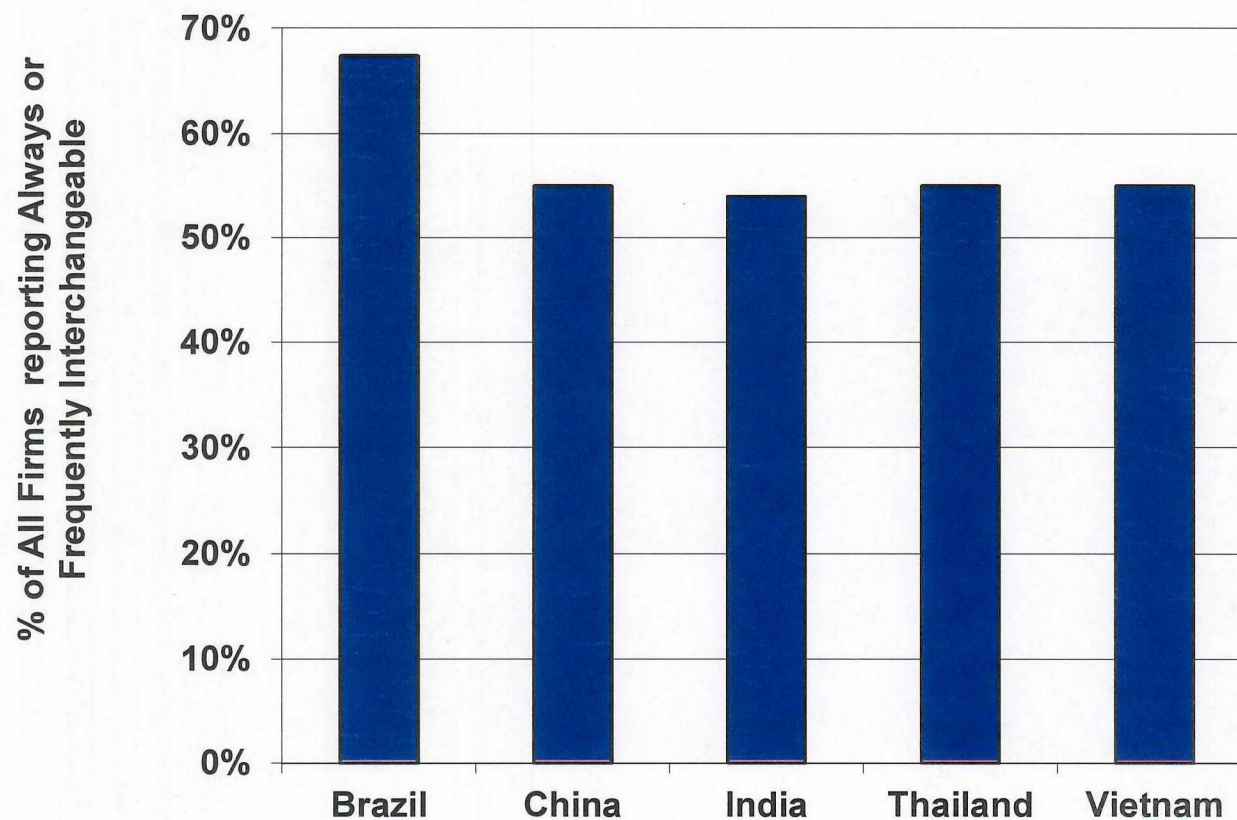
- **Imports from Brazil will have more than a discernible adverse impact if the order is revoked**
 - 2013: Shrimp producers in Rio Grande de Norte to export 50% of production in coming year
 - 2013 & 2014: Brazilian shrimp producers start to test international markets
 - 2014: Brazil loses its EU Generalized Scheme of Preferences status, resulting in less favorable export conditions in that market.
 - Interim 2016: Responding Brazilian producers report reducing home market shipments and increasing exports by similar amounts
 - Nov. 2016: Agriculture minister says Brazil needs to increase its shrimp exports
 - Mar. 2017 Boston Seafood Expo: 15 Brazilian seafood producers listed as exhibitors, at least 6 of which produce shrimp

2) Conditions of Competition

- Consumption rose 15.4% from 2013 to 2015 and is projected to continue increasing
- Supply is plentiful, and projected to increase
- Landings have increased after the 2010 Gulf Oil Spill and rose from 2013 to 2015
- Subject imports and the domestic like product are substitutable
- Price is an important factor in the marketplace

