Certain Frozen or Canned Warmwater Shrimp and Prawns From Brazil, China, Ecuador, India, Thailand, and Vietnam

Investigations Nos. 731-TA-1063-1068 (Preliminary)

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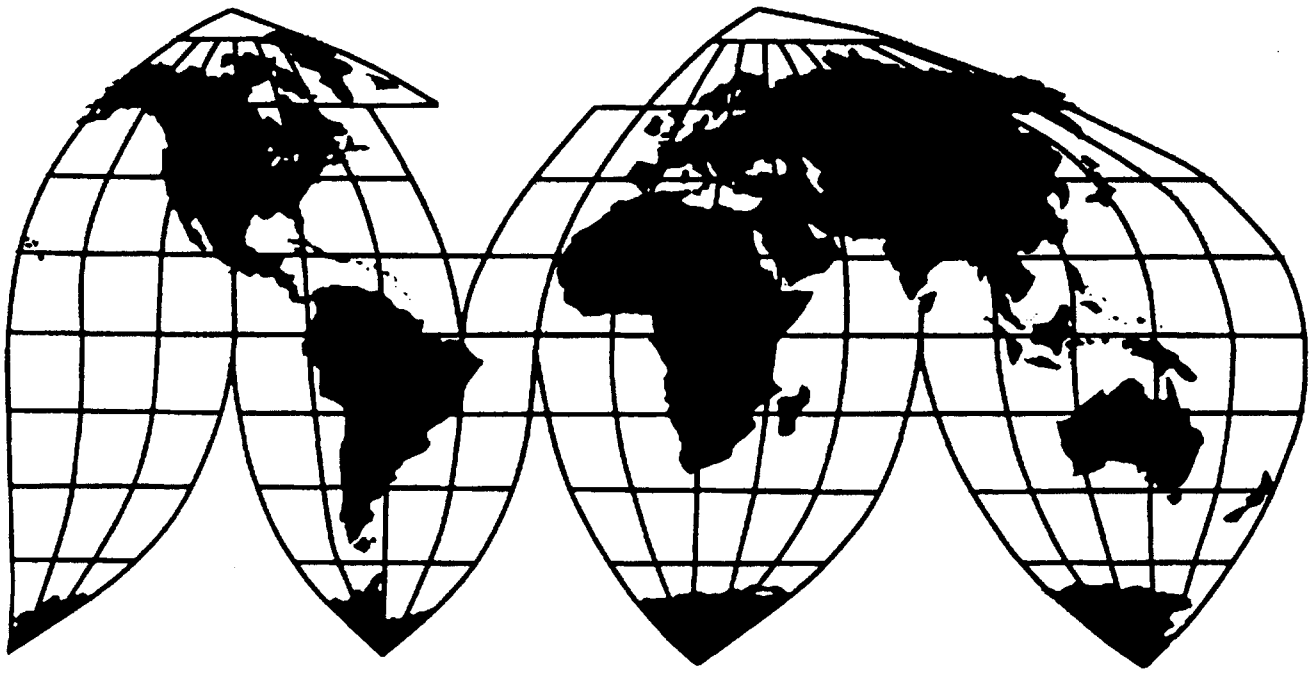
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and, therefore, has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-1063-1068 (Preliminary)

CERTAIN FROZEN OR CANNED WARMWATER SHRIMP AND PRAWNS
FROM BRAZIL, CHINA, ECUADOR, INDIA, THAILAND, AND VIETNAM

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil, China, Ecuador, India, Thailand, and Vietnam of certain frozen or canned warmwater shrimp and prawns, provided for in subheadings 0306.13.00 and 1605.20.10 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in the investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On December 31, 2003, a petition was filed with the Commission and Commerce by the Ad Hoc Trade Action Committee, Washington, DC, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of certain frozen or canned warmwater shrimp and prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam. Accordingly, effective December 31, 2003, the Commission instituted antidumping duty investigations Nos. 731-TA-1063-1068 (Preliminary).

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 8, 2004 (69 FR 1301, January 8, 2004). The conference was held in Washington, DC, on January 21, 2004, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of frozen and canned warmwater shrimp and prawns ("warmwater shrimp") from Brazil, China, Ecuador, India, Thailand, and Vietnam that are allegedly sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. BACKGROUND

The subject product includes certain warmwater shrimp and prawns, whether frozen or canned, wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off, deveined or not deveined, cooked or raw, or otherwise processed in frozen or canned form. Warmwater shrimp are generally classified in, but are not limited to, the *Penaeidae* family. Over 90 percent of warmwater shrimp harvested in the United States is wild-caught in the Gulf of Mexico or the Southeastern Atlantic Ocean. After harvesting, the overwhelming majority of warmwater shrimp is sold to processors and frozen.

The petition was filed by the Ad Hoc Shrimp Trade Action Committee. There were 10,000 holders of commercial shrimp fishing licenses in the United States in 2002, and the petition identified 125 processors of warmwater shrimp. The Commission received questionnaire responses from 185 fishermen and 42 processors.

Domestic production of shrimp accounted for less than 20 percent of the U.S. market during the period examined. The largest source of shrimp was imports from subject countries, which gained over 10 percentage points of market share between 2000 and 2002. Also present in the market were imports of shrimp from nonsubject sources. Apparent U.S. consumption of warmwater shrimp grew steadily over the period examined.

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[1] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354-55 (1996).

[2] American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

III. DOMESTIC LIKE PRODUCT

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[4] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation ... ."[5]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[8] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[9] The Commission must base its domestic like product determination on the record in the investigation before it. The Commission is not bound by prior determinations, even those pertaining to the same

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[3] 19 U.S.C. § 1677(4)(A).

[4] Id.

[5] 19 U.S.C. § 1677(10).

[6] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[7] See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess., at 90-91 (1979).

[8] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 249 at 90-91 (Congress has indicated that the domestic like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[9] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

imported products, but may draw upon previous determinations in addressing pertinent like product issues.[10]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of investigation as:

> certain warmwater shrimp and prawns, whether frozen or canned, wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off, deveined or not deveined, cooked or raw, or otherwise processed in frozen or canned form.
>
> The frozen or canned warmwater shrimp and prawn products included in the scope of the investigations, regardless of definitions in the Harmonized Tariff Schedule of the United States ("HTSUS"), are products which are processed from warmwater shrimp and prawns through either freezing or canning and which are sold in any count size.
>
> The products described above may be processed from any species of warmwater shrimp and prawns. Warmwater shrimp and prawns are generally classified in, but are not limited to, the Penaeidae family. Some examples of the farmed and wild-caught warmwater species include, but are not limited to, whiteleg shrimp (*Penaeus vannemei*), banana prawn (*Penaeus merguiensis*), fleshy prawn (*Penaeus chinensis*), giant river prawn (*Macrobrachium rosenbergii*), giant tiger prawn (*Penaeus monodon*), redspotted shrimp (*Penaeus brasiliensis*), southern brown shrimp (*Penaeus subtilis*), southern pink shrimp (*Penaeus notialis*), southern rough shrimp (*Trachypenaeus curvirostris*), southern white shrimp (*Penaeus schmitti*), blue shrimp (*Penaeus stylirostris*), western white shrimp (*Penaeus occidentalis*), and Indian white prawn (*Penaeus indicus*).
>
> Frozen shrimp and prawns that are packed with marinade, spices or sauce are included in the scope of the investigations. In addition, food preparations, which are not "prepared meals," that contain more than 20 percent by weight of shrimp or prawn are also included in the scope of the investigations.
>
> Excluded from the scope are (1) breaded shrimp and prawns (1605.20.10.20); (2) shrimp and prawns generally classified in the Pandalidae family and commonly referred to as coldwater shrimp, in any state of processing; (3) fresh shrimp and prawns whether shell-on or peeled (0306.23.00.20 and 0306.23.00.40); (4) shrimp and prawns in prepared meals (1605.20.05.10); and (5) dried shrimp and prawns.[11]

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[10] See Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp.2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

[11] 69 Fed. Reg. 3876, 3877 (Jan. 27, 2004) (footnote omitted).

The parties have made several arguments concerning the definition of the domestic like product in these investigations. Petitioner contends that the Commission should define a single domestic like product consisting of all domestically-produced merchandise described in Commerce's scope of investigation. Respondent ASDA[12] argues that there should be two domestic like products: (1) "primary processed shrimp" (shrimp that is merely frozen and deheaded), and (2) "value added shrimp," which includes both all other shrimp products within the scope and breaded shrimp, an article expressly excluded from the scope. Respondent Seafood Exporters Association of India (SEAI), producers and exporters of subject merchandise from India, contends that "salad shrimp" (which it defines as a frozen shrimp product with over 250 pieces to the pound) and giant freshwater prawns (which it states are warmwater shrimp of the type *Macrobrachium Rosenbergii*) should be defined as separate domestic like products. Thai Respondents and Vietnamese Respondents[13] argue that canned shrimp should be defined as a separate domestic like product. The Louisiana Shrimp Association (LSA), a group of U.S. processors of warmwater shrimp ("processors") and U.S. harvesters of warmwater shrimp ("fishermen") that supports the imposition of antidumping duties but is not part of the petitioning coalition, contends that there should be a single domestic like product, but that it should include fresh shrimp, an article expressly excluded from the scope definition.

C. Analysis

In the discussion below, we will first consider arguments that seek to divide the articles encompassed within the scope definition. These include ASDA's argument to treat "basic processed shrimp" and "value added shrimp" as separate like products, SEAI's arguments to treat "salad shrimp" and giant freshwater prawns as separate like products, and the arguments asserted by Thai Respondents and Vietnamese Respondents to treat canned shrimp as a separate like product. We will then consider LSA's request to expand the domestic like product upstream to include fresh shrimp. Finally, we will consider ASDA's argument to expand the domestic like product downstream to include breaded shrimp.

For the reasons discussed below, we define a single domestic like product in these preliminary determinations. This domestic like product includes both fresh warmwater shrimp and the processed warmwater shrimp products within Commerce's scope definition.

1. "Value Added Shrimp"

We examine ASDA's arguments concerning "primary processed shrimp" and "value added shrimp" using the "traditional" domestic like product criteria. Although ASDA's argument concerns products that have undergone various degrees of processing, the relationship between the products yielded by the various processing steps tends to be parallel rather than vertical.[14]

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[12] In this opinion, "ASDA" refers jointly to the American Seafood Distributors Association, U.S. importers of subject merchandise, and the National Chamber of Aquaculture of Ecuador, exporters and producers of subject merchandise from Ecuador, which jointly submitted a brief.

[13] "Thai Respondents" are a group of exporters and producers of subject merchandise from Thailand that include the Thai Frozen Food Association; Continental Pacific Corp. Ltd.; Pataya Food Industries, Ltd.; Pan Asia Co., Ltd.; and Songkla Canning Public Co., Ltd. "Vietnamese Respondents," exporters and producers of subject merchandise from Vietnam, include the Vietnam Shrimp Committee of the Vietnam Association of Seafood Exporters and Producers and Pataya Foods (Vietnam) Ltd.

[14] This can be illustrated by the chart at Exhibit II-1 of volume 2 to the Petition. For example, frozen,

(continued...)

Physical Characteristics and End Uses. The basic content of "basic processed shrimp" and "value added shrimp" is warmwater shrimp. "Primary processed shrimp," as that term is used by ASDA, will be frozen, unshelled and deheaded.[15] "Value added shrimp" will also be deheaded, but will be shelled. It may or may not have its tail and/or its veins removed, and may or may not be cooked.[16]

ASDA asserts that "primary processed shrimp" cannot be consumed without further processing. Although this is correct, "primary processed shrimp" is sold for consumption in that form and the end user or consumer may perform the final processing while preparing a meal. Several forms of "value added shrimp" also require further processing – which again may be performed by an end user or consumer – before they are consumed. For example, while ASDA asserts that "primary processed shrimp" can be "cooked, grilled, broiled, roasted, or fried,"[17] the same statement could be made about raw, peeled shrimp, a form of "value added shrimp." In both instances, the end use of shrimp is for meal preparation.

Interchangeability. As the above discussion states, several forms of "value added shrimp" can be used in the same applications as "primary processed shrimp." On the other hand, interchangeability of other forms of "value added shrimp" (such as marinated shrimp) in particular menu applications with "primary processed shrimp" may be limited. By the same token, interchangeability may be limited between various forms of "value added shrimp" (such as raw shrimp and marinated shrimp).

"Value added shrimp," because it has undergone further processing, may save grocers, restaurateurs, and home cooks labor in food processing. (The amount of labor saved, of course, will depend upon the extent of processing.) On the other hand, sometimes further processing of the product will result in diminution of product quality. Product information published by an importer of shrimp from nonsubject sources asserts that "[m]ost professional chefs would agree that shrimp that has been block frozen provide the best quality."[18]

Channels of Distribution. The record contains testimony from the president of a distributor of domestically processed frozen seafood indicating that his firm distributes both shell-on shrimp frozen in blocks and "value added" products to its customers.[19] ASDA identifies customers of "primary processed shrimp" as distributors, restaurants, and food service companies.[20] These are also purchasers of "value added" products.[21]

Production Processes, Facilities, and Employees. Domestically-produced warmwater shrimp are overwhelmingly harvested in the wild.[22] Harvesting usually takes place in the Gulf of Mexico or Atlantic

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[14] (...continued)
shell-on shrimp is neither an input into nor an intermediate product yielded by the production of frozen, peeled raw shrimp.

[15] ASDA Postconference Brief at 4.

[16] See ASDA Postconference Brief at 4-5; Petition, vol. 2, ex II-1; Petitioner Postconference Brief, ex. 5 at 03-5.

[17] ASDA Postconference Brief at 8.

[18] Petitioner Postconference Brief, ex. 5 at 03-5.

[19] Tr. at 50 (Appelbaum).

[20] ASDA Postconference Brief at 9. See also Petitioner Postconference Brief, ex. 5 at 03-5.

[21] See Tr. at 156 (Herzig)

[22] Confidential Report (CR) and Public Report (PR), Table IV-4.

Ocean on fishing boats, whose trips typically last seven to 17 days.[23] On the vessel, the shrimp are sorted by size, may be deheaded, and are either stored on ice or frozen in a brine solution.[24]

When the vessel's voyage has concluded, its shrimp catch is sold and transported to a processing facility.[25] The processor then thaws (if necessary), weighs, counts, and inspects the shrimp.[26] Shrimp that are sold headless, shell-on, are delivered to the processing facility with their heads off and are then thawed, sized, dried, placed in five-pound bags, and blast frozen.[27] This yields the product that ASDA refers to as "primary processed shrimp."

For the product that ASDA refers to as "value added shrimp," the processors put the shrimp *** which places them into a tank which feeds into a peeling machine. The machine removes the shell of the shrimp and also its head (if the shrimp were not deheaded on the vessel).[28] The shrimp are then processed ***.[29] At this point, the processor may engage in several different types of processing. The peeled shrimp may be graded, sized, *** and then frozen to be sold as raw, peeled shrimp.[30] They may also be sent through a deveining machine, which mechanically removes sand veins from the shrimp.[31] The shrimp may also be cooked, which requires additional machinery.[32] Cooked shrimp may undergo further processing, such as marinating or skewering.[33]

Consequently, both "primary processed shrimp" and "value added shrimp" undergo some common production processes, including the initial thawing and sorting of shrimp when it is received from the dock, and the final freezing. "Value added shrimp," as ASDA uses the term, will additionally undergo peeling and may undergo further processing (such as deveining and cooking) as well. In at least one instance, the same machinery will perform what ASDA characterizes as both "primary" and "value added" processing. Some peeling machines also dehead shrimp.[34]

ASDA's compilation of producers' questionnaire data indicate that 28 domestic producers perform what it characterizes as primary processing activities. This compilation further indicates that 25 of these producers also perform what ASDA characterizes as "value added" processing activities.[35] Firms that undertake both types of activities do so at the same facilities.[36]

Producer and Customer Perceptions. The record contains an information sheet prepared by an importer of nonsubject merchandise, which is not a party to these investigations, stating that "[i]n the shrimp industry, the term 'value-added' refers to any processing beyond deheading." The information

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[23] Petition, vol. 2, at 10 n.26; Tr. at 27 (St. Pierre).

[24] Tr. at 21-22 (Versaggi), 27 (St. Pierre); ASDA Postconference Brief, ex. 28 at 52-53.

[25] Tr. at 22 (Versaggi); Petitioner Postconference Brief, ex. 35, Gollott Aff., ¶ 3.

[26] CR at I-6-7, PR at I-5; Tr. at 37 (Gollott); Petitioner Postconference Brief, ex. 35, Gollott Aff., ¶¶ 3-5; Blanchard Aff., ¶¶ 3, 5.

[27] Tr. at 37-38 (Gollott); Petitioner Postconference Brief, ex. 35, Gollott Aff., ¶¶ 10-14.

[28] Tr. at 37 (Gollott); Petitioner Postconference Brief, ex. 35, Gollott Aff., ¶¶ 5-6; Blanchard Aff., ¶ 5.

[29] Petitioner Postconference Brief, ex. 35, Gollott Aff., ¶ 7; Blanchard Aff., ¶ 5.

[30] Tr. at 37 (Gollott); Petitioner Postconference Brief, ex. 35, Gollott Aff., ¶¶ 7-9.

[31] Petition, vol. 2, ex. II-2; Petitioner Postconference Brief, ex. 35, Blanchard Aff., ¶ 5; Cook Aff., ¶ 7.

[32] Petition, vol. 2, exs. II-1, II-2.

[33] These processes are discussed further in section IV.A. below.

[34] Petitioner Postconference Brief, ex. 36 (description of Laitram Model A Peeler).

[35] ASDA Postconference Brief, ex. 6.

[36] Petitioner Postconference Brief, ex. 35, Gollott Aff., Blanchard Aff.

sheet then proceeds to list 16 different types of "value added" products, at least one of which (shell-on block frozen) falls within ASDA's proposed definition of "primary processed shrimp."[37]

Price. The available pricing data indicate that domestically-processed shell-on shrimp of a particular size generally sell for lower prices than products of the same size that have been further processed.[38] The pricing data also show, however, that shell-on shrimp can be more expensive than smaller-sized peeled shrimp.[39]

Conclusion. The "primary processed shrimp" and "value added shrimp" products that ASDA seeks to treat as separate domestic like products have no more than minor differences in physical characteristics, end uses, and channels of distribution. Although the two product types are not fully interchangeable, the same may be said of different product types within the "value added" shrimp category. Similarly, producers and customers do not appear to perceive "value added shrimp" to be either a single product or as the product defined by ASDA. Instead, "value added shrimp" encompasses a range of products that have each undergone a somewhat different degree of processing. Moreover, although "value added" shrimp undergo further processing, requiring additional equipment, than do "primary processed shrimp," some value added products require more processing than others. Processing of both "value added" and "primary processed" shrimp involves some overlapping processes and is largely done by the same firms at the same facilities.

Shrimp processing involves a number of potential steps, depending on the type of processed product desired. ASDA's proposed domestic like product definitions do not reflect a clear dividing line separating the continuum of processed warmwater shrimp products. Indeed, shelled, tail-on raw shrimp appears to be more like "primary processed shrimp" than such other "value added" products as marinated shrimp. Accordingly, we find that "primary processed shrimp" and "value added shrimp" should not be treated as separate domestic like products.

2. "Salad Shrimp"

We apply the "traditional" domestic like product analysis in analyzing whether the "salad shrimp" product identified by SEAI should be treated as a distinct domestic like product from the other types of warmwater shrimp within the scope.

According to SEAI, the salient physical characteristic of the "salad shrimp" product is its small size, over 250 pieces per pound. Domestic warmwater shrimp processors produce products ranging in size from under 16 pieces per pound to over 250 pieces per pound.[40] According to the information submitted by SEAI, the principal end uses for domestically-produced shrimp over 250 pieces per pound are for canning or for use as an ingredient in prepared Asian foods.[41] The use of shrimp as an ingredient

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[37] Petitioner Postconference Brief, ex. 5 at 03-5.

[38] Compare CR/PR, Table V-4, with id., Table V-7.

[39] Compare CR/PR, Table V-4, with id., Table V-6.

[40] See CR at I-4, PR at I-3; Domestic Processors' Questionnaire Responses; Petitioner Postconference Brief, ex. 62.

[41] SEAI Postconference Brief, ex. 2, Declaration of ***, ¶¶ 2-3. In our like product discussion we focus, to the extent possible, on the domestically-produced product. The Commission has previously emphasized that like product analysis, particularly when it compares different articles within the scope definition, focuses on differences between domestically produced products. Certain Structural Steel Beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, Inv. Nos. 731-TA-935-936, 938-942 (Final), USITC Pub. 3522 at 7 n.30 (June 2002); Torrington Co. v. United States, 747

(continued...)

in other types of prepared foods is not unique to shrimp of over 250 pieces per pound, but is common of all shrimp of over 41 to 50 pieces per pound.[42] Consequently, the information in the record suggests that larger size shrimp can be used for the same end uses as the "salad shrimp" product identified by SEAI.

The record does not support the conclusion that there is any customer or producer perception of the type of distinct "salad shrimp" product identified by SEAI. SEAI's own exhibits indicate that shrimp as large as 100 pieces per pound are sold as "warmwater salad shrimp."[43] A grocer testified at the conference that the "salad shrimp" product his markets sell typically contains 91 to 120 pieces per pound.[44]

SEAI acknowledges that the channels of distribution for its "salad shrimp" domestic like product are not distinguishable from those for other types of frozen warmwater shrimp and that production processes do not differ depending on the size of the shrimp.[45]

The record indicates that there is not a clear dividing line between frozen warmwater shrimp of over 250 pieces per pound and larger warmwater shrimp. Shrimp larger than those in SEAI's proposed "salad shrimp" domestic like product can and are used for the same purposes as the "salad shrimp." Moreover, "salad shrimp" are not distinguishable from larger shrimp in terms of channels of distribution, production employees and processes, and customer perceptions. We consequently do not find "salad shrimp" to be a distinct domestic like product.

3. Giant Freshwater Prawns

We apply the "traditional" domestic like product analysis in analyzing whether the giant freshwater prawn product identified by SEAI, which are warmwater shrimp of the type *Macrobrachium Rosenbergii*, should be treated as a distinct domestic like product from the other types of warmwater shrimp within the scope.

SEAI emphasizes that giant freshwater prawns are distinguished by their large size and claws. There are several species of shrimp within the scope, each with its own distinctive physical characteristics. One species of shrimp within the scope, the black tiger shrimp, has a maximum total length exceeding that of the giant freshwater prawn.[46] Indeed, one of the exhibits submitted by SEAI states that giant freshwater prawns "look most like black tiger shrimp."[47] Giant freshwater prawns are not the sole freshwater species of shrimp grown domestically.[48]

The material submitted by SEAI states that giant freshwater prawns may be grilled, broiled, boiled, sauteed, or steamed for use as an entree in food preparations.[49] These end uses are indistinguishable from those for other types of warmwater shrimp. Indeed, while some of the promotional material SEAI has submitted emphasizes the lobster-like taste attributes of giant freshwater

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[41] (...continued)
F. Supp. 744, 749 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

[42] See Petitioner Postconference Brief, ex. 5 at 03-27.

[43] SEAI Postconference Brief, ex. 1.

[44] Tr. at 230 (Catanzaro).

[45] SEAI Postconference Brief at 5 n.2. The record contains no data concerning pricing of the "salad shrimp" product.

[46] Brazil Petition, vol. 1, ex. I-1, FAO Species Catalog at 50, 103.

[47] SEAI Postconference Brief, ex. 5 ("Fresh Kentucky-grown shrimp available tomorrow").

[48] See Petitioner Postconference Brief, ex. 64.

[49] SEAI Postconference Brief, ex. 5 ("Facts About Freshwater Prawns" and "Fresh Kentucky-grown shrimp available tomorrow.")

prawns, the material also indicates that "[f]reshwater prawns are similar to the shrimp you are used to buying in many ways,"[50] and that "[p]rawns are interchangeable with marine shrimp in recipes."[51]

SEAI acknowledges that giant freshwater prawns cannot be distinguished from other types of warmwater shrimp within the scope in terms of channels of distribution or production processes and employees.[52]

The physical distinctions SEAI cites between giant freshwater prawns and other types of warmwater shrimp within the scope are indistinguishable from the differences between the numerous other species within the scope. Indeed, the material submitted by SEAI repeatedly characterizes giant freshwater prawns as simply another variety of shrimp. Giant freshwater prawns have the same end uses as other types of warmwater shrimp, are interchangeable with such shrimp, and are not distinguishable in terms of channels of distribution or the production process. We consequently find that giant freshwater prawns are not a distinct domestic like product.

4. Canned Shrimp

Canned shrimp is another variety of the product group characterized as "value added shrimp" in the discussion above. For the reasons stated in that discussion, we use a "traditional" like product analysis in considering whether canned shrimp should be considered to be a distinct domestic like product.

