

**CERTAIN FROZEN WARMWATER SHRIMP FROM CHINA, ECUADOR, INDIA,
INDONESIA, MALAYSIA, THAILAND, AND VIETNAM
INVESTIGATION NOS. 701-TA-491-497 (FINAL)**

**PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

AUGUST 13, 2013

**STATEMENT OF CARSON KIMBROUGH
PRESIDENT
CARSON & CO., INC.**

Good morning. My name is Carson Kimbrough, and I am the President of Carson & Co., a member of the Coalition of Gulf Shrimp Industries.

I founded Carson & Co. in Bon Secour, Alabama in 1976. Before that, I worked for another shrimp processor and then bought and operated a shrimp boat for four years. At Carson & Co., we process a wide range of shrimp products, including headless shell-on, peeled and undeveined, and peeled and deveined shrimp. We sell through distributors that serve customers all over the country.

While we predominantly process and distribute domestic shrimp, we also process some imported shrimp. We do this because our customers buy both domestic and imported shrimp for the same uses, and when they need

to meet a lower price point, they demand that we satisfy that price point by supplying imports instead of domestic shrimp. I would like to be able to supply my customers with all domestic product, but if I can't meet the price of imports in the market, I will lose these customers altogether.

Because I process both domestic and imported shrimp, I can tell you first-hand that they are comparable in quality, consistency, and in every other way except for price. My customers feel the same way, and they decide whether or not to use domestic or imported product based on price.

Imported shrimp has consistently undersold domestic over the past several years. After 2010, importers and foreign producers used even more aggressive price undercutting to keep hold of the increased market share they seized while the Gulf shrimp fishery was closed during the Oil Spill. Since imports dominate the market, their prices determine what we can get for our own product and what we can pay for our biggest input, fresh shrimp from the fishermen.

I see import competition in the market every day. Although I have some short-term contracts, the vast majority of my business is spot sales. I set prices weekly based on the costs of raw materials and processing. My company purchases shrimp from docks all over the Gulf Coast and South Atlantic.

Over the past few years, I would typically get 15 to 40 responses from customers quoting lower prices when I sent out my weekly prices. Nine times out of 10, the lower prices were from imports. When I would visit my customers, it was not unusual for them to tell me that they were being offered imports at prices below what I could possibly offer. When that happened, I was forced to either lower my prices or lose that customer.

Three extraordinary events happened in our industry over the past few years. The Commission should look at the condition of our industry in the context of these events.

First, in 2010, the largest oil spill in our country's history closed our shrimp fishery during several weeks of the prime fishing season. My company's production dropped sharply. Banks cut back on our credit, and we had to sell a large Individual Quick Frozen operation that we had invested over a million dollars to acquire.

But by 2012, two years after the waters re-opened and the fishermen went back to work, we had still not been able to return to the level of production and sales we had before the spill. The reason was that imports never went back to normal levels. They clung on stubbornly to their increased market share, by undercutting prices and holding our prices below

the levels we needed to make any reasonable margins. And I still haven't been able to get back into the IQF business that I lost.

Second, more recently and particularly in 2012, Thailand and some of the other Asian countries were hit with EMS, a devastating disease that wiped out a lot of their production. As a result, imports from the affected countries fell in 2012 and 2013. But the cause of the disease has been identified, as well as measures that help to control and prevent it. Publicly available reports out of the affected countries indicate they expect to recover by the end of this year or in 2014.

I have been in this industry for a long time, and I can tell you that these countries will come surging back as fast and as big as they can. For example, when Thailand had white spot disease in the late nineties, their production and exports fell significantly, hitting their lowest level in 1997. By 1998, they were back up exporting more than ever before, and they kept increasing after that.

Shrimp farming and shrimp processing are strategic industries in these countries that earn large amounts of export revenue. That's why foreign governments have targeted them for subsidies, particularly export subsidies. And that's why these governments are doing, and will continue to do, everything they can to make sure their shrimp producers recover. And they

won't be satisfied by just regaining lost volume; they will continue to grow and expand year after year.

Finally, a third important event happened at the end of last year. We filed these petitions. The market reacted. Anyone in the industry can tell you that we are seeing good prices and good demand for our product right now, and even the most importer-friendly commentators will admit our petitions have had an impact. I have seen customers come back, and new customers come to call, that had been lost to imports for years. We are finally able to pay a price for fresh shrimp that puts a smile on fishermen's faces, because they can cover their fuel costs, pay their crew, and even have some money left over to fix up their boats or upgrade their equipment. And when they are happy, we are happy, because it means they now have that extra incentive to go out more often, go out for longer periods, and bring in more and more shrimp. That means more volume for our plants and a healthier industry for everyone.

But this situation is extremely fragile. Just as quickly as prices went up, they can come right back down again, and hard, if duties are not put in place. Our industry simply cannot afford to be thrown back on the mercy of a market dominated by huge volumes of subsidized imports. We have been

operating on razor-thin margins for too long, putting off capital investments for too long, and hollowing out our fishing industry for too long.

My company, and the rest of the domestic shrimp industry, can only survive and thrive again if the competition in the market is fair. Foreign governments are providing massive subsidies, while I have to finance my company's operations out of my own pocket. If the price distortions and the instability in the market caused by subsidized imports are corrected, we can increase production and sales, regain lost customers, and get back on our feet. This will make all the difference for me, my business, and the people I have worked with at Carson & Company for the past thirty years.

Thank you.