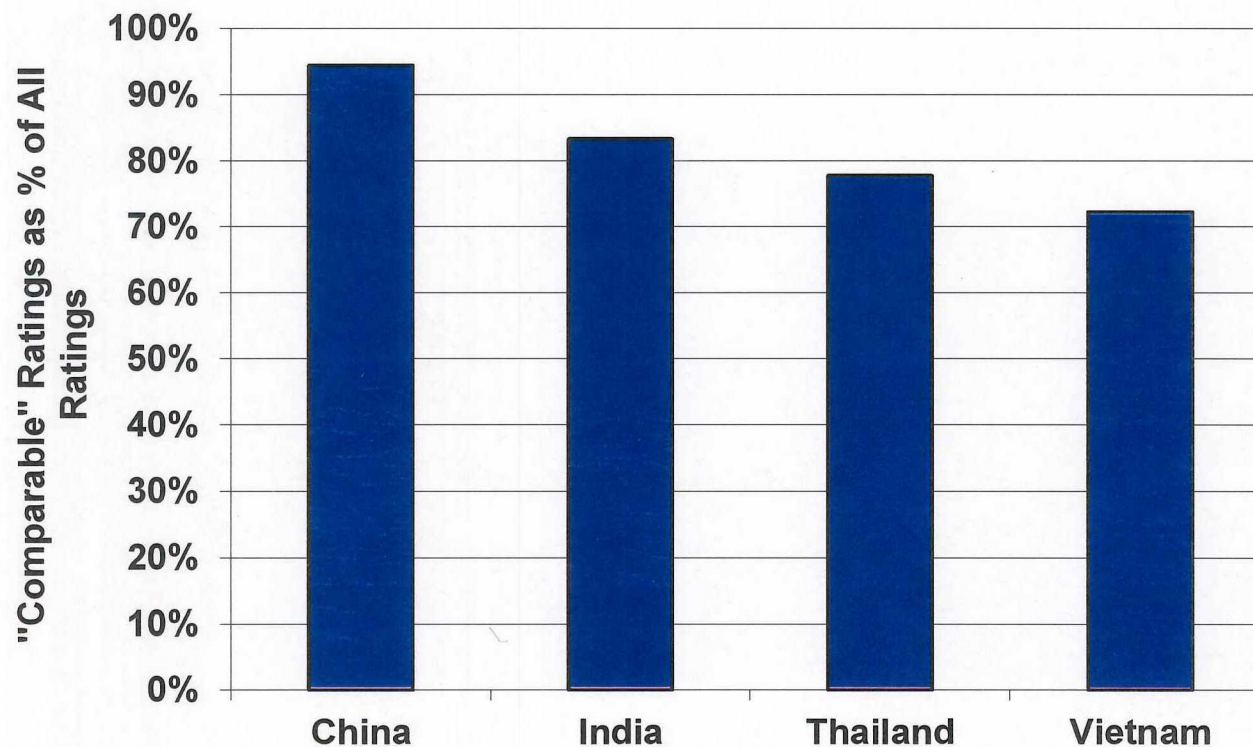
2) Conditions of Competition

Domestic and subject product are interchangeable



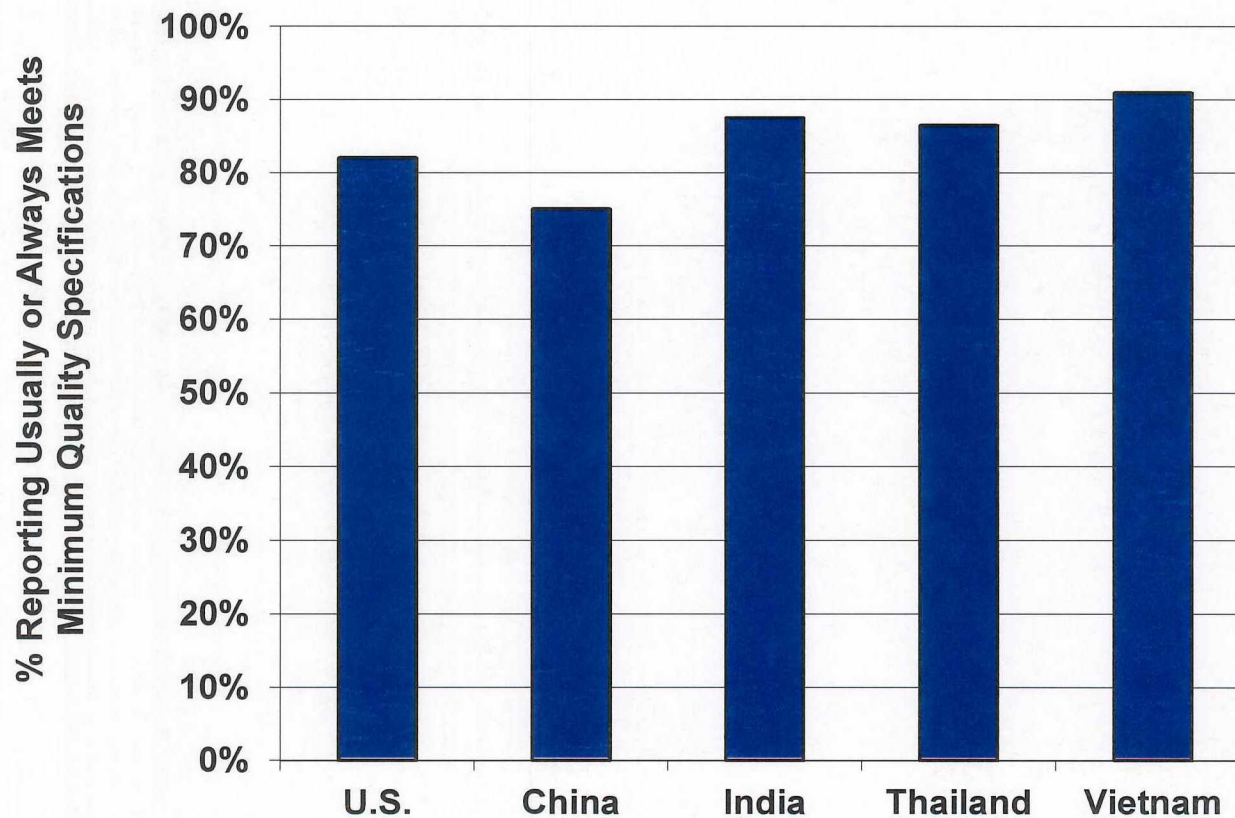
2) Conditions of Competition

Domestic and subject product are comparable across 18 purchasing factors



2) Conditions of Competition

Domestic and subject product usually or always meet minimum quality specifications



2) Conditions of Competition



GREAT AMERICAN
SEAFOOD

Raw - Peeled & Deveined

Shrimp

31/40 Per lb.