Physical Characteristics and End Uses. The salient feature of the canned shrimp product proposed by Thai and Vietnamese Respondents is that it is sold in a shelf-stable can, which generally contains four to six ounces of product, while other products within the scope are sold frozen.[53] The website of Bumble Bee Seafood, which identified itself at the conference as the sole U.S. producer of shelf-stable canned warmwater shrimp,[54] indicates that Bumble Bee offers canned products containing as few as 20 shrimp per can and as many as over 220 or more broken pieces of shrimp per can.[55] As indicated in the discussion above of "salad shrimp," domestic processors also offer frozen products in this size range.

Bumble Bee's website lists ten distinct recipes for its canned shrimp. In these recipes, shrimp is typically one of several distinct ingredients in the recipe.[56] Several of the food preparations in the recipes are analogous to ones in which frozen shrimp are used.[57] On the other hand, the recipes do not describe "center of the plate" preparations, in which shrimp is the primary component, for which larger sizes of frozen shrimp are used.

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[50] SEAI Postconference Brief, ex. 5 ("Facts About Freshwater Prawns").

[51] SEAI Postconference Brief, ex. 3.

[52] SEAI Postconference Brief at 5 n.2. The record does not contain data concerning the pricing of this product.

[53] See Thai Respondents Postconference Brief, ex. 7 at 3. At least one domestic processor produces a canned product that is not shelf stable and consequently is sold frozen. Tr. at 58-59 (Blanchard).

[54] Tr. at 45 (Cook).

[55] See http://www.bumblebee.com/products_fam.jsp?famid=3 (visited and printed Feb. 3, 2004).

[56] The recipes are for shrimp puff appetizers, shrimp toast points, oyster and shrimp gumbo, shrimp and pasta, shrimp casserole, shrimp fried rice, shrimp fajitas, shrimp and crab enchiladas, shrimp rockefeller bake, and deluxe seafood dip. See http://www.bumblebee.com/recipes_list.jsp (visited and printed Feb. 3, 2004).

[57] See Petitioner Postconference Brief, ex. 5 at 03-27; SEAI Postconference Brief, ex. 2, Declaration of ***, ¶ 2; Tr. at 27 (St. Pierre).

Interchangeability. The Bumble Bee witness testified at the conference that canned and frozen shrimp can be substituted in several recipes, such as casseroles or gumbos, although the canned product would be added as an ingredient later in the food preparation process.[58] A respondent witness familiar with canned products testified that the principal use of canned shrimp would be as an ingredient in soups or casseroles and "[t]here may be some overlap" in the uses of canned and frozen shrimp.[59] Market participants expressed divergent views concerning the interchangeability of canned and frozen shrimp, with 20 of 27 U.S. processors stating that the products can be used in the same applications, and 16 of 24 importers stating that they cannot.[60]

Channels of Distribution. While Commission staff did not specifically request processors to segregate data pertaining to canned shrimp, such data can be analyzed owing to Bumble Bee's status as the sole domestic canner of a shelf-stable product; additionally, Bumble Bee does not process frozen shrimp.[61] In its questionnaire response, Bumble Bee ***.[62] These channels of distribution overlap those for frozen warmwater shrimp.[63]

Production Processes, Facilities, and Employees. As previously stated, there is one domestic processor of shelf-stable canned warmwater shrimp, Bumble Bee, which does not process frozen shrimp. Bumble Bee thaws, inspects, weighs, and peels the shrimp it receives, and then separates the meat from any remaining shell.[64] These steps are all analogous to the steps used in processing frozen shrimp described above. Some shrimp are deveined; all shrimp are then blanched and graded by size.[65] These steps are also analogous to the steps used in processing frozen shrimp that is cooked. Bumble Bee then sends the cooked shrimp to a canning machine, ***. The cans ***.[66] These processing steps are unique to the production of canned shrimp.

Producer and Customer Perceptions. Bumble Bee's website depicts canned shrimp as one member of a family of branded canned seafood products which also encompasses canned salmon, canned tuna, canned crab, canned oysters, canned clams, and sardines.[67] Grocers, which are among the principal purchasers of canned shrimp, typically display canned and frozen seafood in different parts of their store that are supervised by different managers.[68]

Price. The Commission did not collect pricing data for a canned shrimp product. The questionnaire data, which indicate that ***,[69] tend to controvert respondents' assertions that canned shrimp is more expensive than frozen shrimp. We have not given substantial weight to pricing in our domestic like product analysis of canned shrimp given the limitations of the data available.

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[58] Tr. at 59 (Cook).

[59] Tr. at 180, 216 (McClain). Mr. McClain subsequently submitted a written affidavit that purported to qualify his testimony concerning overlap. Thai Respondents Postconference Brief, ex. 7, Attachment H, ¶ 8.

[60] CR at II-1 n.3, PR at II-1 n.3.

[61] Tr. at 58 (Cook).

[62] Bumble Bee Processors' Questionnaire Response.

[63] See CR at I-9, II-3, PR at I-7, II-2.

[64] Tr. at 46 (Cook); Petitioner Postconference Brief, ex. 35, Cook Aff., ¶¶ 4-6.

[65] Tr. at 46 (Cook).

[66] Tr. at 46-47 (Cook); Petitioner Postconference Brief, ex. 35, Cook Aff, ¶¶ 10-13.

[67] See http://www.bumblebee.com/products.jsp (visited and printed Feb. 3, 2004).

[68] Thai Respondents Postconference Brief, ex. 7, Attachment E at ¶¶ 8-16; Attachment G.

[69] Processors' Questionnaire Responses.

Conclusion. We acknowledge that there are several distinctions between canned and frozen shrimp. Canned shrimp and frozen shrimp are made by different producers and appear to be perceived as different products by producers and customers. Additionally, canned shrimp are distinct from frozen shrimp in the way they are packaged to the end user.

On the other hand, physical distinctions between canned and frozen shrimp are largely limited to the manner of packaging. Canned shrimp are offered in a range of sizes that overlap the range in which frozen shrimp are offered. The information available indicates that canned and frozen shrimp are distributed through overlapping channels. Although the range of uses for canned shrimp is less broad than those for frozen shrimp, there are overlapping end uses in which there is some degree of interchangeability between the canned and frozen products. Additionally, the initial steps of the production process for canned shrimp parallel those for frozen shrimp. While subsequent production processes are unique to canned shrimp, there are also production processes unique to various types of frozen shrimp.

In light of the overlaps between canned and frozen shrimp in physical characteristics, end uses, channels of distribution, and processing methods, we find for purposes of these preliminary determinations that canned shrimp is not a separate domestic like product from frozen shrimp. In any final phase investigations we will again examine whether canned shrimp should be defined as a separate domestic like product.[70]

5. Fresh Shrimp

It is undisputed that the overwhelming majority of fresh warmwater shrimp is not sold as a "finished" product, but is used as an input for further processing into frozen products. Consequently, a comparison between fresh and processed shrimp is one involving two products at different stages of the same production process. We consequently consider the appropriate like product treatment of fresh warmwater shrimp by using the Commission's "semifinished products" like product analysis.[71]

Dedication for Use. The vast majority of fresh warmwater shrimp undergo further processing. No party has disputed petitioner's estimate that over 90 percent of fresh warmwater shrimp are processed.[72]

Separate Markets. There are separate markets for fresh and processed warmwater shrimp in the sense that vessels sell their catch to a dock house or processor, while processors sell shrimp to end users and distributors.[73] However, this distinction may more properly be characterized as one between harvested shrimp and processed shrimp than between "fresh" shrimp and processed shrimp. Because

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[70] We will also seek trade, pricing, financial, and foreign industry data specifically pertaining to canned shrimp in the questionnaires in any final phase investigations.

[71] Under this analysis, the Commission examines: (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the cost or value of the vertically differentiated articles; and (5) the significance and extent of the processes used to transform the upstream into the downstream articles. E.g., Low Enriched Uranium from France, Germany, the Netherlands, and the United Kingdom, Inv. Nos. 701-TA-409-412, 731-TA-909-912 (Preliminary), USITC Pub. 3388 at 5-6 (Jan. 2001); Uranium from Kazakhstan, Inv. No. 731-TA-539A (Final), USITC Pub. 3213 at 6 n. 23 (July 1999).

[72] Petition, vol. 2, at 13 & n.35; Brazil Petition, vol. 1, ex. I-2-D, n. 6 and accompanying text.

[73] See Tr. at 22 (Versaggi), 27 (St. Pierre), Petition, vol. 2, at 8.

warmwater shrimp is commonly frozen and deheaded on the vessel, the product a vessel sells at the dock is not necessarily "fresh" shrimp.[74]

Differences in Physical Characteristics and Functions of the Upstream and Downstream Articles. At its least processed stage, frozen shrimp is cleaned, frozen, and deheaded. Such a product is not substantially different in any physical sense from the fresh product the vessel sells at the dock. Further processing of the shrimp will result in additional physical changes to the product. The ultimate use of both fresh and frozen shrimp is in food preparations. The limited information available in the record concerning fresh warmwater shrimp sold as such to end users indicates that fresh shrimp does not have any different product characteristics, aside from shorter shelf life, than frozen shrimp.[75]

Differences in Value. Information submitted by petitioner indicates that the price the processor receives for a processed, frozen, headless shell-on product is approximately 25 to 40 percent more than the price the vessel receives at the dock for the same size shrimp product.[76]

Extent of Processes Used to Transform Downstream Product into Upstream Product. The basic processing needed to transform fresh warmwater shrimp to processed shrimp – freezing and deheading – can be and is performed directly on the vessel. As discussed above, processors use a variety of cleaning, weighing, and sorting equipment, as well as blast freezers, to process frozen, shell-on shrimp. Further processed forms of frozen shrimp require additional processing steps and equipment.

Conclusion. Fresh warmwater shrimp is overwhelmingly sold in a processed form, and the initial stages of processing do not significantly change the physical characteristics and uses of the product and appear to add at most moderate value to the product. In light of this, we conclude that fresh warmwater shrimp should be included in the same domestic like product as the processed warmwater shrimp products within the scope definition.

6. Breaded Shrimp

ASDA argues that the Commission should include breaded shrimp in its domestic like product even if it should not find that "value added shrimp" is a separate domestic like product. Commerce's scope determination expressly excludes breaded shrimp.[77] The record indicates that producers of breaded shrimp typically purchase frozen shrimp that has previously undergone some processing and process it further.[78] Consequently, the record indicates that breaded shrimp is a further processed version of the product within the scope.

The Commission's practice is not to expand the domestic like product to include domestically-produced downstream articles when there is no corresponding downstream imported article within the

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[74] See Tr. at 21-22 (Versaggi); Petitioner Postconference Brief, ex. 5 at 03-22; ASDA Postconference Brief, ex. 28 at 52-53.

[75] See SEAI Postconference Brief, ex. 5 ("Fresh Kentucky-grown shrimp available tomorrow").

[76] See Petition, vol. 2, ex. II-5.

[77] 69 Fed. Reg. at 3877.

[78] See Tr. at 162 (Mentzer), 167 (Jones); ASDA Postconference Brief, ex. 37. According to ASDA's compilation of the questionnaire data, none of the producers that are responsible for *** of U.S. breaded shrimp production perform what ASDA has described as primary processing of shrimp. ASDA Postconference Brief, ex 6. Consequently, *** U.S. production of breaded shrimp uses frozen shrimp within the scope definition as an input.

scope.[79] Pursuant to this practice, we do not expand the domestic like product downstream to include breaded shrimp.[80]

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[81] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[82]

In light of our definition of the domestic like product, there are two principal sets of domestic industry issues in these preliminary phase investigations. The first concerns whether certain processors engage in sufficient production-related activity to be considered members of the domestic industry. The second concerns whether appropriate circumstances exist to exclude certain processors from the domestic industry under the statutory related parties provision.[83] Because we have defined the domestic like product to include fresh warmwater shrimp, fishermen that harvest warmwater shrimp produce the domestic like product and consequently are part of the domestic industry. In light of this, we find it unnecessary to determine whether fishermen should be included in the domestic industry pursuant to the statutory grower/processor provision codified at section 771(4)(E) of the Act.[84] [85]

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[79] See Low Enriched Uranium from France, Germany, the Netherlands, and the United Kingdom, Inv. Nos. 701-TA-409-412, 731-TA-909-912 (Preliminary), USITC Pub. 3388 at 6 (Jan. 2001). The Commission has observed that one reason for such a policy is to avoid including in the domestic industry entities whose interests, as customers for the articles within the scope, are contrary to those of the domestic producers of such articles. Nitromethane from the People's Republic of China, Inv. No. 731-TA-650 (Preliminary), USITC Pub. 2661 at 10 (July 1993). This concern is particularly pertinent to these investigations. The overwhelming majority of shrimp purchased by producers of breaded shrimp for processing originates from imported sources. ASDA Postconference Brief, ex. 6.

[80] We observe that Certain Frozen Fish Fillets from Vietnam, Inv. No. 731-TA-1012 (Preliminary), USITC Pub. 3533 at 7 (Aug. 2002), in which the Commission included both breaded and frozen fillets in the same domestic like product, is inapposite. In that investigation, both breaded and frozen products were included in the same scope definition.

[81] 19 U.S.C. § 1677(4)(A).

[82] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[83] Additionally, SEAI requests the Commission to consider whether a regional industry exists in this case. SEAI Postconference Brief at 38. This request is without merit. Petitioner never alleged that a regional industry analysis was appropriate in this case. This is presumably because shrimp, which is principally processed in the Gulf states, is distributed and consumed nationwide. Compare 19 U.S.C. § 1677(4)(C)(i) (under "isolation" requirement, domestic industry must sell all or almost all of its production within the regional market).

[84] Chairman Okun, Commissioner Koplan, and Commissioner Pearson would conclude that fishermen should be included in the domestic industry pursuant to the statutory grower/processor provision were they to reach the issue. Petitioner has presented a prima facie case that the provision is applicable and no party to this investigation has presented any contrary facts or argument. Specifically, the record indicates that processed freshwater shrimp is produced from raw freshwater shrimp in a "continuous line of

(continued...)

A. Production-Related Activities

Petitioner contends that several firms that completed processors' questionnaires do not engage in sufficient production-related activities to be considered domestic producers.[86] ASDA challenges this contention.[87] We consequently examine whether these firms whose status petitioner challenges engage in sufficient production-related activity in the United States to qualify as a domestic producer.[88]

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[84] (...continued)
production" because over 90 percent of fresh shrimp are processed into frozen or canned shrimp, warmwater shrimp is the only raw material used through all processing steps through cooking, and warmwater shrimp constitutes at least 80 percent of the weight of all shrimp products within the scope definition. See Petition, vol. 2, at 13 & n.35; Petitioner Postconference Brief, ex. 35; 69 Fed. Reg. at 3877. Additionally, there is a "substantial coincidence" of economic interest between fishermen and processors because of the very high correlation between the price fishermen receive for a specific size of shrimp and the wholesale price for that size of shrimp, and because fresh shrimp accounted for over 70 percent of processors' cost of goods sold during the period examined. See Petition, vol. 2, at 14-15, exs. II-5-6; CR/PR, Table VI-1.

[85] Vice Chairman Hillman, Commissioner Miller, and Commissioner Lane view the statutory scheme as requiring the Commission to first determine the domestic like product. Having found that the domestic like product includes fresh shrimp, they conclude that the question of the applicability of the statutory grower/processor provision is rendered moot. They therefore do not join in any further analysis or discussion of the grower/processor provision.

[86] See Petitioner Postconference Brief at A-6-14.

[87] See ASDA Postconference Brief at A-3-5.

[88] In deciding whether a firm qualifies as a domestic producer, the Commission generally has analyzed the overall nature of a firm's production-related activities in the United States, bearing in mind that production-related activity at minimum levels may be insufficient to constitute domestic production. The Commission generally considers six factors:

> (1) source and extent of the firm's capital investment;
> (2) technical expertise involved in U.S. production activities;
> (3) value added to the product in the United States;
> (4) employment levels;
> (5) quantity and type of parts sourced in the United States; and
> (6) any other costs and activities in the United States directly leading to production of the like product.

No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. See DRAMs and DRAM Modules from Korea, Inv. No. 701-TA-431 (Preliminary), USITC Pub. 3569 (December 2002) at 7-11 (casing activities are production); Greenhouse Tomatoes from Canada, Inv. No. 731-TA-925 (Final), USITC Pub. 3499 (April 2002) at 10-11 (packers included in the industry along with growers); Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391, 731-TA-816-821 (Final), USITC Pub. 3273 at 9 (Jan. 2000). See also Large Newspaper Printing Presses from Germany and Japan, Inv. Nos. 731-TA-736-737 (Final) USITC Pub. 2988 at 7-8 (Aug. 1996). Commission practice has not clearly established a specific level of U.S. value added, or product finished value, required to qualify a company
(continued...)

Petitioner challenges the status of seven firms that submitted responses to the Commission's processor's questionnaire.[89] Three of these firms did not submit usable responses to the questionnaire and hence are not included in the database used in the Commission Report.[90] Because there are no data pertaining to these three firms for the Commission to exclude from its database, we do not discuss them further for purposes of either this discussion or the analysis of related parties below.

The first of the remaining four targeted firms, ***, states that during the period examined it conducted processing activities that include machine peeling and deveining.[91] Petitioner does not dispute that processing activities such as deheading, grading, machine peeling, and deveining all constitute domestic production. As discussed in section III.B.1. above, these operations typically require specialized equipment, such as peeling/deheading machines and deveining machines.[92] We consequently conclude that *** engaged in sufficient production-related activity during the period examined to be considered a domestic producer.

The second targeted firm, ***, states that it cooks shrimp.[93] Commercial cooking typically requires specialized equipment capable of producing a uniform product at large volumes.[94] Petitioner's processor witness estimates that cooking adds *** cents per pound in value to the shrimp, which is more value than is added by any preceding stage of processing.[95] We consequently conclude that *** engages in sufficient production related activity to be considered a domestic producer.

Each of the remaining two firms engages in marinating. This is the only non-breading processing activity in which *** states it engages, and marinating and skewering are the only non-breading activities in which *** states it engages.[96] There is no indication in the record that any of these activities requires specialized equipment. Marinated shrimp products consist either of cooked shrimp soaked in a prepared marinade or cooked shrimp and a packaged marinade being sold side by side. Skewering is done by hand and merely involves puncturing shrimp in two places with wooden skewers.[97] *** states that warmwater shrimp accounts for 80 percent of the cost of marinated shrimp and 91 percent of the cost of skewered shrimp.[98] The overwhelming majority of the warmwater shrimp each of these firms purchase as an input for further processing is imported.[99] In light of the information available in these preliminary phase investigations concerning the nature of processing involved in marinating and skewering activities, the

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[88] (...continued)
as a domestic producer.

[89] These firms are ***. Petitioner Postconference Brief at A-11-14.

[90] These three firms are ***, none of which provided to the Commission trade data concerning non-breaded product only. See CR at III-2 n.2, PR at III-2 n.2. Because breaded shrimp is not a part of the domestic like product, the act of breading is not part of the production process for the domestic like product.

[91] CR/PR, Table III-3.

[92] Each of these production steps also adds value to the product; a petitioner processor witness estimates that peeling and deveining, respectively, add *** and *** cents per pound in value to the shrimp. Petitioner Postconference Brief, ex. 35, Blanchard Aff., ¶¶ 8-10.

[93] CR/PR, Table III-3.

[94] See Petitioner Postconference Brief, ex. 36 (description of Laitram Model CT 100 cooker).

[95] Petitioner Postconference Brief, ex. 35, Blanchard Aff, ¶ 11.

[96] CR/PR, Table III-3.

[97] Telephone conversation between *** and OINV supervisory investigator (Feb. 6, 2004).

[98] CR at II-13 n.32, PR at II-8 n.32.

[99] See CR/PR, Table III-6; *** Processors' Questionnaire Responses.

equipment used in these activities, the value added by these activities, and the sourcing of the shrimp used as the inputs for these activities, we find that *** and *** do not engage in sufficient production-related activities to be considered domestic producers.

B. Related Parties

In defining the domestic industry, we must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[100] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[101]

Four domestic producers that provided usable data in response to the domestic processors' questionnaires imported subject merchandise during the period examined. These are ***.[102] As importers of subject merchandise, these entities are potentially subject to exclusion from the domestic industry pursuant to the related parties provision.[103] Petitioner contends that appropriate circumstances exist to exclude *** from the domestic industry. ASDA contends that no processor should be excluded from the domestic industry pursuant to the related parties provision.

Targeted Processors. We first discuss those related party processors which petitioner has targeted for exclusion. *** subject imports greatly exceed its domestic production.[104] *** had among the best operating ratios of the processors that submitted financial data.[105] It *** the petition.[106] The record indicates that *** primary interest is not in domestic production and that its importation activities shield it from any effects of the subject imports. We consequently find that appropriate circumstances exist to exclude *** from the domestic industry pursuant to the related parties provision.

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[100] 19 U.S.C. § 1677(4)(B).

[101] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14 n.81.

[102] See CR/PR, Table III-6. Because we previously concluded that *** and *** are not domestic producers, we need not further consider their status as related parties.

[103] 19 U.S.C. § 1677(4)(B)(i). *** additionally would be eligible for exclusion under the related parties provision pursuant to 19 U.S.C. § 1677(4)(B)(ii)(I) because ***. CR/PR, Table III-2.

[104] CR/PR, Table III-6.

[105] See Domestic Processors' Questionnaire Responses.

[106] CR/PR, Table III-2.

In addition to its direct importation activities, *** has purchased substantial quantities of subject imports. Indeed, *** warmwater shrimp that *** uses as an input for its further-processed shrimp are imported.[107] The ratio to domestic production of the sum of *** direct importation and purchases of subject imports was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in interim 2002, and *** percent in interim 2003.[108] The firm states that it imports product because of ***.[109] It *** the petition.[110] Although *** operating performance is not substantially different than the industry average,[111] we find that its high ratio of imports and purchases of subject imports to production, as well as its ***, indicate that its principal interest is not in domestic production. We consequently conclude that appropriate circumstances exist to exclude *** from the domestic industry.

Non-Targeted Processors. Both *** have low ratios of subject imports to domestic production. While each of these firms also purchased subject imports, the ratio to domestic production of the sum of direct importation and purchases of subject imports never exceeded *** for any portion of the period examined.[112] ***, which stated that it imported ***, had operating ratios slightly above industry averages.[113] While *** states that it imports subject merchandise for ***,[114] its operating performance is well below the industry average.[115] Each firm *** the petition.[116] The record indicates that each of these firms' principal interest is in domestic production, and that neither firm has derived significant financial benefits from its importation activities. We consequently find that appropriate circumstances do not exist to exclude either *** from the domestic industry.

C. Conclusion

In light of the foregoing discussion, we define a single domestic industry in these investigations. This industry consists of: (1) all harvesters of warmwater shrimp and (2) all processors of warmwater shrimp products within the scope definition for which the Commission staff collected usable data except for ***.

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[107] See CR/PR, Table III-6; *** Processors' Questionnaire Response.

[108] CR/PR, Table III-6.

[109] *** Importers' Questionnaire, response to Question II-4.

[110] CR/PR, Table III-2.

[111] See Domestic Processors' Questionnaire Responses.

[112] CR/PR, Table III-6.

[113] *** Importers' Questionnaire Response, response to question II-4; Domestic Processors' Questionnaire Responses.

[114] *** Importers' Questionnaire Response, response to question II-4.

[115] See Domestic Processors' Questionnaire Responses.

[116] CR/PR, Table III-2.

V. CUMULATION[117]

A. In General

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market.[118] In assessing whether subject imports compete with each other and with the domestic like product,[119] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[120]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[121] Only a "reasonable overlap" of competition is required.[122]

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[117] In these investigations, subject imports from Brazil, China, Ecuador, India, Thailand, and Vietnam each accounted for more than three percent of the volume of all imports into the United States in the most recent 12-month period for which data are available preceding the filing of the petition. CR/PR, Table IV-3. As such, we find that imports from each of the subject countries are not negligible under 19 U.S.C. § 1677(24).

[118] 19 U.S.C. § 1677(7)(G)(i).

[119] The Uruguay Round Agreements Act (URAA) Statement of Administrative Action (SAA) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA, H.R. Rep. 103-316, vol. I at 848 (1994), citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[120] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[121] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[122] See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998), aff'd, 216 F.3d 1357 (Fed. Cir. 2000) ("cumulation does not require two products to be highly fungible");
(continued...)

B. Analysis

Petitioner contends that the Commission should cumulate imports from all six subject countries. At the conference, lead counsel for respondents stated that "[w]e are not going to contest cumulation for material injury purposes, as we sit here today."[123] No respondent asserted any argument specifically pertaining to cumulation for material injury analysis in its brief.

The threshold requirement for cumulation is satisfied because petitioner filed petitions with respect to each of the six subject countries on the same day. None of the statutory exceptions to cumulation is applicable.

We next examine the four factors that the Commission customarily considers in determining whether there is a reasonable overlap of competition.