Tail Off

Food Safety First

NET WT. 1.25 LB (567g)

KEEP FROZEN
STORE AT OR
BELOW 0°F (-18°C)

Nutrition Facts

Serving Size: 3 oz.
Servings per container: About 6

Amount Per Serving	Calories from Fat 0	% Daily Value*
Calories 60		
Total Fat 0g		0%
Saturated Fat 0g		0%
Trans Fat 0g		
Cholesterol 105mg		35%
Sodium 480mg		20%
Total Carbohydrate 0g		0%
Dietary Fiber 0g		
Sugars 1g		
Protein 13g		
Vitamin A 0%		Vitamin C 0%
Calcium 4%		Iron 2%

* Percent Daily Values (DV) based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

Calories	2,000	2,500
Total Fat	Less than 65g	80g
Sat. Fat	Less than 20g	25g
Cholesterol	Less than 300 mg	300mg
Sodium	Less than 2,400mg	2,400mg
Total Carbohydrate	Less than 300g	375g
Fiber	25g	30g

Calories per gram:
Fat 9 Carbohydrates 4 Protein 4



Packed for:
Southwind Foods LLC
dba Great American Seafood Imports Co.
2900 Ayers Ave. Vernon, CA 90058

P.O. #: _____
Lot #: _____
Use By: _____



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8 29944 09031 7

Ingredients: Shrimp, Salt, Sodium Tripolyphosphate (to retain moisture).
Allergens: Contains Shrimp.
Farm Raised, Product of _____

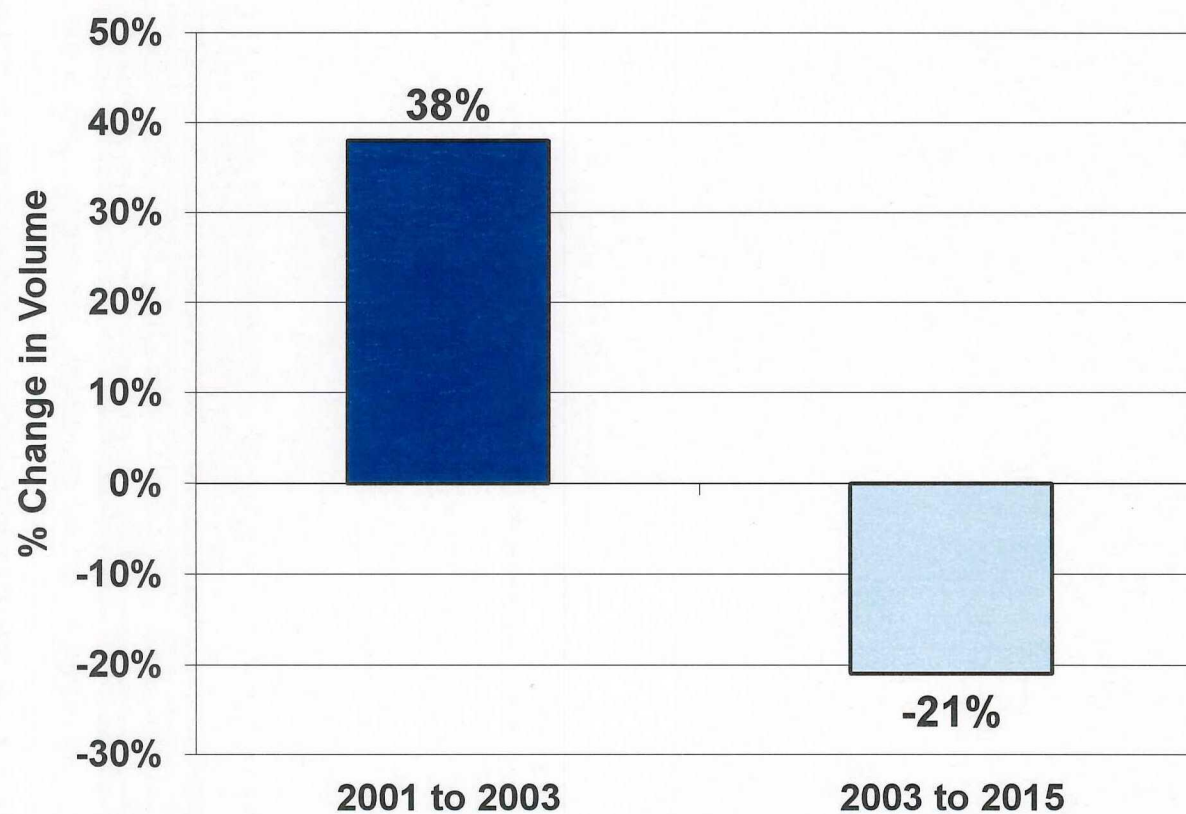
2) Conditions of Competition

■ Competition Is Based on Price

- Majority spot & short-term contract sales
- Frequent purchases
- Purchasers contact multiple suppliers
- More than 70% of purchasers buy both farmed and wild-caught shrimp
- Price is the second most frequently cited top purchasing factor
- 81% of purchasers report that price is a “very important” purchasing factor

3) Volume

The orders have disciplined the volume of subject imports



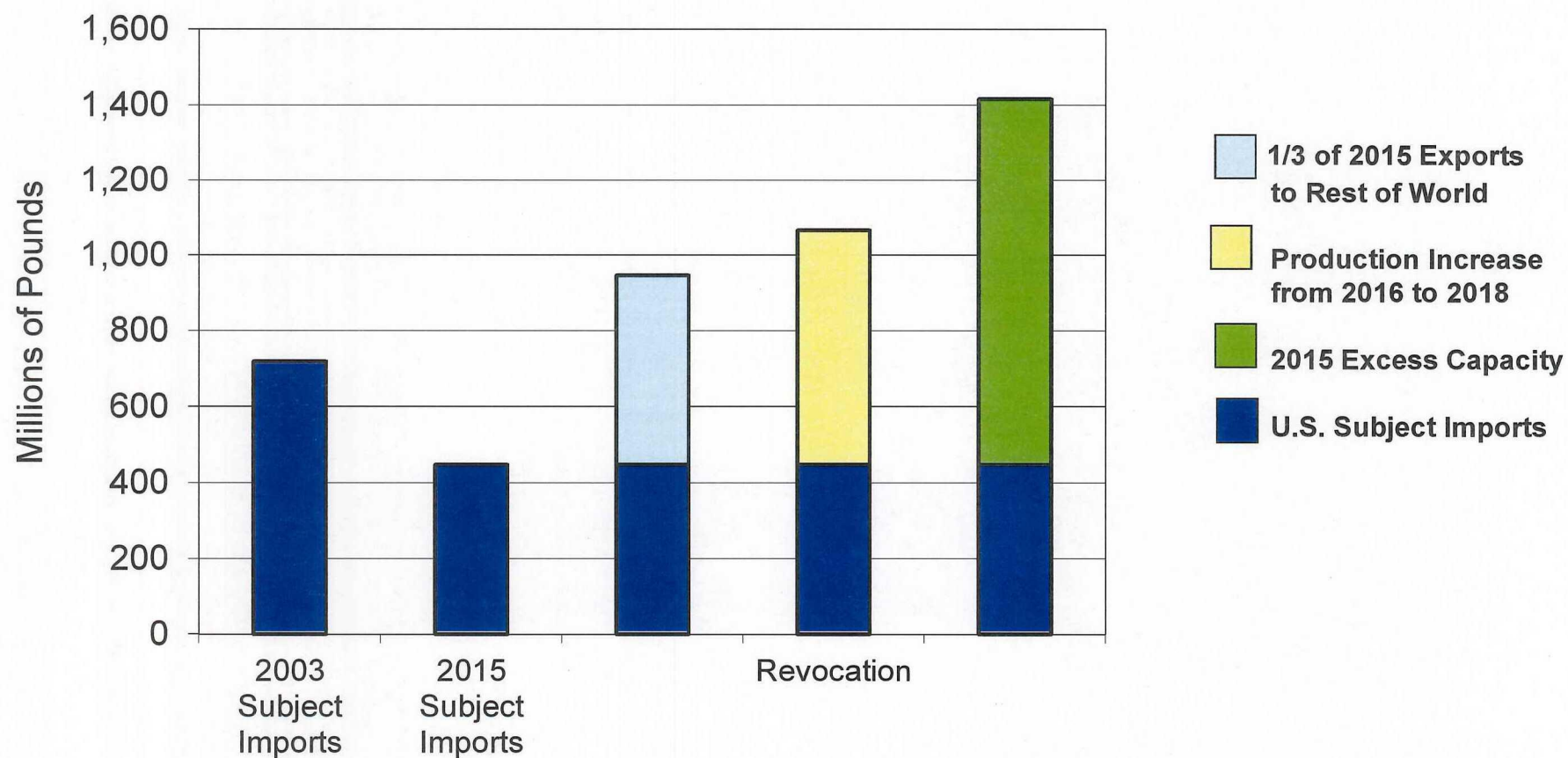
3) Volume

▪ **Production Is Increasing in the Subject Countries**

- Subject countries have the ability to utilize their substantial excess processing capacity to increase production
- Subject countries have invested in technological or biological methods to increase the efficiency of farmed production, often aided by government support
 - Subject countries have transferred production from black tiger shrimp to the more efficient whiteleg (vannamei) shrimp
 - Thai shrimp producers are reclaiming abandoned mangroves for shrimp production
 - Overall farmed shrimp production in the five countries more than doubled from 2003 to 2015
- Production is projected to increase by 619 million pounds from 2016 to 2018