Fungibility. Questionnaire data indicate that market participants perceive some degree of overlap in the applications for which the domestic like product and imports from the subject countries are used. A majority of U.S. processors stated that domestically produced product was always interchangeable with imports from each of the subject countries. A majority also reported that imports from each possible subject country combination were always interchangeable.[124] Importers stated that warmwater shrimp from different sources was always interchangeable considerably less frequently than did U.S. processors. In comparing domestically produced shrimp to subject imports from Vietnam, 51 percent of responding importers stated that the products were at least sometimes interchangeable; in every other comparison of domestically produced product to imports from a particular subject country, between 64 and 74 percent of importers found that the products were at least sometimes interchangeable. The ratio of importers reporting that imports from different subject country combinations were at least sometimes interchangeable ranged from a low of 66 percent (for Ecuador/India) to a high of 100 percent (three combinations).[125]

At the conference, four of the five frozen shrimp purchasers who testified on behalf of respondents indicated that they satisfied at least a portion of their requirements from domestic processors.[126] This is notwithstanding that the focus of these witnesses' testimony concerned their perceptions that domestically produced shrimp was inferior to the subject imports in terms of availability, product range, and product consistency. The one frozen shrimp distributor who testified on behalf of petitioner stated that he believed shrimp from all sources was a commodity product.[127]

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[122] (...continued)
Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[123] Tr. at 197 (Connelly).

[124] CR/PR, Table II-1.

[125] CR/PR, Table II-2.

[126] Tr. at 156 (Herzig) (restaurateur), 162, 164 (Mentzer) (producer of breaded and marinated shrimp), 166 (Jones) (producer of breaded shrimp), 171 (Catanzaro) (grocer). The remaining purchaser, a restaurateur, said his firm had been "largely unsuccessful" in attempts to buy domestically produced shrimp, although it had been "aggressively seeking" to do so. Tr. at 176 (Brock).

[127] Tr. at 54 (Appelbaum).

Geographic Overlap. Fifteen of 35 U.S. processors and 35 of 49 importers reported that they serve a national market.[128] Imports from each of the subject countries entered the United States in substantial quantities throughout the period examined at ports in the East, Gulf, and West regions.[129]

Channels of Distribution. Both the domestic like product and the subject imports are sold to distributors or retail customers such as grocers and restaurants.[130] Numerous firms import warmwater shrimp from all six subject countries.[131]

Simultaneous Presence. Imports from each of the subject countries have been present in the U.S. market throughout the period examined.[132]

Conclusion. Although U.S. processors and importers did not express similar views concerning the interchangeability of the domestic like product and the subject imports, a majority of each group of market participants found the domestically produced product at least somewhat interchangeable with imports from each subject country, and majorities of all market participants found imports from different subject countries at least somewhat interchangeable. The conference testimony indicates that even purchasers that do not find the domestic like product and the subject imports equal in non-price characteristics purchase products from both domestic and subject sources. The record in these preliminary phase investigations consequently indicates that the domestic like product and imports from the six subject countries are sufficiently similar in characteristics to satisfy the fungibility criterion. The criteria concerning channels of distribution, geographic overlap, and simultaneous presence are clearly satisfied. Accordingly, we cumulate imports from all six subject countries for our analysis of reasonable indication of material injury by reason of subject imports.

VI. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. General Legal Standards

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[133] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[134] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[135] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that

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[128] CR at II-3, PR at II-2.

[129] Petition, vol. 2, ex. II-7.

[130] CR at II-3, PR at II-2.

[131] CR/PR, Table IV-1.

[132] CR/PR, Table IV-2. See also Petition, vol. 2, ex. II-8.

[133] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[134] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[135] 19 U.S.C. § 1677(7)(A).

bear on the state of the industry in the United States.[136] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[137]

For the reasons stated below, we determine that there is a reasonable indication that the domestic industry producing fresh, frozen, and canned warmwater shrimp is materially injured by reason of subject imports from Brazil, China, Ecuador, India, Thailand, and Vietnam.

B. Conditions of Competition

Several conditions of competition are pertinent to our analysis in the preliminary phase of these investigations.

1. Demand Conditions

U.S. apparent consumption of warmwater shrimp rose during the period for which the Commission collected data, which encompasses January 2000 through September 2003. Apparent consumption increased from 909 million pounds in 2000 to 1.01 billion pounds in 2001 and then to 1.05 billion pounds in 2002. The 839 million pounds of apparent consumption during the first three quarters of ("interim") 2003 was greater than the 715 million pounds of apparent consumption during interim 2002.[138] Market participants indicated that the increasing consumption of warmwater shrimp reflects heightened demand for the product. They attribute rising demand to such factors as perceptions of shrimp as a "healthy" product, rising prices and health concerns with respect to other sources of protein such as beef, and increased marketing.[139]

As previously discussed, warmwater shrimp is consumed in food preparations. Retailers such as grocers and restaurants are the primary entities that market shrimp to the ultimate consumer.[140] One of petitioner's witnesses, a shrimp distributor, estimated that 80 percent of his firm's and other distributors' sales generally went to the restaurant market.[141]

2. Supply Conditions

Many entities engage in the harvesting or processing of warmwater shrimp. There were over 10,000 holders of commercial shrimp fishing licenses in 2002.[142] The Commission received responses to its Fishermen's Questionnaire from 185 fishermen believed to account for approximately 9 percent of

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[136] 19 U.S.C. § 1677(7)(C)(iii).

[137] 19 U.S.C. § 1677(7)(C)(iii).

[138] CR/PR, Table IV-4. The source for the U.S. production data used to compute apparent consumption are official statistics of the National Marine Fisheries Service and the U.S. Marine Shrimp Farming Program. These statistics encompass both wild catch landings and farmed production. See CR at IV-5 n.3, PR at IV-4 n.3. Consequently, they include both fresh and processed warmwater shrimp and correspond to our definition of the domestic like product.

[139] CR at II-12, PR at II-7.

[140] CR at II-11, PR at II-7.

[141] Tr. at 50, 121 (Appelbaum).

[142] Petitioner Conference ex. 9.

U.S. landings of wild-caught warmwater shrimp during 2002.[143] There are also numerous processors. The petitions identified 125 processors of freshwater shrimp, and the Commission received usable responses to its Processor's Questionnaire from firms representing approximately 61 percent of 2002 production of warmwater shrimp, based on live weight.[144] Our analysis below encompasses questionnaire responses from 32 processors that we have included in the domestic industry.[145]

The vast majority of shrimp harvested in the United States is wild-caught.[146] U.S. shrimp harvesting is to some extent seasonal, with the main fishing season occurring between May and December.[147] Fewer and smaller shrimp are available for harvesting in winter months.[148] Additionally, the amount of shrimp available for harvesting in U.S. waters will vary from year to year owing to factors such as water salinity, rainfall, and temperature.[149]

By contrast, the subject imports are predominantly farmed.[150] While shrimp farming also shows seasonal patterns, the individual subject countries have different farming seasons. Consequently, when the farming season ends in one subject country, or supply is interrupted by disease, farmed warmwater shrimp from other subject sources is generally available.[151] The subject countries commonly have two or three farming cycles per year.[152]

Several factors restrict the ability to expand the limited amount of shrimp farming in the United States. These include environmental concerns, high land costs in coastal regions, and a limited growing season as compared to more tropical climates.[153] Nevertheless, the supply of U.S.-produced farmed warmwater shrimp, while very small as a percentage of the total harvest, increased during the period examined.[154]

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[143] CR at III-2, PR at III-2. The Commission received usable profit-and-loss data from 129 fishermen. CR at D-10, PR at D-10.

[144] CR at III-2, PR at III-2.

[145] The Commission received 36 usable responses to its Processor's Questionnaire. CR at III-2, PR at III-2. We determined above that four of the entities that submitted usable questionnaire responses should not be included in the domestic industry, either because they do not engage in sufficient production-related activities or because appropriate circumstances exist to exclude them from the domestic industry pursuant to the statutory related parties provision.

[146] CR/PR, Table IV-4.

[147] CR at II-4, PR at II-3.

[148] Tr. at 71 (Wallis), 27 (St. Pierre).

[149] Tr. at 108 (Appelbaum); Petition, vol. 2, ex. II-11; Petitioner Postconference Brief at A-39-41. The quantity of U.S. wild catch landings of warmwater shrimp fell from 321 million pounds in 2000 to 281 million pounds in 2001 and then to 258 million pounds in 2002. The 204 million pounds of landings in interim 2003 exceeded the 176 million pounds of landings in interim 2002. CR/PR, Table IV-4. Official statistics indicate that wild catch landings were greater in 2000 than in any year between 1995 and 2002. Petition, vol. 2, ex. II-4.

[150] See ASDA Postconference Brief, ex. 26.

[151] CR at II-7-8, PR at II-4-5.

[152] Tr. at 149 (Chamberlin).

[153] CR at I-9, PR at I-7.

[154] CR/PR, Table IV-4.

The parties agree that imports are necessary to satisfy demand for warmwater shrimp in the U.S. market.[155] During the period examined, the principal suppliers of warmwater shrimp to the U.S. market were the six subject countries, which accounted for over half the quantity of U.S. apparent consumption throughout the period. The next largest suppliers were nonsubject countries.[156] The remaining portion of the market was supplied by the domestic industry. The domestic industry's share of U.S. apparent consumption was below 20 percent throughout the period examined.[157]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[158]

The quantity of cumulated subject imports increased throughout the period examined. The quantity of cumulated subject imports rose from 466 million pounds in 2000 to 579 million pounds in 2001 and then to 650 million pounds in 2002. The 546 million pounds of subject imports during interim 2003 was greater than the 448 million pounds of subject imports during interim 2002.[159]

The share of the quantity of U.S. apparent consumption held by cumulated subject imports also increased throughout the period examined, rising from 51.3 percent in 2000 to 57.5 percent in 2001, and then to 62.0 percent in 2002. Cumulated subject imports had a greater share of U.S. apparent consumption in interim 2003, at 65.1 percent, than in interim 2002, at 62.7 percent.[160] As the market share held by the subject imports rose, that held by the domestic industry fell. The share of the quantity of U.S. apparent consumption represented by U.S. shipments declined from 19.6 percent in 2000 to 15.4 percent in 2001 and then to 13.3 percent in 2002. This share was lower in interim 2003, when it was 12.4 percent, than it was in interim 2002, when it was 13.1 percent.[161] Nonsubject import market penetration also declined.[162]

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[155] Tr. at 101 (Appelbaum), 145 (Stevens).

[156] The quantity of nonsubject imports increased from 264 million pounds in 2000 to 274 million pounds in 2001, and then declined to 259 million pounds in 2002. The 189 million pounds imported from nonsubject sources in interim 2003 was greater than 173 million pounds imported in interim 2002. CR/PR, Table IV-2. Mexico was the largest nonsubject foreign source of supply during full years 2000, 2001, and 2002. Indonesia was the largest nonsubject foreign source of supply during interim 2002 and interim 2003. Official Import Statistics.

The share of the quantity of U.S. apparent consumption represented by nonsubject imports declined from 29.1 percent in 2000 to 27.1 percent in 2001, and then declined further to 24.7 percent in 2002. This share was lower in interim 2003, when it was 22.5 percent, than in interim 2002, when it was 24.2 percent. CR/PR, Table IV-5.

[157] CR/PR, Table IV-5.

[158] 19 U.S.C. § 1677(7)(C)(i).

[159] CR/PR, Table IV-2. The value of cumulated subject imports increased from $2.38 billion in 2000 to $2.42 billion in 2001 and then to $2.43 billion in 2002. The $1.93 billion value of cumulated subject imports in interim 2003 was greater than the $1.66 billion value in interim 2002. Id.

[160] CR/PR, Table IV-5.

[161] CR/PR, Table IV-5. Domestic industry market penetration calculations are based on shipments by harvesters, all of which are members of the domestic industry.

[162] CR/PR, Table IV-5.

The ratio of cumulated subject imports to U.S. production increased from *** in 2000 to *** in 2001 and then to *** in 2002. This ratio was higher in interim 2003, when it was ***, than in interim 2002, when it was ***.[163]

Respondents suggest that the increased volume of subject imports during the period examined simply reflects increased U.S. demand for warmwater shrimp. However, subject import market penetration, which was already over 50 percent at the beginning of the period examined, increased more rapidly than did consumption. Increased U.S. demand for shrimp cannot by itself explain the subject imports' increase in their share of the U.S. market *vis a vis* both the domestic industry and nonsubject imports. The volume of cumulated subject imports increased in absolute terms, relative to U.S. consumption, and relative to U.S. production. For purposes of these preliminary investigations, we find both the volume of subject imports, and the increase in that volume, to be significant.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[164]

As explained in the discussion above on cumulation, domestic processors and importers expressed divergent views in their questionnaire responses concerning the degree to which the domestic like product is interchangeable with the subject imports. A majority of domestic processors stated that the domestic like product is always interchangeable with imports from each of the subject countries, while substantial minorities of importers stated that the domestic like product and subject imports are never interchangeable. The questionnaire responses show a similar divergence of views concerning the extent to which factors other than price are important in purchasing decisions. A majority of domestic processors stated, in comparing domestically produced shrimp and imports from each of the subject countries, that non-price factors are never important in purchasing decisions.[165] By contrast, a substantial majority of importers reported that non-price factors are frequently or always important in purchasing decisions.[166]

Although the current record contains conflicting impressions among market participants about whether price is the controlling factor in purchasing decisions, it does not suggest that the subject imports and the domestic like product do not compete or compete only on a limited basis on price. As stated above, the record indicates that numerous purchasers purchase both domestically produced product and the subject imports. The pricing data the Commission collected indicate competition in specific products between U.S.-produced warmwater shrimp and imports from each of the subject countries. One respondent witness whose firm purchases very large quantities of frozen warmwater shrimp from both

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[163] CR/PR, Table IV-6.
[164] 19 U.S.C. § 1677(7)(C)(ii).
[165] CR/PR, Table II-3.
[166] CR/PR, Table II-4.

domestic and imported sources testified at the conference that, although quality was more important, "price is an important aspect when we purchase any seafood product."[167] Another purchaser of substantial quantities of frozen warmwater shrimp listed *** as among the reasons it imports shrimp.[168] For purposes of these preliminary determinations, we find that price is an important factor in purchasing decisions.

The Commission collected pricing data on five frozen warmwater shrimp products. The data show a mixed pattern of overselling and underselling. The cumulated subject imports undersold the domestic like product in 139 out of 263 quarterly comparisons.[169] [170]

There is no dispute that prices for both the domestic like product and the subject imports declined during the period examined. Prices fell, often substantially, for individual products. Between the third quarter of 2000 and the third quarter of 2003, prices of the U.S.-produced product declined between 16.2 percent and 61.2 percent for the five pricing products on which the Commission collected data. Prices of the subject imports also declined during this period in 12 out of 13 observations of specific products from individual subject countries. In ten of these 12 observations, the price decline

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[167] Tr. at 157 (Herzig).

[168] *** Importers' Questionnaire Response, response to question II-4.

[169] CR/PR, Table V-2. For the first pricing product – frozen white shrimp, headless, shell-on, in five pound net weight blocks, 31 to 40 count – there was underselling in 47 of 76 quarterly comparisons. The maximum underselling margin was 38.5 percent and the maximum overselling margin was 23.6 percent. For the second pricing product – frozen shrimp, all species, headless, shell-on, in five pound net weight blocks, under 15 count – there was underselling in 22 of 55 quarterly comparisons. The maximum underselling margin was 73.7 percent and the maximum overselling margin was 111.6 percent. For the third pricing product – frozen white shrimp, peeled but not deveined, raw, tail-off, in five pound net weight blocks, 71 to 90 count – there was underselling in 8 of 33 quarterly comparisons. The maximum underselling margin was 23.2 percent and the maximum overselling margin was 90.5 percent. For the fourth pricing product – frozen, cooked shrimp, all species, 31 to 40 finished count, tail-off, shell-off – there was underselling in 37 of 41 quarterly comparisons. The maximum underselling margin was 28.9 percent and the maximum overselling margin was 41.1 percent. For the fifth pricing product – peeled and deveined white shrimp, raw, individually quick frozen, 26 to 30 count – there was underselling in 26 of 59 quarterly comparisons. The maximum underselling margin was 34.1 percent and the maximum overselling margin was 67.4 percent. CR at V-6, PR at V-6; CR/PR, Tables V-2-3.

We have examined the underselling data with a degree of caution. Petitioner called into question the comparability of the domestic and imported products for which data were provided for pricing product 2. Respondents have expressed similar concerns about pricing product 5. There are also concerns about the effects of differences in size and preparation profile among products on price competition in the marketplace. See CR at V-7-8, PR at V-6-7. In any final phase investigations we will explore this issue further.

[170] The petitions did not contain any lost sales or revenues allegations, despite the large volume of subject imports and petitioner's contention of intense price competition between the domestic like product and the subject imports. Although we are aware that the record need not show confirmed lost sales or revenues for the Commission to make a finding of significant price effects, information concerning lost sales and revenues is helpful to our analysis. We are also aware that petitioner claims that the commodity nature of warmwater shrimp and the fact that sales are generally to seafood wholesalers and distributors are factors that complicated efforts to present this information. See Petition, vol. 2, at 28-29.

between the third quarter of 2000 and the third quarter of 2003 was in excess of 20 percent.[171] Prices U.S. fishermen received at the dock for the warmwater shrimp they harvested also declined during the period examined.[172] Average unit sales values (AUVs) declined throughout the period examined for both fishermen,[173] and those processors we have included in the domestic industry.[174] AUVs also declined from 2000 to 2002 for imports from each of the subject countries, and were lower in interim 2003 than in interim 2002 for five of the six subject countries.[175]

In light of both the predominant role subject imports play in supplying the U.S. market and our conclusion that price is an important factor in purchasing decisions for warmwater shrimp, we would expect to see prices for the domestic like product decline to meet the falling prices of the subject imports. Indeed, the record in these preliminary determinations fails to indicate any reason for the substantial price declines observed during the period examined other than the large and increasing volumes of subject imports. Demand trends cannot explain the price declines. Neither can trends in the domestic industry's input costs. It can be argued that the declining sales values received by U.S. processors largely reflect the declining cost of the warmwater shrimp they purchased for processing. But these declining costs were simply the declining sales values received by fishermen. The decline in fishermen's average sales values far exceeded any decline in their costs.[176] Based on the record in these preliminary determinations, we therefore find that the subject imports depressed prices for the domestic like product to a significant degree. In light of the significant price-depressing effects of the subject imports and the presence of subject import underselling, we find that the subject imports had a significant effect on prices for the domestic like product.

E. Impact of the Subject Imports[177]

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[178] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment,

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[171] CR/PR, Table V-1. The observations encompass the five products for which both U.S. processors and importers provided pricing data. The one instance in the which price for a specific product from an individual subject country did not decline involved very small sales quantities. See CR/PR, Table V-5.

[172] See Petition, vol. 2, ex. II-5.

[173] CR/PR, Table D-4.

[174] CR/PR, Table VI-5.

[175] CR/PR, Table IV-2. We evaluate average unit value data with caution, because it may be affected by changes in product mix. We cite such data here principally because they provide further corroboration of trends evident from the pricing data.

[176] See CR/PR, Table D-4.

[177] In its notice of initiation, Commerce estimated the following dumping margins for imports from the six subject countries: 32 percent to 349 percent for Brazil; 112.81 percent to 263.68 percent for China; 85 percent to 166 percent for Ecuador; 82.3 percent to 110.9 percent for India; 57.64 percent for Thailand; 25.76 percent to 93.13 percent for Vietnam. 69 Fed. Reg. at 3878-82.

[178] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851. "In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[179]

In analyzing the impact of the subject imports on the domestic industry, we examine individually each of the two segments of the domestic industry – fishermen and processors. Financial performance for both segments declined steadily from 2000 to 2002. Financial performance for each segment remained depressed in 2003, notwithstanding improvements between the interim periods.

Fishermen suffered declining wages and sustained large operating losses during the latter portion of the period examined. As stated above, publicly available data indicate that the quantity of warmwater shrimp harvested by U.S. fishermen was lower in 2001 or 2002 than it was in 2000, and was higher in interim 2003 than it was in interim 2002.[180] The questionnaire data indicate that the quantity of fishermen's shipments is simply a function of the quantity of the harvest – which is the natural result of fishermen selling their catch once their voyage concludes.[181] AUVs declined sharply.[182] AUVs plunged from $3.90 in 2000 to $3.02 in 2002, and were lower in interim 2003 (when they were $2.64), than in interim 2002 (when they were $2.91).[183] Income for the fishing boat crew is a fixed percentage of revenues the boat receives at the dock.[184] Consequently, fishermen's declining sales values led to declines in wages. Average daily wages declined severely during the period examined, falling from $116.97 in 2000 to $68.26 in 2002. In interim 2003, daily wages were higher than they were in interim 2002, but were still below the levels of 2000 or 2001.[185]

Largely because of the declines in AUVs, fishermen's sales revenues declined sharply from 2000 to 2002. Sales revenues were slightly higher in interim 2003 than in interim 2002, notwithstanding a decline in AUVs, because of an increase in the quantity harvested. Fishermen's operating expenses also declined throughout the period examined, but this was due principally to declining labor costs – as manifested by the decline in employee wages.[186] Expenses related to vessel repairs and maintenance also declined as fishermen deferred such expenses.[187] The decline in expenses was not as great, either on an aggregate or per unit basis, as the decline in sales revenues. Hence, fishermen's operating performance

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[179] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

[180] CR/PR, Table IV-4.

[181] Thus, the questionnaire data indicate only slight differences between fishermen's shipments and the quantity of shrimp harvested. See CR/PR, Table D-4. Moreover, capacity, capacity utilization, and inventories are not pertinent factors with respect to the harvesting of a wild-caught, perishable product.

[182] Petitioner asserts that the presence of increased subject import volumes during the portions of the year when there is limited harvesting activity has eroded off-season price premiums both U.S. fishermen and processors once received. CR at II-4-5, PR at II-3; Tr. at 24 (Versaggi), 73 (Gollott).

[183] CR/PR, Table D-5.

[184] Tr. at 23 (Versaggi), 27-28 (St. Pierre), 32 (Wallis).

[185] CR/PR, Table D-2. We note that the questionnaire data show both the number of production and related workers and the number of days worked by these workers slightly higher in 2002 than in 2000, and lower in interim 2003 than in interim 2002. Id. Public data submitted by the petitioner, however, show that both the number of commercial shrimp fishing license holders and the number of fishing trips made to catch shrimp declined from 2000 to 2002. See Petitioner Conference Exs. 9, 10. The questionnaire data indicate that the average daily harvest was lower in 2002 than in 2000, but higher in interim 2003 than in interim 2002. CR/PR, Table D-2.

[186] CR/PR, Table D-5.

[187] See CR/PR, Table D-5; Tr. at 23 (Versaggi), 28-29 (St. Pierre).

declined sharply. The fishermen who submitted questionnaire data had a positive net income, before income taxes, of $6.2 million in 2000. By contrast, fishermen sustained a net loss before income taxes of $708,000 in 2001, $5.8 million in 2002, $6.0 million in interim 2002, and $3.0 million in interim 2003. As a ratio to sales, net income before income taxes was a positive 8.0 percent in 2000, a negative 1.1 percent in 2001, a negative 11.0 percent in 2002, a negative 16.5 percent in interim 2002, and a negative 7.9 percent in interim 2003.[188]

Processors also suffered declines in operating performance. Output-related factors, such as the quantity of production and shipments, declined from 2000 to 2002 and were then higher in interim 2003 than in interim 2002.[189] Inventories increased.[190] Employment-related indicators generally declined.[191] Because of falling prices, sales revenues declined at a greater rate than sales volumes. Sales revenues also declined at a greater rate than costs. As a result, both operating income and operating ratios declined from 2000 to 2002, and remained at depressed levels in interim 2003.[192] The number of processors

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[188] CR/PR, Table D-5. Fishermen's capital expenses increased from $5.3 million in 2000 to $6.7 million in 2001, and then declined to $5.6 million in 2002. The $1.1 million in capital expenses in interim 2003 was less than the $2.6 million in capital expenses in interim 2002. CR/PR, Table D-6.

[189] Production of those processors we have included in the domestic industry declined from 161 million pounds in 2000 to 148 million pounds in 2001 and then to 130 million pounds in 2002. Interim 2003 production of 99.6 million pounds was greater than the interim 2002 production of 91.7 million pounds. CR/PR, Table III-4.

The quantity of U.S. shipments for those processors we have included in the domestic industry declined from 136 million pounds in 2000 to 116 million pounds in 2001 and then to 111 million pounds in 2002. Interim 2003 U.S. shipments of 85.2 million pounds were greater than the interim 2002 shipments of 81.6 million pounds. The value of these producers' U.S. shipments declined from $629 million in 2000 to $484 million in 2001 and then to $424 million in 2002. Interim 2003 U.S. shipment value of $288 million was less than the interim 2002 value of $300 million. CR/PR, Table III-5.

Capacity for those processors we have included in the domestic industry rose between 2000 and 2002 and was higher in interim 2003 than interim 2002. These processors' capacity utilization declined from 56.2 percent in 2000 to 49.7 percent in 2001 and then to 44.1 percent in 2002. Capacity utilization was higher in interim 2003, when it was 45.2 percent, than in interim 2002, when it was 42.0 percent. CR/PR, Table III-4.

[190] Inventories of those processors we have included in the domestic industry increased from 23.8 million pounds in 2000 to 28.3 million pounds in 2001 and then to 30.1 million pounds in 2002. Interim 2003 inventories of 29.1 million pounds were greater than interim 2002 inventories of 29.0 million pounds. CR/PR, Table III-7.

[191] The number of production and related workers for those processors we have included in the domestic industry declined from 2,204 in 2000 to 2,177 in 2001 and then to 1,868 in 2002. Interim 2003 employment of 1,736 was lower than interim 2002 employment of 1,808. Hours worked, wages paid, and hourly wages all declined each year from 2000 to 2002; wages paid and hourly wages were lower in interim 2003 than interim 2002, although hours worked were higher. Productivity, as a ratio of pounds per hour, declined from 42.1 in 2000 to 40.4 in 2001 and then to 37.9 in 2002. This ratio was higher in interim 2003, when it was 40.4, than in interim 2002, when it was 39.8. CR/PR, Table III-8.

[192] Operating income for those processors we have included in the domestic industry declined from $16.4 million in 2000 to $5.6 million in 2001 and then to $831,000 in 2002. The $1.1 million of operating income in interim 2003 was less than the $1.3 million of operating income in interim 2002. The ratio of operating income to net sales declined from 2.6 percent in 2000 to 1.1 percent in 2001 and

(continued...)

reporting operating losses was significantly larger at the conclusion of the period examined than at its beginning.[193] Capital expenses declined.[194]

Respondents contend that structural difficulties in the domestic industry prevent it from operating in a more profitable manner. Specifically, they argue that because U.S. shrimp fisheries are open, there are too many fishermen operating in U.S. waters to sustain profitable operations.[195] They also contend that processors have failed to adopt business strategies that would permit more profitable operations.[196]

Even assuming *arguendo* that respondents' contentions are correct, they describe developments that occurred well before the period for which we have collected data. Respondents themselves contend that these structural problems have existed since the 1980s.[197] These problems did not preclude either fishermen or processors from operating profitably in 2000. Respondents' arguments also do not explain information in the record concerning significant increases in subject import volumes, price declines, and deteriorating domestic industry operating performance during the period examined.

The record for these preliminary determinations indicates that substantial and increasing volumes of subject imports had significant price-depressing effects. Falling prices in turn contributed to reductions in the domestic industry's sales revenues. Consequently, we find a nexus between the subject imports and declines in such indicators of domestic industry performance such as employee compensation, revenues, and operating income. We consequently find that there is a reasonable indication that the subject imports have a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we determine that there is a reasonable indication that a domestic industry is materially injured by reason of subject imports of warmwater shrimp from Brazil, China, Ecuador, India, Thailand, and Vietnam that are allegedly sold at less than fair value.

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[192] (...continued)
then to 0.2 percent in 2002. This ratio was 0.5 percent in both interim 2001 and interim 2002. CR/PR, Table VI-5.

That the decline in operating income from 2000 to 2002 and between interim 2002 and interim 2003 was overwhelmingly due to falling prices is confirmed by a variance analysis. See CR/PR, Table VI-7 (with appropriate adjustments made for exclusion of data from those processors excluded from the domestic industry).

[193] The number of firms reporting operating losses was six in 2000, nine in 2001, 12 in 2002, 14 in interim 2002, and 11 in interim 2003. CR/PR, Table VI-5.

[194] Capital expenditures for those processors we have included in the domestic industry declined from *** in 2000 to *** in 2001 and then to *** in 2002. Interim 2003 capital expenditures of *** were less than the interim 2002 expenditures of ***. See CR/PR, Table VI-9 (with appropriate adjustments made for exclusion of data from those processors excluded from the domestic industry).

[195] See ASDA Postconference Brief at 18-23; SEAI Postconference Brief at 17-18, 21.

[196] See ASDA Postconference Brief at 23-26; Tr. at 244-46 (Connelly).

[197] See Tr. at 246 (Connelly).

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed by the Ad Hoc Shrimp Trade Action Committee, Washington, DC, on December 31, 2003, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain frozen or canned warmwater shrimp and prawns[1] from Brazil, China, Ecuador, India, Thailand, and Vietnam. Information relating to the background of the investigations is provided on the following page.[2]

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[1] For purposes of these investigations, the subject product includes certain warmwater shrimp and prawns, whether frozen or canned, wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off, deveined or not deveined, cooked or raw, or otherwise processed in frozen or canned form.

The frozen or canned warmwater shrimp and prawn products included in the scope of the investigations, regardless of definitions in the Harmonized Tariff Schedule of the United States ("HTSUS"), are products which are processed from warmwater shrimp and prawns through either freezing or canning and which are sold in any count size.

The products described above may be processed from any species of warmwater shrimp and prawns. Warmwater shrimp and prawns are generally classified in, but are not limited to, the Penaeidae family. Some examples of the farmed and wild-caught warmwater species include, but are not limited to, whiteleg shrimp (*Penaeus vannemei*), banana prawn (*Penaeus merguiensis*), fleshy prawn (*Penaeus chinensis*), giant river prawn (*Macrobrachium rosenbergii*), giant tiger prawn (*Penaeus monodon*), redspotted shrimp (Penaeus brasiliensis), southern brown shrimp (Penaeus subtilis), southern pink shrimp (*Penaeus notialis*), southern rough shrimp (*Trachypenaeus curvirostris*), southern white shrimp (*Penaeus schmitti*), blue shrimp (*Penaeus stylirostris*), western white shrimp (*Penaeus occidentalis*), and Indian white prawn (Penaeus indicus).

Frozen shrimp and prawns that are packed with marinade, spices or sauce are included in the scope of the investigations. In addition, food preparations, which are not "prepared meals," that contain more than 20 percent by weight of shrimp or prawn are also included in the scope of the investigations.

Excluded from the scope are (1) breaded shrimp and prawns (1605.20.1020); (2) shrimp and prawns generally classified in the *Pandalidae* family and commonly referred to as coldwater shrimp, in any state of processing; (3) fresh shrimp and prawns whether shell-on or peeled (0306.23.0020 and 0306.23.0040); (4) shrimp and prawns in prepared meals (1605.20.0510); and (5) dried shrimp and prawns.

The products covered by this scope are currently classified under the following HTSUS statistical reporting numbers: 0306.13.0003, 0306.13.0006, 0306.13.0009, 0306.13.0012, 0306.13.0015, 0306.13.0018, 0306.13.0021, 0306.13.0024, 0306.13.0027, 0306.13.0040, 1605.20.1010, 1605.20.1030, and 1605.20.1040 with no duty applicable to imports from Brazil, China, Ecuador, India, Thailand, or Vietnam.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

Date	*Action*
December 31, 2003 .	Petition filed with Commerce and the Commission;[3] institution of Commission investigations (69 FR 1301, January 8, 2004)
January 21, 2004 ...	Commission's conference[4]
January 27, 2004 ...	Commerce's notice of initiation (69 FR 3876)
February 17, 2004 ..	Scheduled date for the Commission's vote
February 17, 2004 ..	Commission determination due to Commerce

SUMMARY DATA

A summary of data collected in the investigation is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 36 processors that accounted for 76 percent of U.S. production of certain frozen or canned shrimp or prawns (warmwater shrimp)[5] during 2002. U.S. imports are based on Commerce statistics.

THE SUBJECT PRODUCT

The imported warmwater shrimp products covered by the scope of these investigations are described in detail in the "Background" section earlier in Part I.

Physical Characteristics and Uses[6]

The imported products subject to these investigations are warmwater shrimp. The subject product can be any species of warmwater shrimp[7] and can be harvested from the ocean (i.e., wild-caught) or produced by aquaculture (i.e., farm-raised). The shrimp themselves can be in any of a wide variety of processed forms including head-on or head-off,[8] tail-on or tail-off, shell-on or peeled, and deveined or not deveined.[9] They may be raw or further processed by cooking, skewering, or adding marinade, spices, or

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[3] The LTFV margins alleged in the petition, as recalculated by Commerce, are as follows: Brazil–32.0 to 349.0 percent; China--112.81 to 263.68 percent; Ecuador–85.0 to 166.0 percent; India–82.3 to 110.9 percent; Thailand–57.64 percent; and Vietnam 25.76 to 93.13 percent (69 FR 3876).

[4] A list of witnesses appearing at the conference is presented in app. B.

[5] For the balance of this report, certain frozen or canned warmwater shrimp and prawns will be referred to as "warmwater shrimp." Fresh shrimp (i.e., never frozen) which are excluded from the scope of the investigations will be referred to as "fresh shrimp." Further, there is no generally accepted agreement regarding the exact meanings of and the difference between the terms, "shrimp and prawns." Petitioners acknowledge that the terms are used interchangeably to describe the same species. Therefore, for the purposes of this description of subject product, the term, "shrimp," refers to both shrimp and prawns. "Shrimp or prawn, that is the question," found at http://www.simplyseafood.com/fishtips/fishtips.html and retrieved on Jan. 22, 2004, and Petitioner response to supplemental questions from Commerce, Jan. 12, 2004, p. 14.

[6] Except as otherwise noted, information in this section is sourced from *Conditions of Competition Affecting the U.S. Gulf and South Atlantic Shrimp Industry* (*332 Shrimp Report*), USITC, Pub. No. 1738, Aug. 1985.

[7] Petition, Exhibit I-1, Scope of Investigation.

[8] Shrimp sizes are generally referred to in terms of the number of shrimp, either head-on (whole) or head-off, contained in a pound. Sizes range from as low as 5 to over 200 shrimp per pound.

[9] Petition, Exhibit I-1, Scope of Investigation.

sauces. Food preparations containing more than 20 percent by weight of shrimp are included in the subject product.[10]

Shrimp are crustaceans that usually inhabit salt waters in coastal regions in the tropics and subtropics. However, there are also coldwater and freshwater species of shrimp. The warmwater shrimp subject to these investigations are either wild-caught or farmed in tropical or subtropical regions,[11] are generally classified in the *Penaeidae* family, and, comprise shrimp of several genera and species.[12] In the United States, the catch of warmwater shrimp is composed principally of brown shrimp (*Penaeus aztecus*), white shrimp (*Penaeus setiferus*), and pink shrimp (*Penaeus duorarum*), which are listed in order of commercial importance. Shrimp vary greatly in size depending on age and species. They typically grow to a harvestable size within one year; their size depends largely on the time of the year they are harvested.[13]

Fresh shrimp (i.e., never frozen) in any form are excluded from the products subject to these investigations. Likewise, coldwater shrimp[14] in any form, shrimp in prepared meals, breaded shrimp, and dried shrimp are also excluded from the subject product.[15]

In 2002, estimated U.S. commercial landings of warmwater shrimp totaled 255.7 million pounds.[16] In 2001 (the last year for which data are available), U.S. production of farm-raised shrimp was estimated to be 8.0 million pounds.[17]

Canned or frozen, warmwater shrimp are used principally for human consumption[18] and are sold primarily on the basis of size.[19] Because the tail section is the edible portion and spoilage is more rapid with heads on, most shrimp are marketed raw and frozen with heads off. The market tendency is for large shrimp (less than 36 per pound, heads-off, shell-on basis) to be sold raw and frozen to restaurants, hotels, and other food institutions, for small to medium shrimp (36 to 60 per pound) to be breaded, canned, or sold at retail, and for extra small (61 to 70 per pound) and tiny shrimp (more than 70 per pound) to be used by canners, driers, and producers of specialties.

Over the past decade U.S. consumption of shrimp increased steadily at an average compound annual growth rate of 4.0 percent, and in 2002, U.S. annual per capita consumption of shrimp (all

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[10] The threshold of 20 percent for food preparations as outlined in the scope of these investigations is consistent with the threshold for classification in chapter 16 of the HTS as outlined in note 2 to that chapter.

[11] Petition, Exhibit I-1, Scope of Investigation.

[12] Subject imports include, but are not limited to, shrimp from the following species: whiteleg shrimp (*Penaeus vannamei*), banana prawn (*Penaeus merguiensis*), fleshy prawn (*Penaeus chinensis*), giant river prawn (*Macrobrachium rosenbergii*), giant tiger prawn (*Penaeus monodon*), redspotted shrimp (*Penaeus brasiliensis*), southern brown shrimp (*Penaeus subtilis*), southern pink shrimp (*Penaeus notialis*), southern rough shrimp (*Trachypenaeus curvirostris*), southern white shrimp (*Penaeus schmitti*), blue shrimp (*Penaeus stylirostris*), western white shrimp (*Penaeus occidentalis*), and Indian white prawn (*Penaeus indicus*). Petition, Exhibit I-1, Scope of Investigation.

[13] U.S. shrimp fisheries in both the South Atlantic and the Gulf are seasonal, and seasonal peaks vary by species.

[14] Species of coldwater shrimp, which are generally classified in the *Pandalidae* family, have different physical characteristics than warmwater species. In particular, they are usually much smaller in size than warmwater species. Coldwater shrimp are harvested and processed in cold water regions (e.g., the U.S. Pacific Northwest, Canada, Greenland, Iceland, and Norway). Petition, Exhibit I-1, Scope of Investigation.

[15] Petition, Exhibit I-1, Scope of Investigation.

[16] *Fisheries of the United States, 2002*, National Marine Fisheries Service, Sept. 2003, p. 4.

[17] Id., p. 23.

[18] A relatively small amount of shrimp is used for bait.

[19] Petition, Vol. II, p. 21.

preparations) reached a record of 3.7 pounds.[20] It is estimated that 80 percent of shrimp in the U.S. market are bought by restaurants.[21]

Production Process[22]

Harvesting

The U.S. Gulf and South Atlantic warmwater shrimp fleet is comprised of thousands of vessels and is spread across about two dozen port communities on the Gulf and South Atlantic coasts. The vessels fall within one of three broad categories: recreational shrimpers, commercial bait shrimpers, and commercial shrimpers. The catch of recreational shrimpers and commercial bait shrimpers is very small in proportion to the catch of commercial shrimpers, who account for the great bulk of all U.S. Gulf and South Atlantic warmwater shrimp landings.

There are two categories of commercial shrimpers. Inshore shrimpers operate small boats typically manned by one person on day-long trips in bays, estuaries, and shallow near-shore waters. Off-shore shrimpers operate larger vessels typically manned by a crew of three in deeper waters out to and beyond the 200 mile U.S. territorial limit. Some offshore vessels can freeze their catch and thus make trips lasting several weeks. Most vessels are individually owned, often by the skipper. While horizontal and vertical integration is limited, some shrimpers also process shrimp and/or own multiple vessels.

Offshore shrimpers use vessels that are typically 56 to 85 feet in length, constructed of steel, and diesel powered. Such vessels are often equipped with sophisticated electronic gear for navigation, communication, and finding shrimp. Major costs of operating a vessel include wages and fuel as well as depreciation, mortgage payments, insurance, and maintenance on the vessel. Vessels catch warmwater shrimp by towing one or more large, funnel-shaped nets. The U.S. fleet, especially that portion in the Gulf, is relatively mobile and migrates with the seasonal warmwater shrimp populations or away from areas of poor fishing. Therefore, vessels may land shrimp at different ports in different states. Some shrimp vessels are equipped to perform simple processing steps (e.g., deheading, washing, grading, and freezing) while at sea.[23] Shrimp may be placed in mesh bags before freezing.[24] Thus, warmwater shrimp can be landed either whole or headed (heads-off) and either fresh or frozen, and shrimp in different forms may be landed from the same trip.[25] Upon unloading, shrimp are generally sold at dockside to dealers or processors. As payment, the vessel's crew typically receive a percentage of the revenue generated by the catch.[26]

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[20] *Fisheries of the United States, 2002*, National Marine Fisheries Service, Sept. 2003, p. 87.

[21] See, testimony of Jonathan D. Appelbaum, President, Penguin Frozen Fish, conference transcript, pp. 50 and 119.

[22] Except as otherwise noted, information in this section is sourced from the *332 Shrimp Report.*

[23] See, testimony of Sal Versaggi, Versaggi Shrimp, conference transcript, pp. 21-22.

[24] Id., p. 23.

[25] Id., p. 23.

[26] See, testimony of Scott St. Pierre, Commercial Shrimp Fisherman, and Craig Wallis, Commercial Shrimp Trawler Owner and Operator, conference transcript, pp. 27 and 32, respectively. Mr. St. Pierre stated, "As a boat owner and captain, I keep 60 percent of what the dock gives me to pay for fuel, maintenance, gear, and repairs. The crew gets 40 percent, and then share what's left after paying for ice and groceries." Conference transcript, pp. 27-28. Mr. Wallis in explaining the crew share stated, "Unlike most lines of work, the crew wages depend on the price of shrimp. It works like this. When the trawler returns from sea, the shrimp are weighed and sorted by size, and the price is determined for the catch. They only get 65 percent of the share to pay all expenses on the boat, and the

(continued...)

Because of the differing feeding habits, migration patterns, and habitats of the different species, usually U.S. Gulf and South Atlantic shrimp vessels land one species at a time. Likewise, harvesting activities and hence, landings in the U.S. Gulf and South Atlantic exhibit seasonal patterns which are influenced by the natural patterns of development of the different species of warmwater shrimp.

Processing

While some processors own their own boats, most have buying arrangements with several shrimp vessels.[27] After unloading, landings are transferred to processing facilities, which are often located dockside, and undergo initial processing such as separating the shrimp from the ice,[28] weighing, washing, sizing, and grading.[29] At this stage, shrimp may either be frozen in whole form (head-on, shell-on) or may undergo a number of further steps such as deheading, peeling, deveining, and cooking.[30] Resulting from these steps are shrimp in a variety of forms (e.g., head-on, shell-on; headless, shell-on; raw, peeled; and cooked, peeled). Regardless of their specific processed form, shrimp then are typically frozen with the exception that cooked, peeled shrimp may be canned rather than frozen.[31] If canned, the shrimp may be graded for size after cooking.[32] Canners are required to have thermal processing equipment to sterilize the cans to insure that the final product is shelf stable.[33] Many processing steps (e.g., washing, grading, peeling, deveining, and cooking) may be performed manually or mechanically using purpose-built machinery.[34]

The processing of warmwater shrimp is conducted by a variety of operations. Dealers (a.k.a., shrimp houses or fish houses) and packinghouses perform minimal processing steps (e.g., weighing, washing, sorting, and packing) for other processors or distributors. Other processors, variously known as freezers, peelers, breaders, and canners, produce the variety of processed forms of shrimp noted previously and perform additional steps as such as breading, cutting (for sushi),[35] and preparing specialty items (e.g., dried shrimp, cocktails, cakes and patties, stuffed shrimp, creole, and gumbo).[36]

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[26] (...continued)
crews gets 35 percent. The captain only gets 55 percent of that, and he shares the other percentage with his other two crew members." Conference transcript, p. 32.

[27] See, testimony of Richard Gollot, Golden Gulf Coast Packing, conference transcript, p. 39, and *332 Shrimp Report*, p. 17.

[28] See, testimony of Scott St. Pierre, Commercial Shrimp Fisherman, conference transcript, p. 29.

[29] See Petitioner's Conference Exhibits, p. 16, which is presented on the following page.

[30] See, testimony of Richard Gollot, Golden Gulf Coast Packing, conference transcript, p. 39 and *332 Shrimp Report,* p. 17.

[31] See, Petitioner's Conference Exhibits, p. 16.

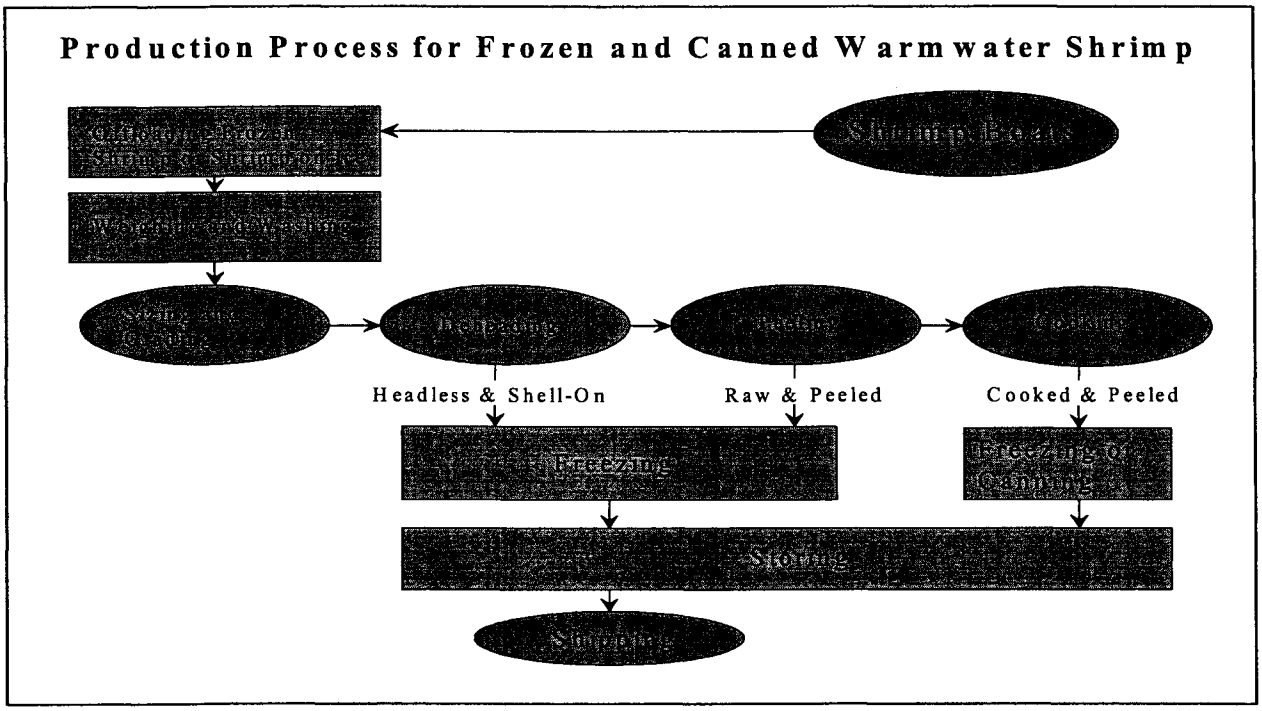
[32] See, testimony of David Cook, VP, Specialty Seafood Trade, Bumble Bee, conference transcript, p. 49.

[33] See, testimony of Kevin McClain, Chicken of the Sea, conference transcript, p. 189.

[34] See, testimony of Richard Gollot, Golden Gulf Coast Packing, conference transcript, p. 37, and petitioners' postconference brief, Exhibit 36.

[35] See Petition Vol. II, Exhibit II-1.

[36] See, testimony of Richard Gollot, Golden Gulf Coast Packing, conference transcript, p. 39 and *332 Shrimp Report*, p. 17.



Aquaculture

A small but growing percentage of U.S. domestic production of warmwater shrimp is produced by aquaculture (i.e., farm-raised).[37] In 2002, an estimated 4.6 percent of U.S. production of warmwater shrimp were farm-raised.[38]

Farm-raised shrimp are produced in a controlled environment, which involves several stages: hatching eggs; growing shrimp through various larval stages; and growing post-larval shrimp to a mature, marketable size. Most U.S. shrimp farming operations produce saltwater species of warmwater shrimp. Shrimp may be raised using one of three basic regimens: extensive, semi-intensive, and intensive. Extensive farming utilizes large ponds (approximately 150 acres) and very limited control of stocking, feeding, water circulation, and predator control; semi-intensive farming involves smaller ponds and somewhat more control of conditions and inputs; and intensive farming utilizes very small ponds (approximately one-half acre) or covered raceways and very strict control of conditions and inputs.

In addition to ponds, shrimp farms may include hatcheries, labs, quarantine facilities, nursery raceways, and on-site processing plants.[39] Shrimp aquaculture operations produce whole shrimp which are sometimes further processed on-site or sold to off-site processors. On-site processing facilities may be owned and operated by contractors.

According to the U.S. Marine Shrimp Farming Program, opportunities to expand shrimp farming in the United States are limited by three factors: environmental concerns regarding effluent water

[37] See, Petition Vol. II, Exhibit II-16.

[38] See, Petition Vol. II, Exhibit II-16.

[39] See, testimony of George Chamberlin, Global Aquaculture Alliance, conference transcript, p. 148.

discharges, high land costs in coastal regions, and limited growing season.[40] Growing conditions in the United States are generally not as favorable as other parts of the world; climate limits U.S. shrimp farming operations to one or two crops annually.