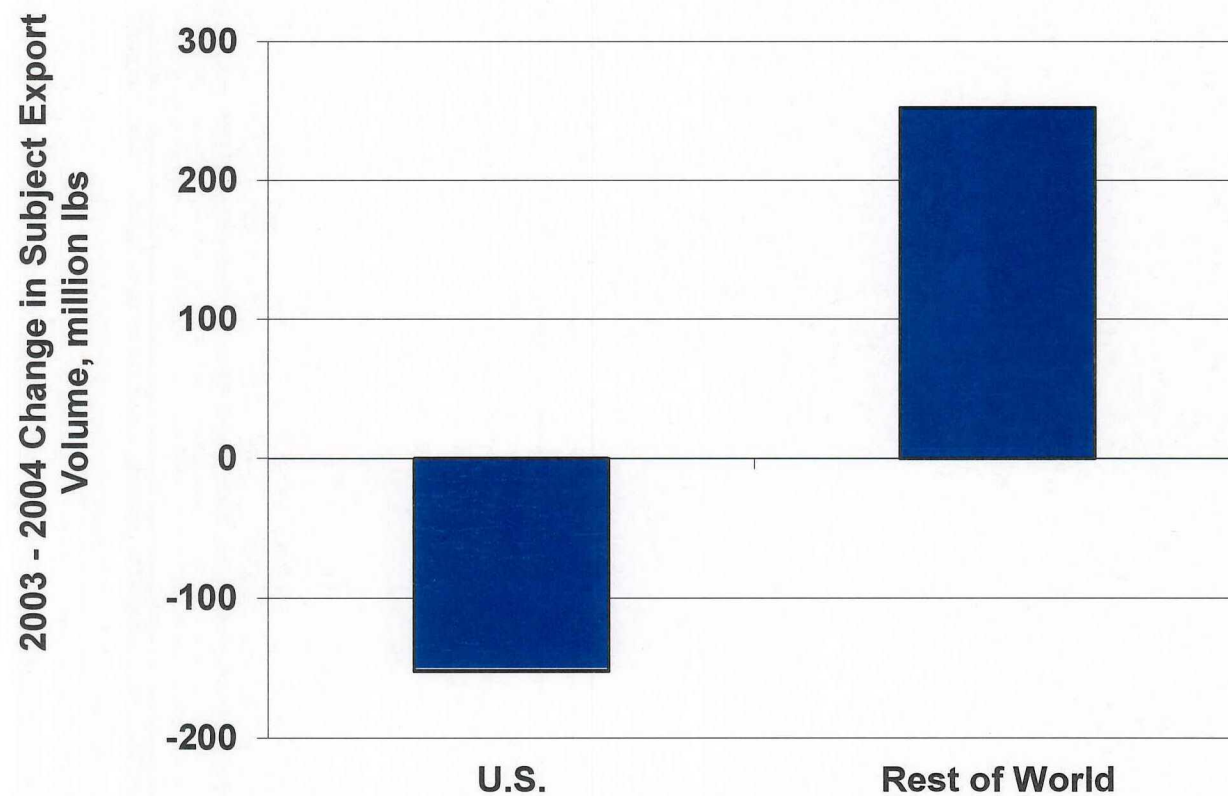
3) Volume

Excess Capacity, Production Growth, and Diversion Will Fuel Rising Import Volumes