Interchangeability and Customer and Producer Perceptions

Processors responding to questionnaires, in general, viewed wild-caught and farmed warmwater shrimp as being the same, whereas importers were more likely to see differences in the two categories. The processors who did note differences between wild-caught and farmed warmwater shrimp often stated that consumers were not willing to pay more for such differences, or were unable to discern such differences except in particular regions of the country. Importers, on the other hand, noted differences in quality (i.e., taste, texture, etc.), seasonal availability (i.e., year-round availability in consistent quantities and sizes), and price (i.e., farmed warmwater shrimp having a lower, more stable price). More detailed information on interchangeability and customer and producer perceptions can be found in Part II of this report, *Conditions of Competition in the U.S. Market.*

Channels of Distribution

Both U.S. processor and importer questionnaire respondents reported selling warmwater shrimp directly to distributors or retail customers as well as selling some of their product through brokers. Additionally, some of the importers reported further processing their imported product into another form of subject warmwater shrimp (e.g., marinated or sauced) or into a nonsubject product (e.g., breaded shrimp). Processors and importers generally agreed that the market for warmwater shrimp is of sufficient size and breadth that single buyers rarely exercise market power, although some retailers can, on occasion, reduce supply with a large purchase. More detailed information on channels of distribution can be found in Part II of this report, *Conditions of Competition in the U.S. Market.*

Price

Information with regard to prices of warmwater shrimp is presented in Part V of this report, *Pricing and Related Information.*

DOMESTIC LIKE PRODUCT ISSUES

Petitioner contends that the Commission should define a single domestic like product consisting of all domestically produced merchandise described in Commerce's scope of investigation. The Louisiana Shrimp Association (LSA) contends that there should be a single domestic like product, but it should be expanded upstream to include fresh shrimp. The American Seafood Distributors Association (ASDA) argues that there should be two domestic like products: (1) "basic processed shrimp" (shrimp that is merely frozen and deheaded), and (2) "value added shrimp," which includes both all other shrimp products within the scope and breaded shrimp, an article expressly excluded from the scope. The Seafood Exporters Association of India (SEAI) contends that "salad shrimp," which it defines as a frozen shrimp product with over 250 pieces to the pound, and giant freshwater prawns of the type *Macrobrachium rosenbergii* should be defined as separate domestic like products. Finally, the Thai

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[40] McAbee, Brad, Craig Browdy, Raymond Rhoades, and Alvin Stokes, "Super-Intensive Success," *Industry Briefs*, U.S. Marine Shrimp Farming Program, Vol. 9, No. 3 (Oct. 2003), p. 1.

respondents and Vietnamese respondents argue that canned shrimp should be defined as a separate domestic like product.

Warmwater Shrimp

Petitioner argues generally that all shrimp within Commence's scope definition should be treated as a single domestic like product. It characterizes the items within the scope as a continuum with no clear dividing line. It states that all forms of shrimp within the scope are the meat of a crustacean that is consumed in food preparations, and that processing changes the physical characteristics of the shrimp in only a limited manner. It maintains that all forms of shrimp within the scope are sold through similar channels of distribution: to seafood distributors, restaurants, institutional users, and retailers and contends that end users and consumers will switch between one form of shrimp and another based on size differentials. Processors of shrimp typically perform many different types of processing. Petitioner also contends that prices for different forms of shrimp are closely correlated.[41]

Fresh Shrimp

Whether the Commission uses a "traditional" or "semifinished product" domestic like product analysis, LSA argues that fresh shrimp should be included in the same domestic like product as frozen shrimp. Using the traditional analysis, LSA argues that both fresh and frozen shrimp have the same texture and consistency; both are ultimately used for food preparations; both can be used interchangeably in the same food preparations; there is no distinction between the two products in customer perceptions; and consumers commonly mistake frozen shrimp that is retailed thawed as "fresh" shrimp.[42]

With regard to the semifinished product analysis, LSA notes that a considerable majority of fresh shrimp is frozen and that there are not separate markets for fresh and frozen shrimp. Additionally, LSA argues that freezing, a simple process requiring no technical expertise, does not change the characteristics of the shrimp or add substantial value to the shrimp.[43]

Basic Processed Shrimp and Value-Added Shrimp

ASDA argues that the Commission should divide the articles within the scope into two distinct domestic like products. The first product, which ASDA calls "basic processed shrimp," consists of shrimp that has been frozen and deheaded. The second product, which ASDA calls "value added shrimp," consists of shrimp that has undergone any further processing.[44]

ASDA argues that its two product categories should be examined under a traditional like product analysis because "basic processed shrimp" is by itself a "finished" product (as opposed to a semifinished product) that customers purchase.[45] It states that the physical characteristics of the two product categories differ because, while "basic processed shrimp" is indistinguishable from the product caught at sea, "value added shrimp" has been altered as a result of processing steps such as peeling, deveining, and

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[41] Petition, vol. 2, p. 7; Petitioner's postconference brief, pp. A-55-62.

[42] LSA postconference brief, pp. 4-8.

[43] Id., pp. 8-11.

[44] ASDA postconference brief, p. 4. ASDA argues that the value-added shrimp should include breaded shrimp (which is presently excluded from the scope of investigations).

[45] Id., p. A-8. ASDA does, however, argue that use of the semifinished products analysis would support its proposed definition.

cooking that change the color, taste, texture, size, shape, and/or weight of the shrimp.[46] While ASDA concedes that both products are used as food, the value-added product needs far less processing on the part of the end user, thus limiting the interchangeability of the two products and distinguishing the products in the eyes of consumers and end users.[47] It states that basic processed shrimp is sold in bulk packages for resale to restaurants or value-added processors, while the value-added product is sold ready to cook and eat.[48] With regard to the production process, ASDA states that, while production of basic processed shrimp requires a knife, a table, and blast freezing equipment, production of the value-added shrimp requires extensive equipment, specially trained employees, and rigorous quality control.[49] Insofar as pricing is concerned, ASDA asserts that value-added shrimp is sold at higher prices than basic processed shrimp due to higher production costs and value added to customers.[50]

With respect to its argument that breaded shrimp be included in the value-added product, ASDA states that breaded shrimp is within the same continuum of value-added products as types of prepared shrimp products within the scope, such as cooked shrimp and marinated shrimp and that the value added by breading shrimp is comparable to the value added by other forms of processing.[51]

As a counter to the aforementioned ASDA arguments, petitioner asserts that there is no clear dividing line between ASDA's two proposed domestic like products. It states that differences in the physical characteristics of different types of value-added shrimp are greater than the differences between shell-on, deheaded shrimp, which ASDA considers the basic processed product, and peeled shrimp, which ASDA considers the value-added product. It contends that both of these types of shrimp could be used in exactly the same recipes.[52] It also states that both types of shrimp are sold in the same channels of distribution.[53] Finally, petitioner states that many producers that produce basic processed shrimp also produce value-added products at the same facilities using the same employees.[54]

Salad Shrimp and Giant Freshwater Prawns

SEAI argues that the Commission should treat salad shrimp, which it defines as shrimp of 250 pieces per pound and higher, as a separate like product. SEAI contends that salad shrimp are much smaller than other types of warmwater shrimp, are always sold peeled, and are typically used as ingredients in salads, sandwiches, or pizzas. It asserts that salad shrimp, because of its small size, cannot be prepared as an entree. SEAI contends that salad shrimp is marketed as a separate product and is specified by name in recipes.[55] With respect to this argument, petitioner contends that there is no clear dividing line between what SEAI has termed "salad shrimp" and larger types of freshwater shrimp. It

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[46] Id., p. 7.

[47] Id., pp. 8-11.

[48] Id., p. 9.

[49] Id., pp. 9-10.

[50] Id., pp. 11-12.

[51] Id., pp. 12-13. Failing a separate value added like product, ASDA argues that breaded shrimp be included within a single domestic like product containing articles corresponding to those described in Commerce's scope definition. Id., p. 12 and n.18.

[52] Petitioner's postconference brief, pp. A-57-58.

[53] Id., p. A-59.

[54] Id., pp. A-60-61.

[55] SEAI postconference brief, pp. 6-8.

notes that shrimp larger than 250 pieces per pound is marketed as salad shrimp, and that SEAI has failed to define salad shrimp in any manner other than its size.[56]

SEAI argues that the Commission should treat "giant freshwater prawns," which it describes as warmwater shrimp of the type *Macrobrachium rosenbergii*, as a separate like product. SEAI contends that giant freshwater prawns are physically distinct from other types of warmwater shrimp because they have claws and a larger head. It also states that giant freshwater prawns have a milder taste (similar to lobsters) than other types of warmwater shrimp. SEAI asserts that such prawns are categorized by the Food and Agricultural Organization of the United Nations as a freshwater crustacean rather than with other shrimp and prawns.[57] In response to SEAI, petitioner contends that there is no clear dividing line between "giant freshwater prawns" and other types of warmwater shrimp within the scope. It notes that several other types of shrimp, including black tiger shrimp, are raised in fresh water. It also asserts that freshwater shrimp are marketed as being similar in characteristics to and substitutable with other types of freshwater shrimp.[58]

Canned Shrimp

The Thai and Vietnamese respondents argue that the Commission should define canned shrimp as a distinct domestic like product. They contend that canned shrimp are physically distinguishable from frozen shrimp in terms of both packaging and size. Canned shrimp are sold in hermetically sealed metal cans, while frozen shrimp are sold in large plastic bags. In addition, canned shrimp, which are 300 to 500 pieces per pound, are much smaller than most frozen shrimp.[59] According to respondents, canned shrimp is sold almost exclusively to retailers, while the vast majority of frozen shrimp are sold to distributors, who then resell the shrimp to restaurants and institutional users.[60]

Respondents contend that interchangeability between canned and frozen shrimp is limited due to their different channels of distribution, and thereby their end users. Canned and frozen shrimp are sold in distinct and differently managed sections of a retail store.[61] Additionally, respondents state that while frozen shrimp are typically the focus of the preparation in which they are used, canned shrimp are used merely as an ingredient in a preparation. From a price standpoint, respondents argue that canned shrimp are far more expensive than the smallest sizes of frozen shrimp.[62] Insofar as the production process, respondents assert that the production of canned shrimp requires specialized machinery for sealing the cans and making them commercially sterile (shelf stable). Frozen shrimp production does not require similar equipment.[63] Finally, respondents indicate that there is only one U.S. canner of warmwater shrimp, and that canner does not produce frozen shrimp.[64]

In response to the foregoing arguments, petitioner contends that canned and frozen shrimp are not readily distinguishable in terms of size. It asserts that there are some canned shrimp much larger than

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[56] Petitioner's postconference brief, pp. 79-80.

[57] SEAI postconference brief, pp. 9-10.

[58] Petitioner's postconference brief, pp. 79-80.

[59] Thai Respondents' postconference brief, Exh. 7, pp. 3-4. The Thai Respondents and Vietnamese Respondents, who are represented by the same counsel, submitted the same like product argument pertaining to canned shrimp in their separate briefs. For purposes of this section, the Thai Respondents' brief will be cited.

[60] Id., p. 6.

[61] Id., pp. 9-13.

[62] Id., p. 14.

[63] Id., pp. 7-8.

[64] Id., pp. 6-7.

300 pieces per pound, while some frozen shrimp are sold at very small sizes. It states that canned shrimp and frozen shrimp that has been thawed and peeled exhibit similar physical characteristics.[65] They state that canned and frozen shrimp can both be used in the same type of food preparations, and particularly that frozen shrimp is used in preparations where it is merely an "ingredient."[66] Petitioner further notes that both products are sold by retailers.[67]

Petitioner states that most of the production processes used to produce canned shrimp are the same processes used to produce frozen shrimp.[68] It also asserts that there is a correlation between the pricing of the frozen and canned products.[69]

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[65] Petitioner's postconference brief, p. A-72.

[66] Id., pp. A-72-73.

[67] Id., p. A-74.

[68] Id., pp. A-74-75.

[69] Id., pp. A-73 and A-75.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS

Warmwater shrimp are almost always intended for human consumption, but may be canned or frozen, farm-raised or wild-caught, and processed to varying levels (e.g., peeled, deveined, shell-off, tail-off, marinated, skewered, or sauced). There are also multiple species of shrimp both farmed and wild-caught, as well as a range of sizes.

Processors generally reported that farmed and wild-caught warmwater shrimp are fundamentally similar, while importers were more likely to report differences.[1] The processors who supported the petition but also acknowledged some differences between farmed and wild-caught warmwater shrimp often stated that consumers were not willing to pay more for such differences, or were unable to discern such differences except in particular regions of the country. Importers, on the other hand, cited differences in quality (some stating that wild-caught shrimp tastes better and others stating the reverse), seasonal availability (with farmed warmwater shrimp being available in consistent sizes and quantities year round), and price (with farmed warmwater shrimp having a more stable and lower price).[2]

Processors were also more likely than importers to view canned and frozen warmwater shrimp as basically interchangeable.[3] Canned warmwater shrimp is generally cooked while frozen warmwater shrimp usually is not. In addition, canned warmwater shrimp is usually smaller sized shrimp, while frozen warmwater shrimp exists in a wider range of sizes and species. However, processors often stated that consumers did not draw huge distinctions between canned and frozen warmwater shrimp, and noted that canned and frozen warmwater shrimp can be used in some of the same recipes. Processors and respondents disagreed about how easy it would be to switch production from frozen to canned warmwater shrimp.[4]

Processors and importers mentioned some consumer preferences for particular species, but processors stressed that this variation was usually regional and not enough to command a large price premium.[5] Importer Slade Gorton stated that regional consumer preferences for particular species had

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[1] Among processors, 19 said that there were differences between farmed and wild-caught warmwater shrimp while 18 said there were not. However, the 19 processors who thought there were differences include five processors associated with importers. The other 14 processors who stated that there were differences often stated that while taste differences may exist, consumers were not willing to pay more for such differences. Among importers, 42 said that farmed and wild-caught warmwater shrimp were different.

Please note that for purposes of this chapter, firms that submitted a processor's questionnaire will be classified as "processors" and those that submitted an importers' questionnaire will be classified as "importers." Several processors, usually those who sauce, marinate, and bread warmwater shrimp, oppose the petition and their answers generally fall into the ranges of importer answers. Three importers *** are also processors that support the petition.

[2] In addition to importer questionnaire responses, see also, testimony of George Chamberlain, Global Aquaculture Alliance, conference transcript, pp. 150-153.

[3] Among processors, 15 said there were no differences between frozen and canned and 16 said there some differences. Twenty processors said that canned and frozen warmwater shrimp were used in the same applications, while seven said no. Among importers, 25 said that there were differences between frozen and canned warmwater shrimp, and eight said there were not. Eight said that frozen and canned warmwater shrimp were used in the same applications and 16 said that they were not.

[4] See, testimony of Kevin Dempsey, Dewey Ballantine, and Kevin McClain, Chicken of the Sea, conference transcript, pp. 16 and 226, respectively.

[5] See, testimony of Sal Versaggi, Owner, Versaggi Shrimp Company, conference transcript, p. 90.

existed 20 years ago, and also stated that with proper marketing U.S. wild-caught shrimp could command a premium.[6] Some domestic processors stated that they do separate white and brown warmwater shrimp for headless sales but not otherwise.[7]

With regard to different levels of preparation of warmwater shrimp, domestic processors stated that marinated and sauced warmwater shrimp are a small part of the overall U.S. warmwater shrimp market.[8] Texas supermarket chain H-E-B stated that 80 percent of its imported warmwater shrimp purchases are cooked shrimp, which it said are a major benefit to consumers because of their ease of use. It added that while it does sell cooked domestic warmwater shrimp, it is one of the few U.S. supermarkets to do so, and that it has difficulty obtaining cooked warmwater shrimp from domestic sources.[9]

CHANNELS OF DISTRIBUTION

For U.S.-processed warmwater shrimp, fresh shrimp are harvested (generally wild) and brought to dock by fishermen. Some deheading, sorting, and freezing may take place on the fishing boats. Processors buy the fresh shrimp at the dock, and then may inspect, weigh, count, devein, peel, and cook it before freezing or canning it. Some of the production will be put into inventory for later sale. Processors may sell the warmwater shrimp to distributors or to retail customers directly, or have their sales handled by brokers. The market is similar for importers of warmwater shrimp; however, importers may sometimes import the warmwater shrimp and then process it themselves, either into another form of warmwater shrimp (e.g., marinated or sauced) or into a nonsubject product (e.g., breaded shrimp). Both processors and importers generally agreed that the market for warmwater shrimp is large and broad enough that single buyers rarely exercise market power, although some large restaurant chains or grocery retailers can occasionally reduce supply of a particular size or species with a large purchase.

Both processors and importers serve a large national market. When asked to identify their geographic market, 15 processors and 35 importers reported having a national market, with an additional 17 processors and 10 importers reporting multiple areas of the country. Only three processors and four importers reported serving only one regional market. Processors and importers reported a wide range of distances to their customers, making no clear trend apparent.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. warmwater shrimp processors are likely to respond to changes in demand with moderately high changes in the quantity of shipments of U.S.-produced warmwater shrimp to the U.S. market. The main contributing factor to the moderately high degree of responsiveness of supply is the availability of significant unused capacity and fresh shrimp if fishermen

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[6] See, testimony of Wally Stevens, Slade Gorton, conference transcript, p. 146.

[7] See, testimony of Richard Gollott, Golden Gulf Coast Packing, and Andrew Blanchard, Pearl, conference transcript, pp. 63 and 80, respectively.

[8] See, testimony of Jonathan Applebaum, Penguin Frozen Foods, conference transcript, p. 99.

[9] See, testimony of Rich Catanzaro, H-E-B, conference transcript, p. 174.

return to previous harvest levels. However, there is ultimately a biological limit to how much fresh shrimp can be fished from U.S. waters.[10]

U.S. fishermen generally harvest white and brown shrimp from the Gulf, with white and pink shrimp from the Carolina and Florida coasts, respectively.[11] Both U.S. shrimp fishermen and U.S. shrimp processors primarily work with shrimp as opposed to harvesting or processing other animals. For fishermen, the Gulf of Mexico is a year-round fishery and changes to other harvests would be expensive. For processors, some may process a limited amount of oysters as well, but in some states (e.g., Louisiana) shrimp must be processed on equipment used only for processing shrimp in order to avoid contamination issues.[12]

The U.S. supply of wild-caught fresh shrimp varies by season.[13] The main fishing season is May to December, but different parts of the year are better for particular species and sizes.[14] In the offseason (roughly January through April), some fishermen take time for maintenance and upgrades while others continue fishing. Processors are able to maintain some supply of warmwater shrimp during the offseason by freezing part of their in-season inventory for later sale.[15] However, as supply of both fresh shrimp and warmwater shrimp is lower in the offseason, prices have been historically higher in the offseason. Processors and fishermen describe this seasonal supply characteristic of the U.S. warmwater shrimp market as a necessary cycle for fishermen and processors to make money (through higher offseason prices) and gain time for needed repairs and upgrades. They describe subject imports as reducing the value of their off-season inventories, forcing some fishermen and processors into production slowdowns, postponement of needed maintenance, reduced insurance and creditworthiness, and layoffs.[16]

While 24 processors stated that they had not had any problem meeting their customers' demand since January 1, 2000, other processors did reference shortages of particular types of warmwater shrimp (particularly larger sizes) during the offseason periods. However, several processors stated that they were having trouble selling their current inventory at today's low market prices. *** stated that low prices were keeping the U.S. shrimp fishing fleet in port, which limits the availability of fresh shrimp.

Several processors reported closing production lines as a result of pressure from subject imports, and many described their major production constraint as the ability to make a profit on sales of warmwater shrimp, as well as the ability of U.S. shrimp fishermen to make a profit. While 21 processors reported no changes in the product range or marketing of the warmwater shrimp they sell, others reported that increased subject imports had caused deleterious effects such as large inventories and shrimp being sold primarily on price.

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[10] Respondents allege that U.S. fishermen have fished U.S. waters to near capacity in the past. See, postconference brief of Akin Gump, pp. 16-17. However, petitioners maintain that the U.S. wild catch declined over 2000 to 2002. See, petition, exhibit II-17.

[11] See, testimony of Sal Versaggi, Owner, Versaggi Shrimp Company, conference transcript, p. 90, and Craig Wallis, Commercial Shrimp Trawler Owner and Operator, conference transcript, pp. 96-97.

[12] See, testimony of Andrew Blanchard, Pearl, Richard Gollott, Golden Gulf Coast Packing, and Craig Wallis, Commercial Shrimp Trawler Owner and Operator, conference transcript, pp. 97-99.

[13] See, testimony of Scott St. Pierre, Commercial Shrimp Trawler Owner and Operator, conference transcript, pp. 26-27.

[14] See, testimony of Russ Mentzer, King and Prince, conference transcript, pp. 227-228. Larger shrimp in particular may be in shorter supply at some times of the year.

[15] Penguin Frozen Foods stated that as a result of processors like itself holding inventory, domestic shrimp is available year round. See, testimony of Jonathan Applebaum, Penguin Frozen Foods, conference transcript, p. 89.

[16] See, testimony of Craig Wallis, Commercial Shrimp Trawler Owner and Operator, and Richard Gollott, Golden Gulf Coast Packing, conference transcript, pp. 34 and 39, respectively.

U.S. wild-caught shrimp fishing and warmwater shrimp production is covered by multiple U.S. government regulations, including the HACCP (Hazardous Analysis Critical Control Points), state boards of health, and the mandatory use of TEDS (turtle excluder devices).[17] U.S. processors stated that imports of warmwater shrimp are inspected so rarely (allegedly less than 2 percent of imports) that the standard is effectively different for U.S. and imported warmwater shrimp.[18] Importers, however, stated that U.S. regulatory agencies (the FDA) were tougher on imports than U.S. production, and often held imports at points of entry.

Capacity utilization at U.S. processing facilities fell from 2000 to 2002, leaving room for expansion. The domestic wild catch landings of fresh shrimp also fell over 2000 to 2002. U.S. processors' inventories are up since 2000.

Subject Imports

Subject imports constitute the majority of the U.S. warmwater shrimp market, and even petitioner's witness stated that the U.S. market could not be supplied by U.S. production and nonsubject imports alone.[19] Imports from subject countries include both farmed and wild-caught warmwater shrimp. However, production of farmed warmwater shrimp plays a much more important role in subject country production than in U.S. production. Shrimp of many different species can be farmed, and shrimp farms are usually designed principally for export. Importer responses to Commission questionnaires often stressed the difference between imported farm-raised warmwater shrimp and domestic wild-caught warmwater shrimp.

Imports include both white and black tiger shrimp species, and the overwhelming majority of importers imported from more than one subject country, with at least 22 importers importing from all, or all but one, subject countries. In addition, subject importers frequently reported importing from nonsubject countries. Several processors also imported, including ***. Some of these processor/importers are primarily importers of warmwater shrimp, but also marinate, bread,[20] or otherwise process the imports, sometimes in ways (e.g. marinating) that leave the product as subject product. Other processor/importers cited quality, chemical-free product, production shortages, seasonal domestic production, availability, workmanship, and specific products only available from imports as reasons why they imported. Of the processor/importers, *** stating that it imported a small amount of warmwater shrimp in 2002 because of production shortages, but no longer did so due to low import quality and frequent illegal additives.

Importers (and processors affiliated with importers) stated that the presence of subject imports has changed the product range and marketing of shrimp in the United States. They stated that subject

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[17] In 1998, the WTO ruled against a U.S. law requiring imports to be harvested using TEDS, stating that the law was applied differently to Asian suppliers than to Latin American ones. In 2001, the WTO Appelate body ruled that the United States was now in compliance with WTO rules, as it was supplying financial assistance to Asian shrimp supplying nations and permitting other forms of conservation efforts. See "U.S. Wins WTO Case on Sea Turtle Conservation," Office of the United States Trade Representative, June 15, 2001, "The World Trade Organization and Sea Turtles," National Wildlife Foundation website (www.nwf.org/trade/turtleswto.html) and "India etc. vs. US, 'Shrimp Turtle,'" World Trade Organization website (www.wto.org/english/tratop_e/envir_e/edis08_e.htm).

[18] For example, see testimony of Sal Versaggi, Owner, Versaggi Shrimp Company, conference transcript, p. 86.

[19] Petitioner describes its problem with subject imports as being more price and excess volume related. See, testimony of Jonathan Applebaum, Penguin Frozen Foods, conference transcript, p. 100.

[20] Petitioner alleges that the major breaders of warmwater shrimp are primarily warmwater shrimp purchasers whose primary interest is in breading, whether breading warmwater shrimp, vegetables, or other products. See, testimony of Kevin Dempsey, Dewey Ballantine, pp. 100-101.

imports offer standardized sizes, lower overseas labor costs, and quality that allow an increased variety of final products (cooked, skewered, sauced, e-z peel, butterfly tail-on, combinations with rice bowls, etc.) and thus more marketing of warmwater shrimp by retailers. In addition, importers *** stated that some subject countries are switching to farm-based production of more white shrimp, a species that allows higher growth densities, instead of black tiger shrimp. However, 26 importers stated that they had not changed their product range or marketing for warmwater shrimp, with *** noting that all of its customers "know they have a choice" to purchase imports.

Subject imports, when considered all together, are not as seasonal as domestic production. When one country's season ends or when its supply is interrupted due to disease, other subject warmwater shrimp is usually available. Importers did cite some examples of seasonality in subject countries, such as Chinese farm harvesting May to January and Chinese wild catch from May to December, Ecuador being heavier in the first half of the year, India being heaviest May to January, Brazilian ocean-caught shrimp coming May to October, etc. In addition, weather and farming-related diseases can affect availability. However, overall, importers stated that, because they can sell warmwater shrimp from multiple sources and sell out of inventory, imported frozen warmwater shrimp is available year round.[21]

Petitioner described some subject imports as having sometimes tested for levels of antibiotics (specifically chloramphenicol[22]) that were unacceptable to the EU and Japan, leading to more testing of some products (specifically Thai warmwater shrimp exported to the EU). Petitioner alleges that as a result of increased EU testing, and additionally as a result of Thailand losing its GSP status with the EU, subject imports were diverted into the United States.[23] Respondents collectively deny these allegations.[24] They described the increased chloramphenicol incident as a mistaken and no longer used response to white spot disease (a viral disease), and stated that EU and Japanese testing and tariffs have not affected all subject countries, nor prevented subject countries from increasing their exports of warmwater shrimp to the EU and Japan.[25] Respondents also said that switching the entire production process for warmwater shrimp (i.e., breeding, ponds, and processing) to farming another animal would be difficult and expensive. However, the ponds themselves can be used for or switched to other fish production, including tilapia, catfish, and milkfish, depending on the salinity of the pond. Ecuador and Vietnam have seen some such switching to tilapia and catfish.[26]

Brazil.-- Based on available information, Brazilian processors are likely to respond to changes in demand with large changes in the quantity of shipments of warmwater shrimp to the U.S. market. The

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[21] Thirty-one importers stated that they had not had problems in supplying their customers' demands. Those importers who did cite supply problems often described them as occasional or focused on a particular size or a particular country of origin.

[22] Chloramphenicol may help or be perceived as helping against diseases to which high density farmed shrimp are vulnerable.

[23] See, testimony of Kevin Dempsey, Dewey Ballatine; Sal Versaggi, Owner, Versaggi Shrimp Company; and Richard Gollott, Golden Gulf Coast Packing, conference transcript, pp. 89-98. Thailand's loss of GSP status was unconnected to food safety issues. See staff conversation with Kenneth Pierce, Wilkie Farr, February 4, 2004.

[24] See, testimony of George Chamberlain, Global Aquaculture Alliance; Warren Connelly, Akin Gump; Jose Cyriac, Marine Products Export Development Authority of India; Matthew Nicely, Wilkie Farr; and Kenneth Pierce, Wilkie Farr, conference transcript, pp. 220-224.

[25] See, testimony of George Chamberlain, Global Aquaculture Alliance; Warren Connelly, Akin Gump; Jose Cyriac, Marine Products Export Development; Matthew Nicely, Wilkie Farr; and Kenneth Pierce, Wilkie Farr, conference transcript, pp. 220-224. In addition, Thai processors noted that the EU has removed Thailand from its mandatory testing list. See, postconference brief of Thai respondents, pp. 6-7.

[26] See, testimony of George Chamberlain, Global Aquaculture Alliance, and Matthew Nicely, Wilkie Farr, conference transcript, pp. 224-225, and exhibit 4, postconference brief of Vietnamese respondents.

main contributing factors to the high degree of responsiveness of supply are the rapid growth in capacity of the Brazilian warmwater shrimp industry over 2000 through 2003, available capacity in the current industry, and large alternative export markets. While the low level of inventories and a small home market would constrain the supply responsiveness, they are not likely to outweigh the effects of the growing available capacity and alternative markets.

China.-- Based on available information, Chinese processors are likely to respond to changes in demand with large changes in the quantity of shipments of warmwater shrimp to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the rapid growth in capacity of the Chinese warmwater shrimp industry over 2000 through 2003, available capacity in the current industry, and large alternative export markets. While the low level of inventories and a small home market would constrain the supply responsiveness, they are not likely to outweigh the effects of the growing available capacity and alternative markets.

Ecuador.-- Based on available information, Ecuadorian processors are likely to respond to changes in demand with large changes in the quantity of shipments of warmwater shrimp to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the large existing capacity of the Ecuadorian warmwater shrimp industry over 2000 through 2003, the large available capacity in the current industry, and large alternative export markets. While the low level of inventories and a small home market would constrain the supply responsiveness, they are not likely to outweigh the effects of the growing available capacity and alternative markets.

India.-- Based on available information, Indian processors are likely to respond to changes in demand with large changes in the quantity of shipments of warmwater shrimp to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the large existing capacity of the Indian warmwater shrimp industry over 2000 through 2003, the low level of capacity utilization in the current industry, and large alternative export markets. While the moderately low level of inventories and a small home market would constrain the supply responsiveness, they are not likely to outweigh the effects of the growing available capacity and alternative markets.

Thailand.-- Based on available information, Thai processors are likely to respond to changes in demand with large changes in the quantity of shipments of warmwater shrimp to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the large existing capacity of the Thai warmwater shrimp industry over 2000 through 2003, the falling capacity utilization in the current industry, and large alternative export markets. While the low level of inventories and a small home market would constrain the supply responsiveness, they are not likely to outweigh the effects of the growing available capacity and alternative markets.

Vietnam.-- Based on available information, Vietnamese processors are likely to respond to changes in demand with large changes in the quantity of shipments of warmwater shrimp to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the rapid growth in capacity of the Vietnamese warmwater shrimp industry over 2000 through 2003 and large alternative export markets. While the low level of inventories, high capacity utilization rates (that have not yet restrained significant increases in shipments to the United States), and relatively small home market would constrain the supply responsiveness, they are not likely to outweigh the effects of the growing available capacity and alternative markets.

Nonsubject countries

Imports of warmwater shrimp from nonsubject countries are available both as farmed and wild-caught. Mexico provides wild-caught warmwater shrimp with the same seasonal supply surge as U.S. production. Other major nonsubject country sources include Indonesia, Malaysia, and Venezuela.

U.S. Demand

Demand Characteristics

Demand for shrimp comes from retail sellers of both prepared and unprepared warmwater shrimp (grocery stores) and restaurants, with restaurants making up an estimated 80 percent of total consumption.[27] In recent years, larger restaurant chains and seafood processors (i.e., breaders, skewers, and marinaters) have demanded warmwater shrimp in larger quantities, with year-round availability, standardized sizes, and lower prices. These new market segments have generally been met with imports, particularly farm-raised subject imports.[28]

Respondents have argued that a market niche does exist for U.S. wild-caught warmwater shrimp, with a potential premium available for taste.[29] They stated that U.S. processors have been unwilling to adapt to changing trends in the U.S. shrimp market. However, one U.S. processor (***) stated that restaurants have been unwilling to offer their customers domestic-caught shrimp. It stated that consumers now view shrimp as a commodity product. Many processors agreed with this assessment, stating that "a shrimp is a shrimp" in consumers' eyes, and that while U.S. wild-caught warmwater shrimp may have a taste advantage, that advantage is not enough to make up for the substantially lower prices of subject imports.

Demand Trends

Overall demand for warmwater shrimp is up, even if consumers have not yet seen lower prices for warmwater shrimp at grocery stores or restaurants.[30] Processors cited increased health consciousness as the explanation for the increased demand,[31] while importers cited the same increased health consciousness as well as the availability of a low-priced, standardized product, the rising price of and health concerns about beef, and overall increased marketing of seafood and particularly shrimp.

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Substitute Products

In general, there are few if any substitutes for warmwater shrimp. While other proteins may be consumed, they offer different tastes, textures, and presentations. Twenty-six processors and 24 importers stated that there were no substitutes for warmwater shrimp. Twelve importers did list other proteins as substitutes, with five specifically mentioning coldwater shrimp, a smaller shrimp that is not subject to these investigations. Two processors (one the same company that listed substitutes as an

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[27] See, testimony of Jonathan Applebaum, Penguin Frozen Foods, conference transcript, pp. 50 and 121.

[28] In addition to importer questionnaires, see also, testimony of Bill Herzig, Darden Restaurants, conference transcript, pp. 157-159. Prepared warmwater shrimp has maintained its price levels at the consumer level even as warmwater shrimp prices have fallen, perhaps suggesting that demand has been growing at close to the same rate as total supply.

[29] However, elsewhere (including importer questionnaire responses and testimony of George Chamberlain, Global Aquaculture Alliance, conference transcript, pp. 151-152), respondents have also said that their warmwater shrimp has a superior taste.

[30] See "Getting Skewered by Shrimp Prices," Wall Street Journal, October 16, 2003.

[31] Many processors actually reported decreased demand, but then explained that their answers mean decreased demand for U.S. certain warmwater shrimp due to increased competition from subject imports.

importer) also listed other proteins (including coldwater shrimp) as substitutes. The other processors and importers did not answer the question.

Cost Share

Warmwater shrimp's principal end use is human consumption, where it is either sold by itself or as the main feature of another dish. Thus, its share of the cost of a final product is usually quite high. Additional features such as breading may double the cost of the (now nonsubject product) shrimp. Other processing, such as marinating or skewering, adds less to the cost of the warmwater shrimp.[32]

SUBSTITUTABILITY ISSUES

Factors Affecting Purchasing Decisions

Lead Times

Most sales of warmwater shrimp are made out of inventory. Twelve processors and 11 importers described all their sales as coming out of inventory, while 12 processors and 14 importers stated that 90 percent or more of their sales came out of inventory. An additional seven processors and 10 importers described over half their sales as coming out of inventory. Sales out of inventory generally had lead times of one week or less. Only four processors and 12 importers reported that half or more of their sales were produced to order, with processors reporting lead times of three to seven days on these orders, and importers reporting lead times of three days to three months.

Comparisons of Domestic Products and Subject Imports

Processors and importers were asked to assess how interchangeable warmwater shrimp from the United States was with warmwater shrimp from subject countries and nonsubject countries. Their answers are summarized in tables II-1 and II-2. Processors generally described U.S. and imported shrimp as interchangeable. However, *** stated that U.S. product is not available in tail-on peeled form, which it described as the largest U.S. market segment. *** noted that species, particularly white shrimp versus black tiger shrimp, can make a difference to consumers. U.S. warmwater shrimp is generally white, brown, or pink shrimp, and importer *** stated that Brazil, China, and Ecuador produce primarily farm-raised Vannamei white shrimp while India, Thailand, and Vietnam produce primarily black tiger. Other importers cited differences in species, sizes, uniformity (with U.S. warmwater shrimp allegedly less uniform), level of processing (e.g., U.S. warmwater shrimp is often PUD (peeled not deveined) while imports are tail-on peeled for further processing), and workmanship as key hindrances to interchangeability between U.S. and subject country imports, and to a lesser extent among the individual subject countries.

[32] For example, *** stated that warmwater shrimp is 80 percent of the cost of marinated shrimp and 91 percent of the cost of skewered shrimp. Most processors who breaded warmwater shrimp stated that warmwater shrimp was closer to 70 percent of the cost of breaded shrimp, but *** stated that warmwater shrimp was 50 percent of the cost of breaded shrimp.

Table II-1
Warmwater shrimp: U.S. processors' perceived degree of interchangeability of certain warmwater shrimp produced in the United States and other countries

Perceived degree of inter-change-ability	Brazil	China	Ecuador	India	Thailand	Vietnam	Nonsubject
United States	23 always 4 frequently 4 some 1 never	24 always 4 frequently 6 some 1 never	25 always 3 frequently 5 some 1 never	19 always 6 frequently 6 some 1 never	22 always 5 frequently 6 some 1 never	21 always 6 frequently 5 some 1 never	14 always 5 frequently 6 some 1 never
Brazil		21 always 4 frequently 4 some 0 never	21 always 5 frequently 3 some 0 never	17 always 4 frequently 3 some 2 never	19 always 4 frequently 4 some 1 never	19 always 4 frequently 4 some 1 never	15 always 4 frequently 4 some 0 never
China			21 always 6 frequently 3 some 1 never	17 always 5 frequently 5 some 1 never	20 always 5 frequently 5 some 1 never	21 always 4 frequently 5 some 0 never	15 always 6 frequently 4 some 0 never
Ecuador				17 always 5 frequently 4 some 2 never	19 always 5 frequently 5 some 0 never	19 always 5 frequently 4 some 1 never	15 always 6 frequently 3 some 0 never
India					18 always 5 frequently 4 some 0 never	18 always 5 frequently 3 some 0 never	15 always 5 frequently 4 some 0 never
Thailand						21 always 5 frequently 3 some 0 never	15 always 6 frequently 3some 0 never
Vietnam							15 always 5 frequently 3 some 0 never

Note.– "some" means "sometimes" (shortened for space reasons).

Source: Compiled from responses to Commission questionnaires.

Table II-2
Warmwater shrimp: Importers' perceived degree of interchangeability of warmwater shrimp produced in the United States and other countries

Perceived degree of inter-change-ability	Brazil	China	Ecuador	India	Thailand	Vietnam	Nonsubject
United States	5 always 4 frequently 14 some 8 never	6 always 3 frequently 19 some 11 never	5 always 4 frequently 14 some 12 never	6 always 2 frequently 15 some 12 never	7 always 1 frequently 17 some 14 never	6 always 1 frequently 12 some 18 never	5 always 3 frequently 13 some 4 never
Brazil		10 always 10 frequently 11 some 1 never	11 always 16 frequently 6 some 0 never	5 always 3 frequently 14 some 8 never	6 always 5 frequently 17 some 3 never	6 always 5 frequently 14 some 8 never	5 always 5 frequently 15 some 0 never
China			10 always 9 frequently 15 some 1 never	5 always 5 frequently 14 some 9 never	8 always 6 frequently 21 some 2 never	8 always 4 frequently 18 some 6 never	5 always 7 frequently 14 some 1 never
Ecuador				5 always 4 frequently 14 some 12 never	7 always 7 frequently 18 some 4 never	6 always 3 frequently 16 some 9 never	5 always 8 frequently 16 some 0 never
India					7 always 6 frequently 21 some 2 never	9 always 9 frequently 15 some 0 never	5 always 7 frequently 16 some 0 never
Thailand						13 always 11 frequently 14 some 0 never	5 always 8 frequently 15 some 0 never
Vietnam							5 always 7 frequently 14 some 0 never

Note.– "some" means "sometimes" (shortened for space reasons).

Source: Compiled from responses to Commission questionnaires.

Processors and importers were asked to assess how often differences other than price were significant in sales of warmwater shrimp from the United States, subject countries, or nonsubject countries. Their answers are summarized in tables II-3 and II-4. U.S. processors were generally likely to see few relevant differences other than price, while importers cited U.S. fishermen's use of chemicals to preserve caught shrimp, inconsistent quality of U.S. warmwater shrimp, lack of availability of U.S. warmwater shrimp in sizes and forms preferred by customers, and species and size differences as important differences other than price between U.S. and imported warmwater shrimp.

Table II-3
Warmwater shrimp: U.S. processors' perceived importance of factors other than price in sales of warmwater shrimp produced in the United States and other countries

Perceived importance of factors other than price	Brazil	China	Ecuador	India	Thailand	Vietnam	Nonsubject
United States	4 always 3 frequently 4 some 20 never	3 always 6 frequently 5 some 21 never	3 always 6 frequently 5 some 20 never	3 always 6 frequently 5 some 17 never	3 always 6 frequently 4 some 21 never	3 always 5 frequently 4 some 21 never	3 always 3 frequently 6 some 14 never
Brazil		0 always 4 frequently 6 some 19 never	0 always 3 frequently 6 some 20 never	0 always 3 frequently 6 some 17 never	0 always 4 frequently 6 some 18 never	0 always 3 frequently 6 some 19 never	0 always 1 frequently 8 some 14 never
China			0 always 3 frequently 8 some 20 never	0 always 2 frequently 10 some 16 never	0 always 2 frequently 9 some 20 never	0 always 2 frequently 8 some 20 never	0 always 1 frequently 9 some 15 never
Ecuador				0 always 3 frequently 7 some 17 never	1 always 2 frequently 8 some 19 never	1 always 2 frequently 7 some 19 never	0 always 1 frequently 8 some 15 never
India					0 always 3 frequently 6 some 20 never	0 always 3 frequently 5 some 20 never	0 always 2 frequently 7 some 16 never
Thailand						1 always 2 frequently 6 some 21 never	0 always 1 frequently 8 some 15 never
Vietnam							0 always 1 frequently 8 some 15 never

Note.– "some" means "sometimes" (shortened for space reasons).

Source: Compiled from responses to Commission questionnaires.

Table II-4
Warmwater shrimp: U.S. importers' perceived importance of factors other than price in sales of warmwater shrimp produced in the United States and other countries

Perceived importance of factors other than price	Brazil	China	Ecuador	India	Thailand	Vietnam	Nonsubject
United States	14 always 8 frequently 4 some 3 never	16 always 11 frequently 7 some 4 never	18 always 8 frequently 4 some 3 never	15 always 8 frequently 8 some 3 never	19 always 10 frequently 4 some 5 never	19 always 7 frequently 5 some 5 never	9 always 7 frequently 10 some 1 never
Brazil		3 always 4 frequently 17 some 6 never	1 always 3 frequently 15 some 11 never	3 always 5 frequently 15 some 5 never	2 always 4 frequently 17 some 6 never	2 always 4 frequently 13 some 8 never	0 always 4 frequently 18 some 2 never
China			5 always 6 frequently 16 some 7 never	6 always 2 frequently 18 some 7 never	4 always 5 frequently 19 some 8 never	5 always 3 frequently 19 some 7 never	2 always 2 frequently 19 some 2 never
Ecuador				7 always 2 frequently 17 some 6 never	5 always 2 frequently 19 some 8 never	5 always 1 frequently 17 some 9 never	2 always 2 frequently 21 some 2 never
India					2 always 6 frequently 21 some 6 never	2 always 6 frequently 10 some 6 never	1 always 5 frequently 19 some 2 never
Thailand						1 always 4 frequently 20 some 11 never	0 always 4 frequently 20 some 3 never
Vietnam							0 always 4 frequently 19 some 3 never

Note.– "some" means "sometimes" (shortened for space reasons).

Source: Compiled from responses to Commission questionnaires.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping was presented Part I of this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI.

U.S. PRODUCTION AND PRODUCERS

Warmwater shrimp is wild-caught in the United States in the Gulf of Mexico and the Southeastern Atlantic. Farm production is also largely concentrated in the same states. Table III-1 presents warmwater shrimp landings and farm production, by state, in 2002.

Table III-1
Warmwater shrimp: Wild-catch landings and farm production, by state, 2002

State	Wild-catch landings	Farm production
	(Thousands of pounds live weight)	*(Thousands of pounds live weight)*
Louisiana	106,242	--
Texas	75,180	8,270
Florida	24,679	1,500
Mississippi	16,814	--
Alabama	14,443	150
North Carolina	9,944	--
South Carolina	5,182	809
Georgia	5,017	--
Hawaii	--	1,000
Arizona	--	544
Arkansas	--	40

Source: Official statistics of the National Marine Fisheries Service and estimates of the U.S. Marine Shrimp Farming Program.

The Commission sent fishermen questionnaires to 150 firms identified in the petition as domestic shrimp fishermen. One hundred eighty-five firms provided responses to the Commission's fishermen questionnaire and are believed to have accounted for approximately 9 percent of U.S. wild-caught landings of shrimp during 2002. Data for the U.S. fishermen and a list of U.S. fishermen that responded to the Commission's fishermen questionnaire are presented in appendix D.[1]

[1] Several fishermen broke out data separately for their different boats, therefore there are more than 185 fishermen listed in app. D.

The Commission sent processor questionnaires to 125 firms identified in the petition as domestic processors of shrimp. Forty-two firms responded to the Commission's processor questionnaire, of which 36 provided usable data.[2] In 2002, these firms accounted for approximately 61 percent of U.S. production of shrimp based on live (head-on, shell-on) weight, or 97 percent of U.S. production of shrimp based on headless, shell-on weight. Presented in table III-2 is a list of the U.S. shrimp processors that responded to the Commission's processor questionnaire. Also presented is information concerning each company's position on the petition, production location(s), share of purchases of shrimp that were wild-caught and farm-produced, and share of reported 2002 domestic production of shrimp. Presented in table III-3 is a list of the U.S. shrimp processors and the type of processing they perform.

Counsel for the petitioner raised the issue that appropriate circumstances exist to exclude several related parties from the domestic industry. Three of these firms, ***, were unable to break out their substantial production of breaded shrimp from subject shrimp, therefore their data are not included in the processor data presented. The data for the remaining four firms, ***, are presented separately in the report and are collectively referred to as the "targeted related parties."

U.S. PROCESSORS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. processors' capacity, production, and capacity utilization are presented in table III-4. Total U.S. capacity increased *** percent from 2000 to 2002, and then increased by *** percent between January-September 2002 and January-September 2003.[3] Total U.S. production of warmwater shrimp decreased by *** percent from 2000 to 2002, and then increased by *** percent between January-September 2002 and January-September 2003. Capacity utilization decreased by *** percentage points from 2000 to 2002, and then increased by *** percentage points between January-September 2002 and January-September 2003.

U.S. PROCESSORS' U.S. SHIPMENTS AND EXPORT SHIPMENTS

Data on domestic producers' shipments of warmwater shrimp are presented in table III-5. U.S. shipments decreased by *** percent from 2000 to 2002, and then increased by *** percent between January-September 2002 and January-September 2003. The unit value of U.S. shipments decreased by *** percent from 2000 to 2002, and decreased by *** percent between January-September 2002 and January-September 2003. ***.[4]

U.S. PROCESSORS' IMPORTS AND PURCHASES OF IMPORTS

Eight U.S. processors, ***, reported that they imported subject shrimp.[5] Table III-6 presents those U.S. processors' direct imports and purchases of warmwater shrimp.

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[2] ***.

[3] "Total" data discussed in Part III covers all processors, including targeted related parties.

[4] ***.

[5] ***.

Table III-2
Warmwater shrimp: U.S. processors, positions on the petition, U.S. production locations, and shares of reported 2002 production

Firm	Position	Production location(s)	Share of 2002 purchases of warmwater shrimp *(percent)*		Share of 2002 reported production *(percent)*
			Farmed	Wild caught	
Bama Sea Products	Support	Florida	***	***	***
Bayou Shrimp Processors	Support	Louisiana	***	***	***
Best Sea-Pack of Texas	Support	Texas	***	***	***
Bon Secour	Support	Alabama	***	***	***
Bumble Bee Seafoods	Support	Louisiana	***	***	***
C.F. Gollot & Son Seafood	Support	Mississippi	***	***	***
David Gollott Seafood	Support	Mississippi	***	***	***
Deep Sea Foods	Support	Alabama	***	***	***
Fisherman's Reef Shrimp	Support	Texas	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Fortune Shrimp	Support	Louisiana	***	***	***
Golden Gulf Coast Packaging	Support	Mississippi	***	***	***
Gulf Crown Seafood	Support	Louisiana	***	***	***
Gulf Island Shrimp	Support	Louisiana	***	***	***
Gulf Shrimp	Support	Florida	***	***	***
Hi-Seas of Dulac	Support	Louisiana	***	***	***
International Oceanic[4]	Support	Alabama	***	***	***
JBS Packing	Support	Texas	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Louisiana Newpack Shrimp	Support	Louisiana	***	***	***
Louisiana Shrimp & Packing	Support	Louisiana	***	***	***
***	***	***	***	***	***
Ocean Springs Seafood Marketing	Support	Mississippi	***	***	***

Table continued on following page.

Table III-2--*Continued*
Warmwater shrimp: U.S. processors, positions on the petition, U.S. production locations, and shares of reported 2002 production

Firm	Position	Production location(s)	Share of 2002 purchases of warmwater shrimp *(percent)*		Share of 2002 reported production *(percent)*
			Farmed	Wild caught	
***	***	***	***	***	***
Paul Piazza	Support	Louisiana	***	***	***
Pearl/Indian Ridge Shrimp	Support	Louisiana	***	***	***
***	***	***	***	***	***
Port Royal Seafood	Support	South Carolina	***	***	***
***	***	***	***	***	***
Seabrook Seafood	Support	Texas	***	***	***
Sea Pearl Seafood	Support	Alabama	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Texas Pack	Support	Texas	***	***	***
Tex-Mex Cold Storage	Support	Texas	***	***	***
Tidelands Seafood	Support	Louisiana	***	***	***
Triple T Enterprises[1]	Support	Louisiana	***	***	***
Vincent Piazza	Support	Louisiana	***	***	***
Weems Brothers Seafood	Support	Mississippi	***	***	***
Woods Fisheries	Support	Florida	***	***	***
Total					100.0%

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-3
Warmwater shrimp: U.S. processors, and type of processing performed in 2002

* * * * * * *

Table III-4
Warmwater shrimp: Reported U.S. production capacity, production, and capacity utilization, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Processors (except targeted related parties):					
Capacity (*1,000 pounds*)	286,668	298,728	293,736	218,441	220,411
Production (*1,000 pounds*)	160,968	148,409	129,529	91,727	99,559
Capacity utilization (*percent*)	56.2	49.7	44.1	42.0	45.2
Processors (targeted related parties):					
Capacity (*1,000 pounds*)	***	***	***	***	***
Production (*1,000 pounds*)	***	***	***	***	***
Capacity utilization (*percent*)	***	***	***	***	***
Total processors:					
Capacity (*1,000 pounds*)	***	***	***	***	***
Production (*1,000 pounds*)	***	***	***	***	***
Capacity utilization (*percent*)	***	***	***	***	***

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PROCESSORS' INVENTORIES

Data on U.S. processors' end-of-period inventories of warmwater shrimp for the period examined are presented in table III-7.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. processors on the number of production and related workers ("PRWs") engaged in the production of warmwater shrimp, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in these investigations are presented in table III-8.