3) Volume

Subject Producers Have Demonstrated their Ability to Shift Export Volumes



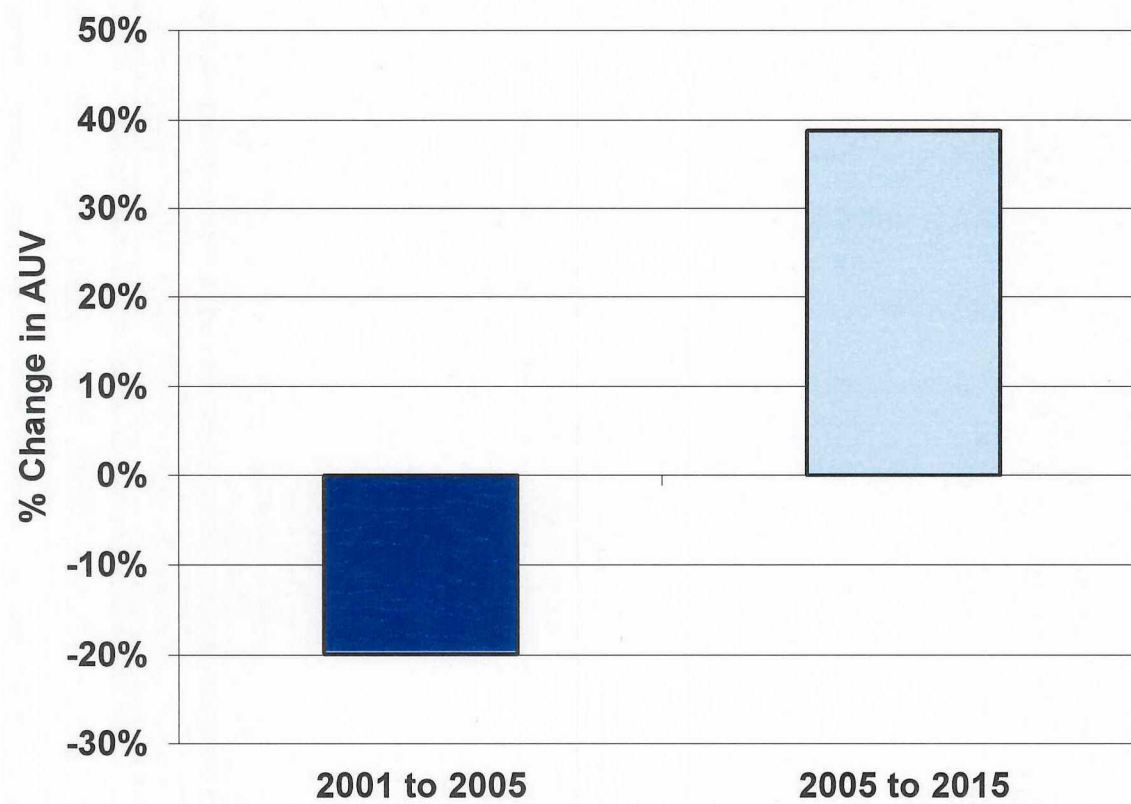
3) Volume

▪ The U.S. Is a Highly Attractive Market

- Subject imports have maintained a significant presence despite the orders
- Demand in the U.S. is projected to increase more rapidly than in other major markets
 - U.S.: In 2017, shrimp is projected to be “prime for growth,” as Americans are eating more seafood per capita
 - E.U.: In general, shrimp demand in the EU was “dormant” in 2015, and private consumption growth in the EU is expected to slow in 2017 and 2018
 - Japan: Import demand for raw shrimp has been on a long-term downward trend
- U.S. health and safety standards for imported shrimp are more lax than those of other major markets
- Prices in the U.S. market are generally higher than in other countries
 - A strong dollar will continue to make the U.S. market attractive in the imminent future

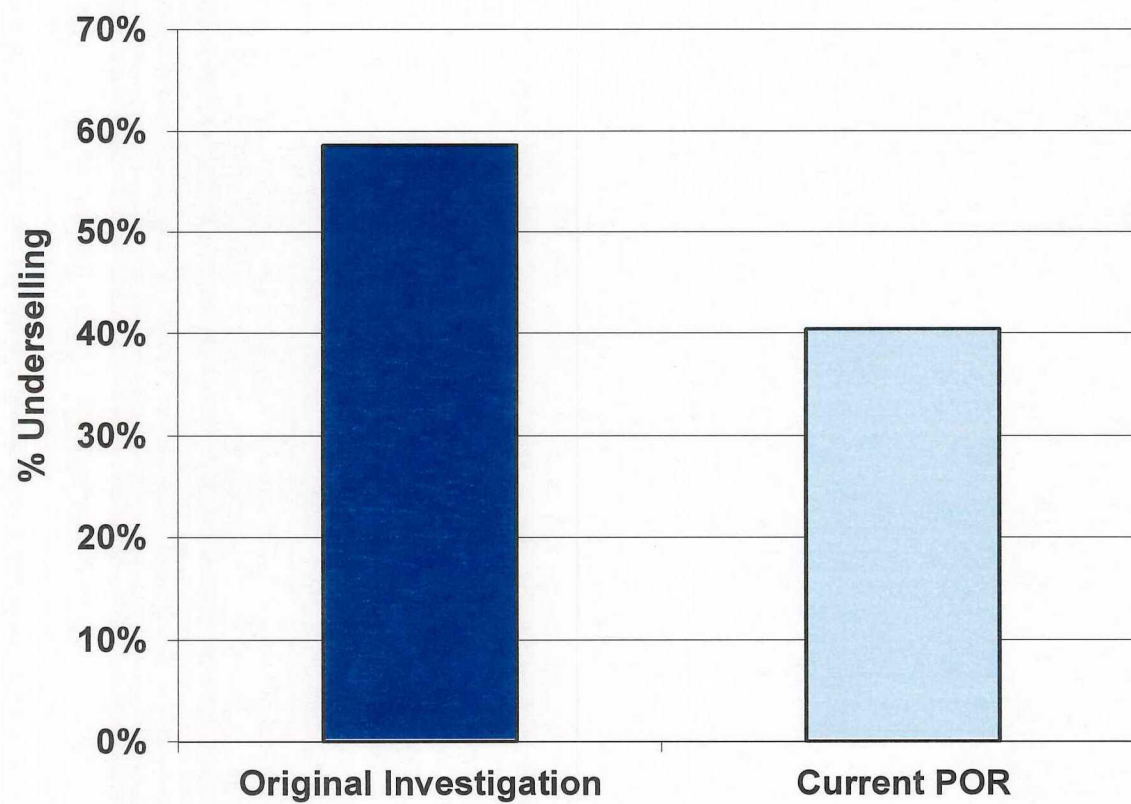
4) Price

Import AUVs Rose



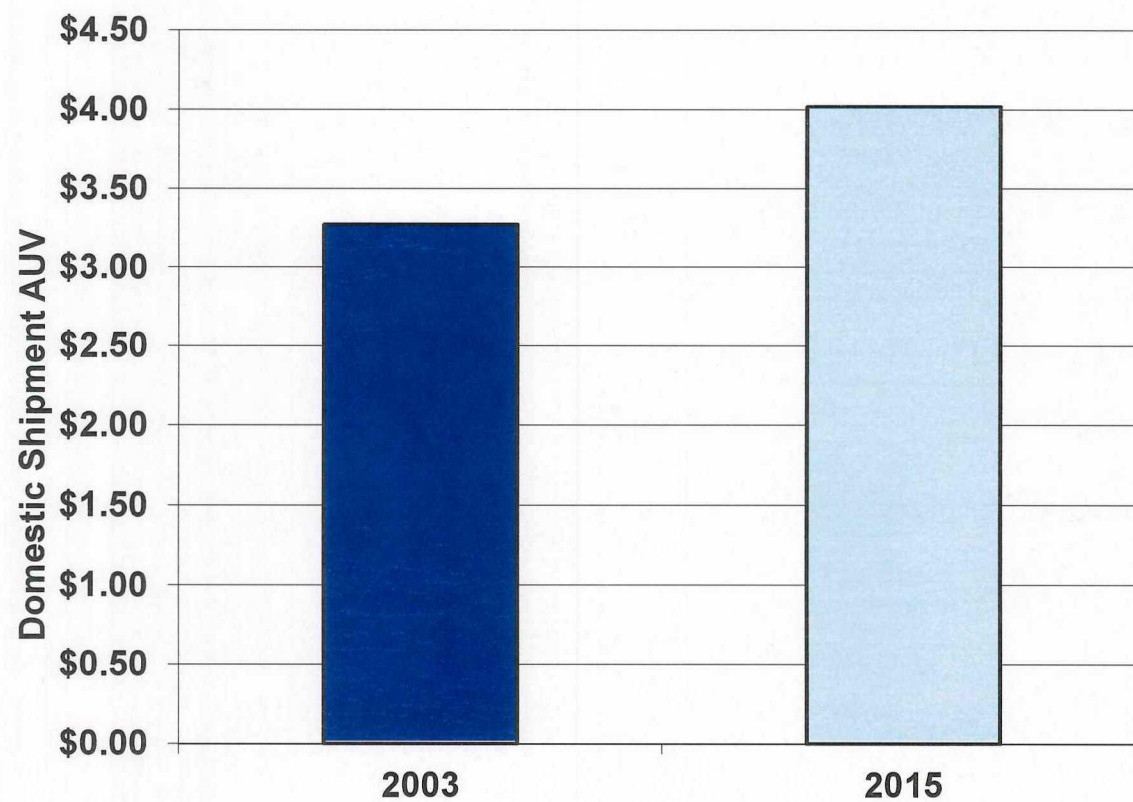
4) Price

Underselling Declined



4) Price

Domestic Prices Improved

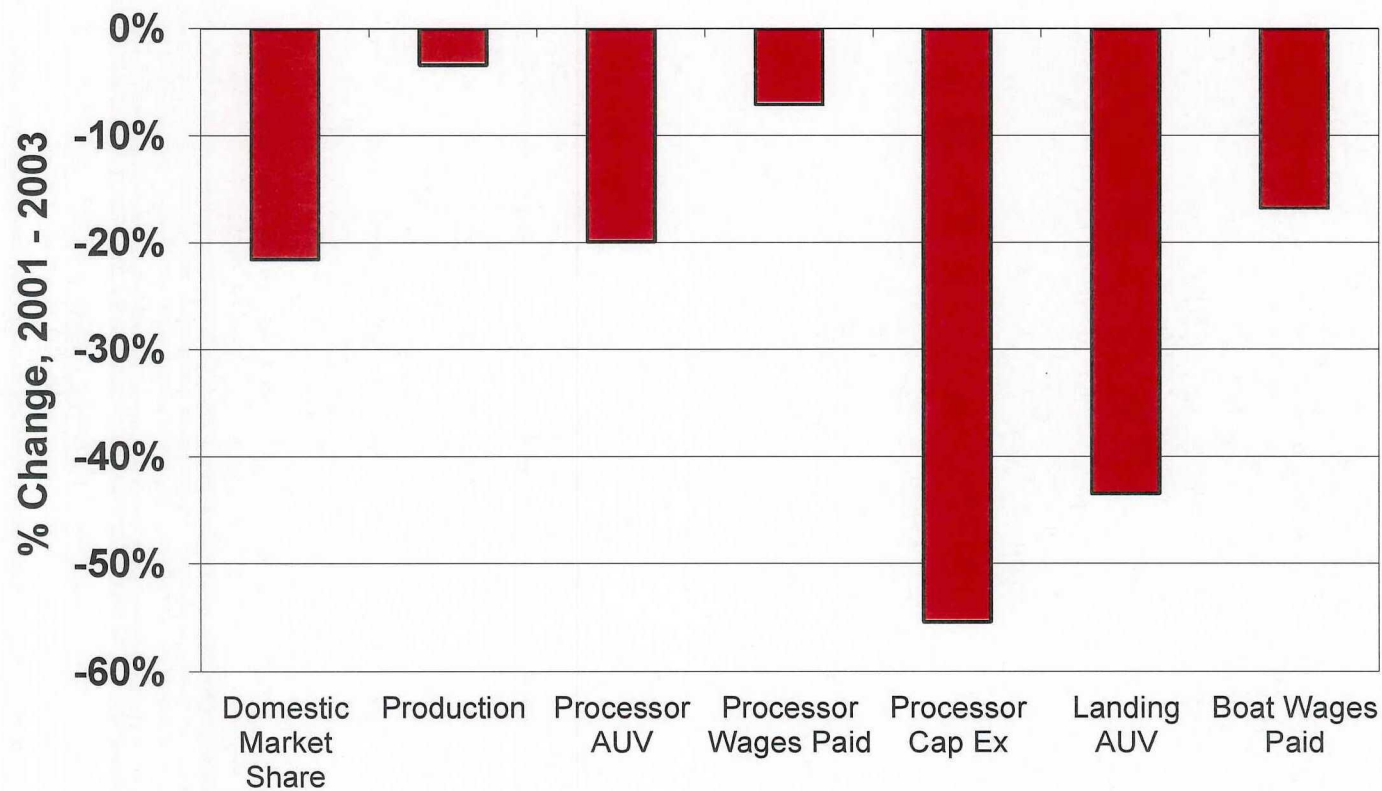


4) Price

- **If the Orders Are Revoked, Imports Will Have Adverse Price Effects**
 - Underselling will increase in frequency and intensity, allowing subject imports to gain market share at the expense of the domestic industry
 - There will be no floor on import prices, allowing imports to once again depress domestic prices
 - Imports are also likely to suppress domestic prices, as fishermen and processors will be unable to pass along fuel costs that are projected to increase in 2017 and 2018

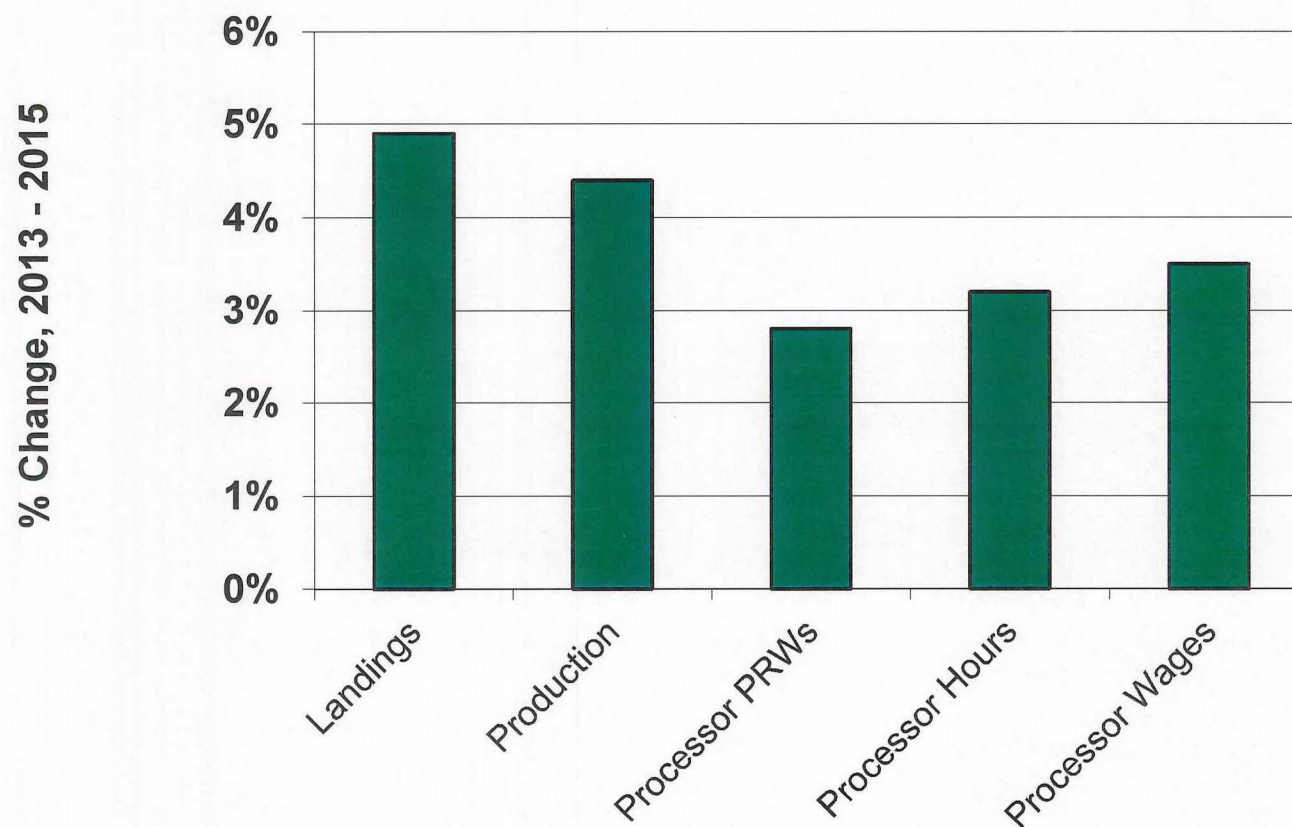
5) Injury

Domestic Industry Saw Major Declines in Original Investigation



5) Injury

Domestic Industry Indicators Improved in Period of Review



5) Injury

- **The Industry Is Vulnerable to Continued or Renewed Injury if the Orders Are Revoked**
 - Processors' operating income margins, while higher than in most of the original investigation period, remain extremely low
 - While fishermen's operating income margins have improved, they have benefitted from a period of extremely low fuel costs that has already ended
 - The processing industry continues to have large amounts of unused capacity
 - If imports increase and prices fall, the domestic industry will suffer the same injury seen in the original investigation