Table III-5
Warmwater shrimp: U.S. processors' shipments, by type, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity (*1,000 pounds*)				
Processors (except targeted related parties):					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	135,879	116,094	110,812	81,596	85,234
Export shipments	5,524	4,372	3,517	2,167	2,795
Total	141,403	120,467	114,329	83,762	88,029
Processors (targeted related parties):					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Total processors:					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***

Table continued on following page.

Table III-5--*Continued*
Warmwater shrimp: U.S. processors' shipments, by type, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Value (*1,000 dollars*)				
Processors (except targeted related parties):					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	628,598	483,974	423,880	299,706	287,780
Export shipments	18,862	12,694	9,549	6,419	7,696
Total	647,460	496,668	433,429	306,125	295,476
Processors (targeted related parties):					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Total processors:					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***

Table continued on following page.

Table III-5--*Continued*
Warmwater shrimp: U.S. processors' shipments by type, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Unit value (*per pound*)				
Processors (except targeted related parties):					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	$4.63	$4.17	$3.83	$3.67	$3.38
Export shipments	3.41	2.90	2.72	2.96	2.75
Average	4.58	4.12	3.79	3.65	3.36
Processors (targeted related parties):					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Total processors:					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Average	***	***	***	***	***

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-6
Warmwater shrimp: U.S. processors' imports and purchases, 2000-02, January-September 2002, and January-September 2003

* * * * * * *

Table III-7
Warmwater shrimp: U.S. processors' end-of-period inventories, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Processors (except targeted related parties):					
Inventories (*1,000 pounds*)	23,829	28,270	30,095	29,030	29,095
Ratio to production (*percent*)	14.8	19.0	23.2	23.7	21.9
Ratio to U.S. shipments (*percent*)	17.5	24.4	27.2	26.7	25.6
Ratio to total shipments (*percent*)	16.9	23.5	26.3	26.0	24.8
Processors (targeted related parties):					
Inventories (*1,000 pounds*)	***	***	***	***	***
Ratio to production (*percent*)	***	***	***	***	***
Ratio to U.S. shipments (*percent*)	***	***	***	***	***
Ratio to total shipments (*percent*)	***	***	***	***	***
Total processors:					
Inventories (*1,000 pounds*)	***	***	***	***	***
Ratio to production (*percent*)	***	***	***	***	***
Ratio to U.S. shipments (*percent*)	***	***	***	***	***
Ratio to total shipments (*percent*)	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-8
Warmwater shrimp: Average number of production and related workers producing warmwater shrimp, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Processors (except targeted related parties):					
PRWs (*number*)	2,204	2,177	1,868	1,808	1,736
Hours worked (*1,000*)	3,654	3,511	3,304	2,225	2,388
Wages paid (*$1,000*)	35,459	33,773	30,928	22,967	22,223
Hourly wages	$9.66	$9.58	$9.32	$10.32	$9.31
Productivity (*pounds per hour*)	42.1	40.4	37.9	39.8	40.4
Unit labor costs (*per unit*)	$0.23	$0.24	$0.25	$0.26	$0.23
Processors (targeted related parties):					
PRWs (*number*)	***	***	***	***	***
Hours worked (*1,000*)	***	***	***	***	***
Wages paid (*$1,000*)	***	***	***	***	***
Hourly wages	***	***	***	***	***
Productivity (*pounds per hour*)	***	***	***	***	***
Unit labor costs (*per unit*)	***	***	***	***	***
Total processors:					
PRWs (*number*)	***	***	***	***	***
Hours worked (*1,000*)	***	***	***	***	***
Wages paid (*$1,000*)	***	***	***	***	***
Hourly wages	***	***	***	***	***
Productivity (*pounds per hour*)	***	***	***	***	***
Unit labor costs (*per unit*)	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent importer questionnaires to 75 firms believed to be importers of warmwater shrimp, as well as to all U.S. producers.[1] Questionnaire responses were received from 51 companies that in 2002 are believed to account for 74 percent of U.S. imports from Brazil, 73 percent from China, 66 percent from Ecuador, 53 percent from India, 57 percent from Thailand, and 67 percent from Vietnam. The largest importers of warmwater shrimp are ***. A list of U.S. importers of warmwater shrimp, the countries they import from, and their share of 2002 imports are presented in table IV-1.

Table IV-1
Warmwater shrimp: U.S. importers, countries they import from, and share of 2002 imports

* * * * * * *

U.S. IMPORTS

U.S. imports of warmwater shrimp are presented in table IV-2.[2] Thailand is the largest exporter of subject warmwater shrimp to the United States, accounting for 27.3 percent of total imports in 2002, followed by China (11.7 percent), Vietnam (10.7 percent), India (10.6 percent), Ecuador (7.0 percent), and Brazil (4.3 percent).

NEGLIGIBILITY

The Tariff Act provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports, or, if there is more than one such country, their combined share is less than or equal to 7 percent of total imports, during the most recent 12 months for which data are available preceding the filing of the petition–in this case December 2002 to November 2003. The shares (in *percent*) of the total quantity of U.S. imports for each of the subject countries for the period of December 2002 to November 2003 are shown in table IV-3.

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[1] The Commission sent questionnaires to those firms identified in the petition, firms identified by the Bureau of Customs and Border Protection ("Customs") as possible importers, and firms identified in the foreign producer questionnaires.

[2] Imports of warmwater shrimp are from official statistics under HTS statistical reporting numbers 0306.13.0003, 0306.13.0006, 0306.13.0009, 0306.13.0012, 0306.13.0015, 0306.13.0018, 0306.13.0021, 0306.13.0024, 0306.13.0027, 0306.13.0040, 1605.20.1010, 1605.20.1030, and 1605.20.1040. Imports from Canada, Chile, Denmark, Greenland, and Iceland are considered to be coldwater shrimp and therefore are not included.

Table IV-2
Warmwater shrimp: U.S. imports, by sources, 2000-02, January-September 2002, and January-September 2003

Source	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity (*1,000 pounds*)				
Brazil	12,998	21,638	39,074	30,346	42,022
China	38,908	59,887	105,954	58,727	102,359
Ecuador	40,971	56,585	63,351	50,576	59,972
India	62,098	71,794	96,654	76,054	72,962
Thailand	276,557	296,422	247,651	165,872	180,527
Vietnam	34,312	72,818	96,996	66,264	88,008
Subtotal	465,845	579,144	649,680	447,840	545,851
Other sources	264,489	273,533	258,802	172,966	189,089
Total	730,334	852,677	908,482	620,805	734,940
	Value (*1,000 dollars*)[1]				
Brazil	55,270	67,115	93,061	73,384	91,222
China	133,765	187,807	295,300	160,272	264,927
Ecuador	191,814	222,543	200,371	161,070	178,371
India	243,924	266,916	367,436	283,722	307,944
Thailand	1,520,673	1,288,839	988,432	648,076	655,362
Vietnam	238,914	389,556	487,952	331,780	428,265
Subtotal	2,384,360	2,422,775	2,432,553	1,658,305	1,926,091
Other sources	1,355,713	1,200,942	975,411	620,494	661,829
Total	3,740,074	3,623,717	3,407,963	2,278,798	2,587,921
	Unit value (*per pound*)[1]				
Brazil	$4.25	$3.10	$2.38	$2.42	$2.17
China	3.44	3.14	2.79	2.73	2.59
Ecuador	4.68	3.93	3.16	3.18	2.97
India	3.93	3.72	3.80	3.73	4.22
Thailand	5.50	4.35	3.99	3.91	3.63
Vietnam	6.96	5.35	5.03	5.01	4.87
Subtotal	5.12	4.18	3.74	3.70	3.53
Other sources	5.13	4.39	3.77	3.59	3.50
Average	5.12	4.25	3.75	3.67	3.52

Table continued on next page.

Table IV-2--*Continued*
Warmwater shrimp: U.S. imports, by sources, 2000-02, January-September 2002, and January-September 2003

Source	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Share of quantity (*percent*)				
Brazil	1.8	2.5	4.3	4.9	5.7
China	5.3	7.0	11.7	9.5	13.9
Ecuador	5.6	6.6	7.0	8.1	8.2
India	8.5	8.4	10.6	12.3	9.9
Thailand	37.9	34.8	27.3	26.7	24.6
Vietnam	4.7	8.5	10.7	10.7	12.0
Subtotal	63.8	67.9	71.5	72.1	74.3
Other sources	36.2	32.1	28.5	27.9	25.7
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)				
Brazil	1.5	1.9	2.7	3.2	3.5
China	3.6	5.2	8.7	7.0	10.2
Ecuador	5.1	6.1	5.9	7.1	6.9
India	6.5	7.4	10.8	12.5	11.9
Thailand	40.7	35.6	29.0	28.4	25.3
Vietnam	6.4	10.8	14.3	14.6	16.5
Subtotal	63.8	66.9	71.4	72.8	74.4
Other sources	36.2	33.1	28.6	27.2	25.6
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from official Commerce statistics.

Table IV-3
Warmwater shrimp: U.S. imports and shares of total imports, by source, December 2002-November 2003

Country	Imports (*1,000 pounds*)	Share of total imports (*percent*)
Brazil	48,589	4.6
China	165,603	15.6
Ecuador	72,164	6.8
India	98,324	9.2
Thailand	279,343	26.3
Vietnam	125,426	11.8
Subtotal	789,448	74.2
All other countries	273,878	25.8
Total	1,063,326	100.0

Note: Imports from Canada, Chile, Denmark, Greenland, and Iceland excluded.

Source: Compiled from official Commerce statistics.

APPARENT U.S. CONSUMPTION

Data on U.S. consumption of warmwater shrimp are presented in table IV-4.[3] The quantity of U.S. consumption increased by 15.3 percent from 2000 to 2002 and further increased by 17.4 percent between January-September 2002 and January-September 2003. The value of U.S. consumption decreased by 16.7 percent from 2000 to 2002 and increased by 12.8 percent between January-September 2002 and January-September 2003.

U.S. MARKET SHARES

Market shares for warmwater shrimp are presented in table IV-5. The quantity and value of the U.S. producers' market share decreased steadily during the period examined.

[3] U.S. production is based on wild catch landings and farmed production. Wild catch landings is based on official statistics of the National Marine Fisheries Service. Farmed production is based on estimates by the U.S. Marine Shrimp Farming Program.

Table IV-4
Warmwater shrimp: U.S. producers' U.S. shipments, U.S. imports, by sources, and U.S. consumption, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity (*1,000 pounds*)				
Wild catch landings	321,411	281,483	257,553	176,118	204,123
Farmed production	6,500	10,000	12,300	9,225	9,225
Domestic production	327,911	291,483	269,853	185,343	213,348
Converted domestic production	206,256	183,343	169,737	116,581	134,196
Exports[1]	28,059	27,983	30,628	22,837	30,287
U.S. shipments	178,197	155,360	139,109	93,744	103,909
U.S. imports from--					
Brazil	12,998	21,638	39,074	30,346	42,022
China	38,908	59,887	105,954	58,727	102,359
Ecuador	40,971	56,585	63,351	50,576	59,972
India	62,098	71,794	96,654	76,054	72,962
Thailand	276,557	296,422	247,651	165,872	180,527
Vietnam	34,312	72,818	96,996	66,264	88,008
Subtotal	465,845	579,144	649,680	447,840	545,851
Nonsubject countries	264,489	273,533	258,802	172,966	189,089
All countries	730,334	852,677	908,482	620,805	734,940
Total U.S. consumption	908,531	1,008,037	1,047,591	714,550	838,849

Table continued on next page.

Table IV-4--*Continued*
Warmwater shrimp: U.S. producers' U.S. shipments, U.S. imports, by sources, and U.S. consumption, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Value (*1,000 dollars*)				
U.S. shipments[2]	1,149,369	902,643	663,549	453,722	495,645
U.S. imports[3] from--					
Brazil	55,270	67,115	93,061	73,384	91,222
China	133,765	187,807	295,300	160,272	264,927
Ecuador	191,814	222,543	200,371	161,070	178,371
India	243,924	266,916	367,436	283,722	307,944
Thailand	1,520,673	1,288,839	988,432	648,076	655,362
Vietnam	238,914	389,556	487,952	331,780	428,265
Subtotal	2,384,360	2,422,775	2,432,553	1,658,305	1,926,091
Nonsubject countries	1,355,713	1,200,942	975,411	620,494	661,829
All countries	3,740,074	3,623,717	3,407,963	2,278,798	2,587,921
Total U.S. consumption	4,889,443	4,526,361	4,071,513	2,732,521	3,083,566

[1] Exports include the following HTS numbers: 0306.13.0003, 0306.13.0006, 0306.13.0009, 0306.13.0012, 0306.13.0015, 0306.13.0018, 0306.13.0021, 0306.13.0024, 0306.13.0027, 0306.13.0040, 1605.20.1010, 1605.20.1025, and 1605.20.1040.
[2] The value of U.S. shipments has been estimated by using an average wholesale price for headless shell-on shrimp.
[3] Landed, duty-paid.

Note.–Because of rounding, figures may not add to the totals shown. Wild catch landings and farmed production are presented in pounds of live (head-on, shell-on) weight. U.S. production has been converted to pounds of headless, shell-on weight. Import and export quantities are in actual reported official statistics and have not been converted to headless, shell-on equivalent weight, therefore import penetration is somewhat understated. Imports from Canada, Chile, Denmark, Greenland, and Iceland are considered to be of coldwater shrimp and therefore are excluded from the import data.

Source: Compiled from official Commerce statistics, National Marine Fisheries statistics, and U.S. Marine Shrimp Farm Program statistics.

Table IV-5
Warmwater shrimp: U.S. consumption and market shares, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity (*1,000 pounds*)				
U.S. consumption	908,531	1,008,037	1,047,591	714,550	838,849
	Value (*1,000 dollars*)				
U.S. consumption	4,889,443	4,526,361	4,071,513	2,732,521	3,083,566
	Share of quantity (*percent*)				
U.S. shipments	19.6	15.4	13.3	13.1	12.4
U.S. shipments of imports from--					
Brazil	1.4	2.1	3.7	4.2	5.0
China	4.3	5.9	10.1	8.2	12.2
Ecuador	4.5	5.6	6.0	7.1	7.1
India	6.8	7.1	9.2	10.6	8.7
Thailand	30.4	29.4	23.6	23.2	21.5
Vietnam	3.8	7.2	9.3	9.3	10.5
Subtotal	51.3	57.5	62.0	62.7	65.1
Nonsubject countries	29.1	27.1	24.7	24.2	22.5
All countries	80.4	84.6	86.7	86.9	87.6
	Share of value (*percent*)				
U.S. shipments	23.5	19.9	16.3	16.6	16.1
U.S. shipments of imports from--					
Brazil	1.1	1.5	2.3	2.7	3.0
China	2.7	4.1	7.3	5.9	8.6
Ecuador	3.9	4.9	4.9	5.9	5.8
India	5.0	5.9	9.0	10.4	10.0
Thailand	31.1	28.5	24.3	23.7	21.3
Vietnam	4.9	8.6	12.0	12.1	13.9
Subtotal	48.8	53.5	59.7	60.7	62.5
Nonsubject countries	27.7	26.5	24.0	22.7	21.5
All countries	76.5	80.1	83.7	83.4	83.9

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from official Commerce statistics, National Marine Fisheries statistics, and U.S. Marine Shrimp Farm Program statistics.

RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of subject imports to U.S. production of warmwater shrimp is presented in table IV-6. Imports from subject countries were equivalent to *** percent of U.S. production during 2000. This level increased to *** percent during 2002 and to *** percent during January-September 2003.

Table IV-6
Warmwater shrimp: Ratio of U.S. imports to U.S. production, by sources, 2000-02, January-September 2002, and January-September 2003

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Transportation Costs to the U.S. Market

Transportation costs for warmwater shrimp from subject countries to the United States (excluding U.S. inland costs) are estimated to be approximately 6.5 percent of the total cost for warmwater shrimp from Brazil, 4.3 percent of the total cost for warmwater shrimp from China, 4.2 percent of the total cost for warmwater shrimp from Ecuador, 3.5 percent of the total cost for warmwater shrimp from India, 4.0 percent of the total cost for warmwater shrimp from Thailand, and 2.5 percent of the total cost for warmwater shrimp from Vietnam.[1]

U.S. Inland Transportation Costs

Thirty-two processors and 42 importers reported that their firms usually arrange transportation, with only five processors and seven importers reporting that their purchasers arrange transportation. Both processors and importers generally estimated transportation costs in the range of one to five percent. However, processor *** explained that transportation costs are often priced per pound, so that as a percentage, the transportation cost can vary by the size of the warmwater shrimp.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the euro appreciated over January 2000 through December 2003.[2] Over the same period, the nominal values of the Brazilian real, Thai baht, and Indian rupee depreciated at first, and then appreciated, with Brazil's currency showing the least recovery. Nominal values for the Chinese, Ecuadorean, and Vietnamese currencies were mostly flat. Both nominal and real values of the currencies are presented in figure V-1.

[1] These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value for December 2002 through November 2003.

[2] Not all currencies were available in both real and nominal terms for the full period, as seen in the graphs. In addition, China and Vietnam do not publish producer price indices, so no real currency values were calculated for their currencies.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian, Chinese, Ecuadorean, Indian, Thai, and Vietnamese currencies and the U.S. dollar, by quarters, January 2000-December 2003

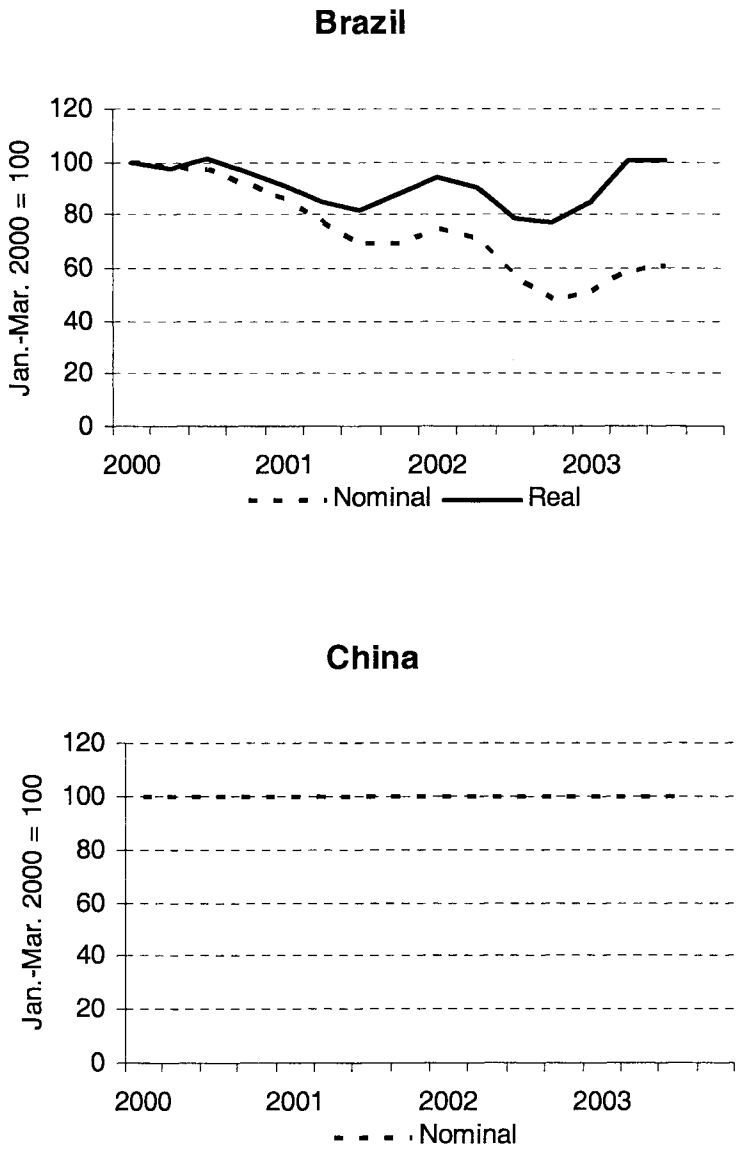
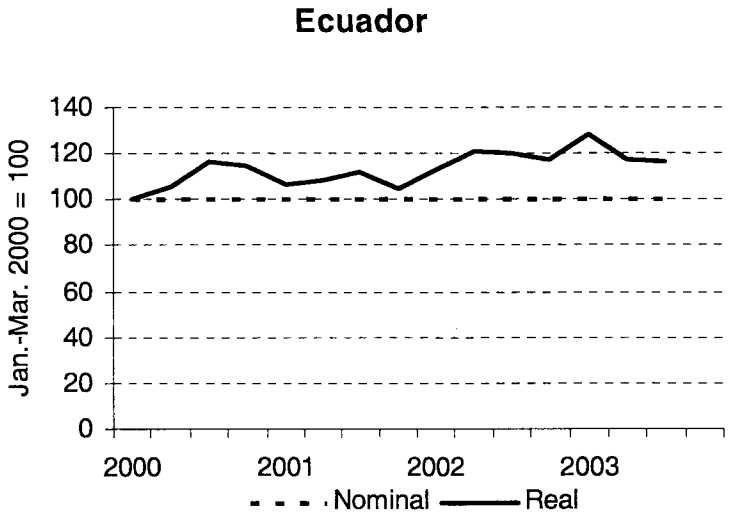


Figure continued on next page.

Figure V-1--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian, Chinese, Ecuadorean, Indian, Thai, and Vietnamese currencies and the U.S. dollar, by quarters, January 2000-December 2003



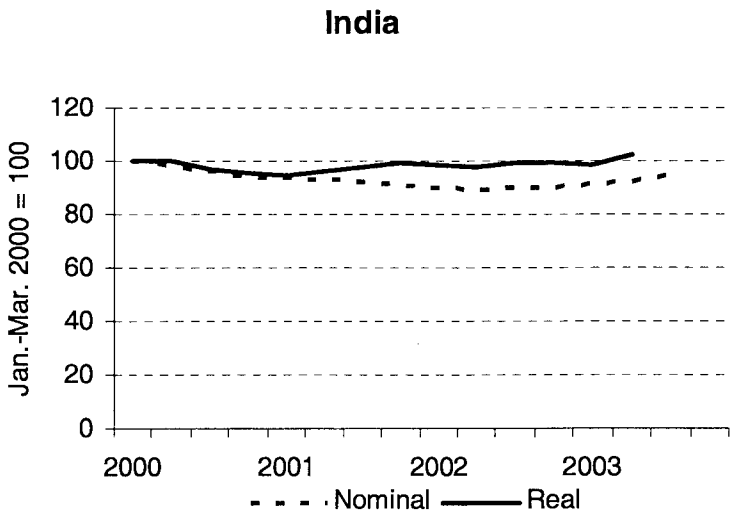
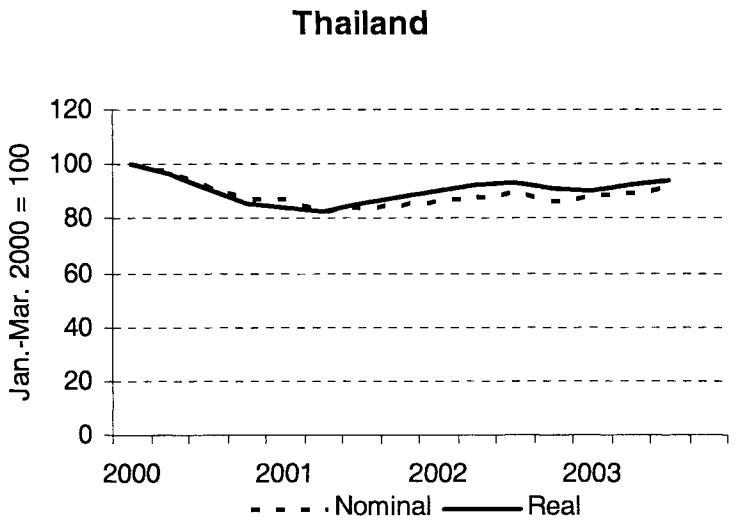
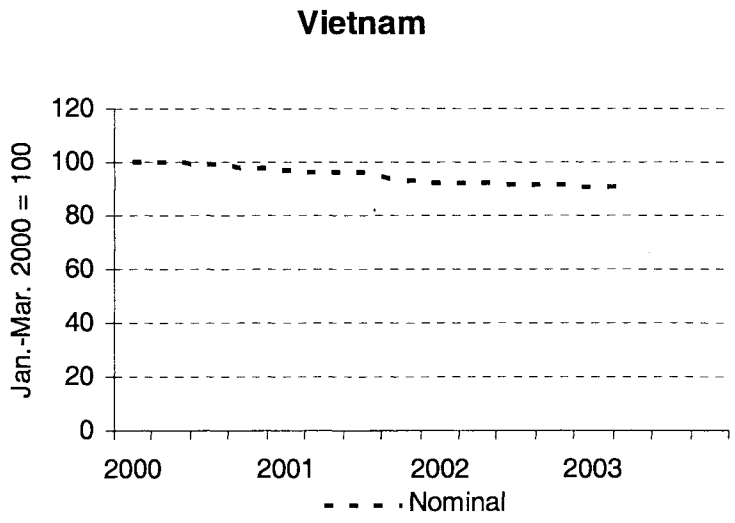


Figure continued on next page.

Figure V-1--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian, Chinese, Ecuadorean, Indian, Thai, and Vietnamese currencies and the U.S. dollar, by quarters, January 2000-December 2003





Source: International Monetary Fund, *International Financial Statistics*, June and November 2003, December 2002.

PRICING PRACTICES

Pricing Methods

Warmwater shrimp are usually sold in the spot market (though a significant short-term contract market exists) with prices subject to frequent (usually weekly) changes according to market conditions (which are often generally known among market participants). Among processors, 12 reported using their own price list, with an additional three reporting that they consulted Urner Barry (an industry price report). The other processors reported transaction-by-transaction negotiations. However, even processors who reported using price lists often reported that the price list was a basis for negotiation rather than a fixed list. Five processors reported pricing based on their costs plus a processing fee, although *** explained that while it had priced warmwater shrimp this way in the past, pressure from imported shrimp in the last five to seven years had forced it to lower prices below costs. Among importers, 13 reported using price lists, with an additional seven reporting that they consulted industry publications (such as Urner Barry) or other importers' price lists. The other importers reported using transaction by transaction negotiation or responding to the market situation. However, as with the processors, even importers who reported using a price list often reported that the price list was a basis for negotiation rather than a fixed list.

Twenty-two processors reported that 100 percent of their sales were spot sales, with an additional six reporting that 90 percent or more of their sales were on a spot basis. Four more reported 50 percent or more spot sales, with four reporting that 90 percent or more of their sales were on short-term (one year or less) contracts. *** stated that it could not compete with imports on contracts. Among importers, 14 reported that 100 percent of their sales were spot sales, and an additional six reported that 90 percent or more of their sales were spot sales. Eleven more importers reported that a majority of their sales were spot sales, while four reported half spot sales and half short term contracts. Twelve importers reported that a majority of their sales were short-term contracts, and *** reported that half its sales were long-term contracts and the rest split between spot sales and short-term contracts.

For short-term contracts, six processors and 24 importers reported that contracts usually fix both price and quantity, although six importers and three processors stated that contracts may only fix price or quantity. Short-term contracts were generally described as two to six months, although both importers and processors mentioned some nine- or ten-month contracts. For long-term contracts, four importers reported that contracts fix both price and quantity. Long-term contracts were described as one to two years by five importers and two processors.

Nine processors and seven importers reported offering volume discounts, although one importer *** reported that sometimes large volume orders required a premium if availability was low. Processors also reported discounts for cash payment and because of import price pressure. Some importers also reported case-by-case discounts, but overall, 17 processors and 29 importers reported offering no discounts or limited discounts.

PRICE DATA

The Commission requested U.S. processors and importers of warmwater shrimp to provide quarterly data for the total quantity and value of warmwater shrimp that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 2000-September 2003. The products for which pricing data were requested are as follows:

Product 1: Frozen white shrimp, headless, shell-on, in five pound net weight blocks, 31 to 40 count.

Product 2: Frozen shrimp, all species, headless, shell-on, in five pound net weight blocks, under 15 count.

Product 3: Frozen white shrimp, PUD (peeled not deveined), raw, tail-off, in five pound net weight blocks, 71 to 90 count.

Product 4: Frozen, cooked shrimp, all species, 31 to 40 finished count, tail off, shell-off.

Product 5: Peeled and deveined white shrimp, raw, IQF (individually quick frozen), 26/30 count.

Twenty-eight U.S. processors and 29 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[3] Pricing data reported by these firms accounted for approximately 10.3 percent of U.S. processors' reported shipments of warmwater shrimp, 0.6 percent of reported U.S. shipments of subject imports from Brazil, 1.6 percent of reported U.S. shipments of subject imports from China, 1.8 percent of reported U.S. shipments of subject imports from Ecuador, 1.4 percent of reported U.S. shipments of subject imports from India, 2.4 percent of reported U.S. shipments of subject imports from Thailand, and 2.4 percent of reported U.S. shipments of subject imports from Vietnam in 2002.

Price Comparisons

Tables V-1 to V-9 and figures V-2 to V-13 summarize the pricing data, also including data submitted by importers who sent in product 4 data "tail-on."[4] Some importers could not completely separate their data by subject country of origin, and so their data are presented with all countries together in these tables. Processors and importers were asked to provide pricing data broken out by whether the sale was to distributors/wholesalers or to retailers.[5] These data are presented in appendix E. (It should be noted here that some processors and importers who did not specify a channel of distribution were included in the part V data but not in appendix E, so data from appendix E may not add up exactly to data in part V.) Finally, U.S. processor data are compared to all import data in appendix F.

Most pricing products show price declines over the period July-September 2000 through July-September 2003. (This third quarter to third quarter analysis was performed in all the discussions below to minimize any seasonal effect while using the most recent data available.) Import volumes generally rise, but there are numerous instances of overselling.

There are (at least) three cautionary statements to consider in examining these pricing data. First, it is not clear how much the various products compete with each other, and with other products not

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[3] Staff made numerous changes to the submitted pricing data, including ***. Furthermore, *** were excluded as processors in these data.

[4] After the questionnaires had been mailed, staff was told by *** that tail-on product 4 is more common than tail-off. Some importers specified product 4 as tail-on, but processors were not asked to do so and did not. See staff conversation with ***, January 9, 2004.

[5] Pricing data are presented without this channel of distribution distinction in part V because it appears that price differences due to country and product differences are often larger than price differences due to channel of distribution differences.

included. Petitioners have stated that purchasers do not always purchase the exact same sizes and descriptions for similar purposes.[6] Thus, it is not known whether pricing products can be evaluated purely on how they compete with only products that match their exact size and preparation profile. In addition, petitioners have alleged that product 2 is a broader product description than they had originally anticipated it would be, and respondents have alleged that product 5 is as well.[7] The second problem is that some processors and importers were unable to provide data for the full period, meaning that conclusions about pricing volumes may be somewhat muted or exaggerated (to an unknown extent). Finally, the third caution is that volumes vary widely from one quarter and product to another, meaning that an unweighted comparison of occurrences of margins of underselling or overselling may not reflect how important a particular product is to the overall U.S. warmwater shrimp market.

Table V-1
Warmwater shrimp: Price declines from July-September 2000 through July-September 2003, by country and pricing product

Product	United States	Brazil	China	Ecuador	India	Thailand	Vietnam
	(In percent)						
1	39.3	52.3	14.5	38.0	17.6	41.2	--
2	37.1	-21.6	--	35.3	--	41.9	--
3	40.3	--	--	43.5	--	--	--
4	61.2	--	--	--	--	32.3	35.0
5	16.2	--	--	23.4	--	22.3	--
4 tail-on	--	--	31.8	--	7.8	28.2	44.2

Note.– A negative number indicates a price increase.

Source: Tables V-4 through V-9.

[6] In particular, Penguin Frozen Foods alleged that imported black tiger shrimp, previously seen as an inferior product to other large warmwater shrimp, were able to "buy" a large market share through lower pricing. It stated that demand seemed "willing to move back and forth on a per size basis" to where the lowest price could be found. See, testimony of Jonathan Applebau, Penguin Frozen Foods, conference transcript, pp. 77-80.

[7] See, postconference brief of petitioners, p. 20, and postconference brief of Akin Gump, pp. 39-40.

Table V-2
Warmwater shrimp: Instances of underselling/overselling in Commission pricing data, by country and pricing product

Product	Brazil	China	Ecuador	India	Thailand	Vietnam	Total
	(Number of quarters underselling (overselling))						
1	8 (5)	15 (0)	6 (9)	10 (5)	5 (6)	3 (4)	47 (29)
2	2 (7)	3 (0)	1 (14)	6 (1)	7 (7)	3 (14)	22 (33)
3	2 (5)	2 (4)	0 (15)	1 (0)	--	3 (1)	8 (25)
4	--	4 (1)	--	9 (1)	12 (1)	12 (1)	37 (4)
5	1 (2)	7 (4)	1 (14)	1 (5)	10 (5)	6 (3)	26 (33)
Total	13 (19)	31 (9)	8 (52)	27 (12)	34 (19)	27 (13)	139 (124)

Source: Tables V-4 through V-8.

Table V-3
Warmwater shrimp: Ranges of underselling/overselling in Commission pricing data, by country and pricing product

Product	Brazil	China	Ecuador	India	Thailand	Vietnam	Total
	(Maximum percent underselling minimum percent underselling)						
1	22.3 -21.8	38.5 2.3	15.4 -23.6	31.6 -10.8	15.4 -14.8	2.8 -11.3	38.5 -23.6
2	7.7 -111.6	14.7 4.6	16.3 -28.1	13.7 -1.8	73.7 -31.0	11.9 -32.4	73.7 -111.6
3	10.3 -28.0	16.3 -35.2	-9.3 -90.5	0.5 0.5	--	23.2 -23.1	23.2 -90.5
4	--	28.7 -31.1	--	28.9 -36.7	25.6 -41.1	25.8 -38.4	28.9 -41.1
5	6.3 -20.9	23.1 -7.7	17.7 -67.4	20.2 -21.7	34.1 -17.3	15.1 -19.4	34.1 -67.4
Total	22.3 -111.6	38.5 -35.2	17.7 -90.5	31.6 -36.7	73.7 -41.1	25.8 -38.4	73.7 -111.6

Note.– A negative number indicates overselling.

Source: Tables V-4 through V-8.

Table V-4
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. processors and importers of product 1 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-5
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. processors and importers of product 2 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-6
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. processors and importers of product 3 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-7
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. processors and importers of product 4 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-8
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. processors and importers of product 5 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-9
Warmwater shrimp: Weighted-average selling prices and quantities as reported by importers of product 4 with tail on sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Figure V-2
Weighted-average selling prices to distributors and retailers, as reported by U.S. processors and importers of product 1, by quarters, January 2000-September 2003

* * * * * * *

Figure V-3
Quantities sold to distributors and retailers as reported by U.S. processors and importers of product 1, by quarters, January 2000-September 2003

* * * * * * *

Figure V-4
Weighted-average selling prices to distributors and retailers, as reported by U.S. processors and importers of product 2, by quarters, January 2000-September 2003

* * * * * * *

Figure V-5
Quantities sold to distributors and retailers as reported by U.S. processors and importers of product 2, by quarters, January 2000-September 2003

* * * * * * *

Figure V-6
Weighted-average selling prices to distributors and retailers, as reported by U.S. processors and importers of product 3, by quarters, January 2000-September 2003

* * * * * * *

Figure V-7
Quantities sold to distributors and retailers as reported by U.S. processors and importers of product 3, by quarters, January 2000-September 2003

* * * * * * *

Figure V-8
Weighted-average selling prices to distributors and retailers, as reported by U.S. processors and importers of product 4, by quarters, January 2000-September 2003

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Figure V-9
Quantities sold to distributors and retailers as reported by U.S. processors and importers of product 4, by quarters, January 2000-September 2003

* * * * * * *

Figure V-10
Weighted-average selling prices to distributors and retailers, as reported by U.S. processors and importers of product 5, by quarters, January 2000-September 2003

* * * * * * *

Figure V-11
Quantities sold to distributors and retailers as reported by U.S. processors and importers of product 5, by quarters, January 2000-September 2003

* * * * * * *

LOST SALES AND LOST REVENUES

The Commission requested U.S. processors of certain warmwater shrimp to report any instances of lost sales or revenues they experienced due to competition from imports of certain warmwater shrimp from subject countries since January 1, 2000. Petitioner reported that it could not provide any because sales negotiations are usually conducted by telephone and the competitors are not usually known.[8] Several processors provided a few details of lost sales, but staff received only one potentially workable allegation from ***. Staff requested more information from ***, but to date has received no response.

[8] Petition volume II, pp. 28-29 and footnote 75.

PART VI: FINANCIAL EXPERIENCE OF U.S. PROCESSORS

BACKGROUND

Thirty-two domestic processors of warmwater shrimp reported usable data to the Commission for the reporting period. These processors accounted for the vast majority of the warmwater shrimp processed in the United States during 2002.[1] As noted earlier in the report, petitioner alleges that four of the 32 should not be included in the Commission's analysis of domestic production and material injury because they are related parties and/or not engaging in sufficient domestic activity to be considered processors of the domestic like product. To allow the Commission flexibility in its analysis, the financial data are presented in three ways: (1) the four targeted processors aggregated with all other processors, (2) the four targeted processors reported separately, and (3) all processors except for the four targeted firms.

OPERATIONS OF U.S. WARMWATER SHRIMP PROCESSORS

Combined income-and-loss data for all U.S. warmwater shrimp processors are presented in table VI-1; operations data for those processors on per-pound basis are listed in table VI-2. Table VI-1 shows that the ratio of aggregate operating income to sales declined from *** percent in 2000 to *** percent in 2002. Partial period data show a declining aggregate operating income margin, falling from *** percent in January-September 2002 to *** percent in January-September 2003. The combined processors reported a *** percent decline in net sales value during 2000-02, while cost of goods sold (COGS) fell *** percent, due primarily to declines in raw material costs. Net sales value increased *** percent between January-September 2002 and January-September 2003, while COGS rose *** percent over the same period.

Table VI-3 presents combined income-and-loss data for the four targeted warmwater shrimp processors. The operating income margin rose from *** percent in 2000 to *** percent in 2001 and then declined to *** percent in 2002. The operating income margin declined during the interim period, from *** percent during January-September 2002 to *** percent during January-September 2003. Per-pound operations data for the four processors are listed in table VI-4.

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[1] The fiscal year ends for the processors are as follows: Bama Sea Products ***, Bayou ***, Best Sea-Pack of Texas ***, Bon Secour ***, Bumble Bee ***, C.F. Gollott & Son ***, Deep Sea Foods ***, Fisherman's Reef ***, ***, ***, Fortune ***, Golden Gulf Coast ***, Gulf Crown ***, Gulf Island II ***, Hi-Seas of Dulac ***, International Oceanic Enterprises ***, JBS Packing ***, ***, ***, Louisiana Newpack ***, Louisiana Shrimp & Packing ***, Ocean Springs ***, ***, Paul Piazza & Son ***, Pearl ***, Port Royal ***, Sea Pearl ***, Seabrook ***, Triple T Enterprises ***, Vincent Piazza Jr. & Sons ***, Weems Bros. ***, and Wood's Fisheries ***.

Table VI-1
Results of operations of U.S. processors in the production of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

* * * * * * *

Table VI-2
Results of operations (per pound) of U.S. processors of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

* * * * * * *

Table VI-3
Results of operations of U.S. targeted processors in the production of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

* * * * * * *

Table VI-4
Results of operations (per pound) of U.S. targeted processors of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

* * * * * * *

Income-and-loss data for all U.S. warmwater shrimp processors other than targeted processors are presented in table VI-5; operations data on per-pound basis are listed in table VI-6. The aggregated operating income margin for these processors declined from 2.6 percent in 2000 to 0.2 percent in 2002. During the interim period, the operating income margin remained steady at 0.5 percent in January-September 2002 and also in January-September 2003. Six of the processors in table VI-5 reported operating losses in 2000, but 12 processors reported such losses in 2002.

Table VI-5
Results of operations of U.S. other-than-targeted processors in the production of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003[1]

Item	2000	2001	2002	Jan.-Sept. 2002	Jan.-Sept. 2003
	Quantity (*pounds*)				
Commercial sales	129,875,816	117,126,795	111,189,725	69,650,543	74,254,958
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	132,809,610	120,490,217	114,811,099	71,434,978	75,903,806
	Value (*1,000 dollars*)				
Commercial sales	620,185	490,013	421,616	243,936	237,859
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	623,908	495,403	426,150	246,229	238,961
Raw materials:					
Shrimp - domestic	469,679	371,740	314,883	176,428	162,086
Shrimp - imported	9,118	11,382	8,492	5,096	5,535
Other	106	61	25	19	56
Total	478,903	383,183	323,400	181,543	167,677
Direct labor	23,997	23,415	21,955	12,840	13,236
Other factory	66,790	48,620	45,572	28,659	34,050
Total cost of goods sold	569,690	455,218	390,928	223,043	214,963
Gross profit	54,218	40,185	35,222	23,187	23,998
SG&A expenses	37,855	34,570	34,391	21,912	22,912
Operating income	16,363	5,615	831	1,275	1,086
Net income or (loss)	9,662	2,509	(2,183)	(1,348)	4,119
Depreciation/amortization	3,828	4,311	4,483	2,481	2,252
Cash flow	13,490	6,820	2,299	1,133	6,371
	Ratio to net sales (*percent*)				
Raw materials	76.8	77.3	75.9	73.7	70.2
Direct labor	3.8	4.7	5.2	5.2	5.5
Other factory	10.7	9.8	10.7	11.6	14.2
Total cost of goods sold	91.3	91.9	91.7	90.6	90.0
Gross profit	8.7	8.1	8.3	9.4	10.0
SG&A expenses	6.1	7.0	8.1	8.9	9.6
Operating income	2.6	1.1	0.2	0.5	0.5
Net income or (loss)	1.5	0.5	(0.5)	(0.5)	1.7
	Number of firms reporting				
Operating losses	6	9	12	14	11
Net losses	7	14	15	15	13
Data	27	28	28	25	25

[1] Includes data from all processors reporting data, except for ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-6
Results of operations (per pound) of U.S. other-than-targeted processors of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003[1]

Item	2000	2001	2002	Jan.-Sept. 2002	Jan.-Sept. 2003
	Unit value (*per pound*)				
Trade sales	$4.78	$4.18	$3.79	$3.50	$3.20
Internal consumption	***	***	***	***	***
Related company transfers	***	***	***	***	***
Total sales	4.70	4.11	3.71	3.45	3.15
Raw materials - dom. shrimp	3.54	3.09	2.74	2.47	2.14
Raw materials - imp. shrimp	0.07	0.09	0.07	0.07	0.07
Raw materials - other	0.00	0.00	0.00	0.00	0.00
Direct labor	0.18	0.19	0.19	0.18	0.17
Other factory costs	0.50	0.40	0.40	0.40	0.45
Total cost of goods sold	4.29	3.78	3.41	3.12	2.83
Gross profit	0.41	0.33	0.31	0.32	0.32
SG&A expenses	0.29	0.29	0.30	0.31	0.30
Operating income	0.12	0.05	0.01	0.02	0.01
Net income or (loss)	0.07	0.02	(0.02)	(0.02)	0.05

[1] Includes data from all processors reporting data, except for ***.

Source: Compiled from data submitted in response to Commission questionnaires.

A variance analysis for the 32 U.S. processors of warmwater shrimp reporting data is presented in table VI-7; information for this analysis is derived from table VI-1. Variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume, and this analysis shows that the decrease in operating income over the 2000-02 period was due primarily to sales prices declining faster than costs/expenses. Unfavorable sales prices and decreasing sales volume offset favorable cost/expense variances, leading to an overall unfavorable operating income variance during the 2000-02, 2000-01, and 2001-02 periods. The operating income variance during the interim period was unfavorable due primarily to increased SG&A expenses. The results of the variance analysis may be affected by the product mix of various warmwater shrimp within a company and between companies.

Table VI-7
Variance analysis for the warmwater shrimp operations of U.S. processors, fiscal years 2000-02, January-September 2002, and January-September 2003

* * * * * * *

The 32 reporting processors were ranked according to their net sales value and then divided into four segments. The company sales and operating income or (loss) were then aggregated for each segment, which are shown in table VI-8, as is the average operating margin (either income or loss) for each segment. Based on these data, the largest firms (segments 1 and 2), each with annual sales of more than $20 million, generally recorded stronger operating margins during 2000-02 than the segments with smaller processors (segments 3 and 4). The only exception was 2000, when segment 3 (processors with annual sales of $10 to $20 million) reported a higher average operating margin than segments 1 and 2. Segment 4 (13 firms with less than $10 million in annual sales) recorded the only aggregate operating loss ratio in 2002 for any of the four industry segments.

The largest processor (and the only processor with over $100 million in sales) during 2000-02 was ***. Of the four target processors, *** was in segment 1 during 2000-02, *** was in segment 2 (processors with annual sales of $20 to $50 million), *** was in segment 3, and *** was in segment 4 with the smallest firms.

Table VI-8
Warmwater shrimp: Selected data for U.S. processors, by industry segment, 2000-02

* * * * * * *

INVESTMENT IN PRODUCTIVE FACILITIES, CAPITAL EXPENDITURES, AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' data on capital expenditures, research and development (R&D) expenditures, and the value of their property, plant, and equipment for their warmwater shrimp operations are shown in table VI-9. The overall decline in capital expenditures of *** during 2000-02 can be wholly attributed to ***, which reported *** in capital expenditures in 2000, but only *** in 2002.

Table VI-9
Value of assets, capital expenditures, and research and development expenses of U.S. processors of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested that U.S. processors describe any actual or potential negative effects of imports of warmwater shrimp from Brazil, China, Ecuador, India, Thailand, and Vietnam on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Responses received are presented in appendix G.[2]

[2] Fishermen were asked to describe actual or potential negative effects of imports of warmwater shrimp from Brazil, China, Ecuador, India, Thailand, and Vietnam on their firms' growth, investment, and ability to raise capital or development and production efforts. Their responses are presented in app. H.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

Generally speaking, common to the six subject countries, the vast majority of the frozen or canned warmwater shrimp came from farmed, rather than wild-caught, inputs;[1] there were very limited home markets;[2] and the most important export markets were the United States, the EU, and Japan.[3] [4]

THE INDUSTRY IN BRAZIL

Table VII-1 presents data provided by Brazilian producers/exporters through their counsel with respect to their warmwater shrimp operations in Brazil. Fourteen firms provided useable data. The exports to the United States of these firms were equivalent to 69.5 percent of subject U.S. imports from Brazil in 2002.

THE INDUSTRY IN CHINA

Table VII-2 presents data provided by Chinese producers/exporters through their counsel with respect to their warmwater shrimp operations in China. Thirty firms provided useable data. Together, their exports to the United States were equivalent to 33.8 percent of subject U.S. imports from China in

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[1] More Indian producers/exporters reported using wild-caught inputs than producers/exporters from any of the other subject countries; nevertheless, the majority of Indian exports came from the farmed product (particularly, for those companies shipping to the United States).

[2] In 2002, Vietnam had the largest home market (share of shipments) at 11.6 percent; followed by Brazil, 6.3 percent; Ecuador, 3.2 percent; China, 1.7 percent; Thailand, 1.4 percent; and India, 0.1 percent;

[3] Canada, Australia, New Zealand, Malaysia, and other Pacific Rim countries were other frequently cited markets.

[4] At the conference, petitioner suggested that increased testing in the EU and Japan for unacceptable antibiotics (i.e., chloramphenicol) and the EU's revocation of the tariff preference that Thailand's shrimp products had enjoyed under the EU GSP would lead to more subject product being shipped to the United States (none of the other subject countries lost their EU GSP tariff treatment concerning shrimp). See, testimony of Kevin Dempsey, Dewey Ballantine; Sal Versaggi, Owner, Versaggi Shrimp Company; and Richard Gollott, Golden Gulf Coast Packing, conference transcript, pp. 89-98.

The respondents, as a group, denied petitioner's allegations. They note that the use of chloramphenicol that led to the increased testing was a mistaken and no longer used option in response to white spot disease and state that EU and Japanese testing is not an impediment to subject countries increasing their exports to the EU and Japan. See, testimony of George Chamberlain, Global Aquaculture Alliance; Warren Connelly, Akin Gump; Jose Cyriac, Marine Products Export Development Authority of India; Matthew Nicely, Wilkie Farr; and Kenneth Pierce, Wilkie Farr, conference transcript, pp. 220-224. Thailand's loss of GSP status was unconnected to food safety issues. Staff conversation with Kenneth Pierce, Wilkie Farr, Feb. 4, 2004.

The range of tariffs presently applicable in the EU are: 4.2 to 7.0 percent for Brazil, China, India, and Vietnam; 0.0 to 3.6 percent for Ecuador; and 12.0 to 20.0 percent for Thailand. Japanese tariff rates range from 1.0 to 5.3 percent for each the subject countries. Petitioner's postconference brief, p. A-35.

Table VII-1
Warmwater shrimp: Brazilian production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
	Quantity (*1,000 pounds*)						
Capacity	37,060	50,631	77,470	56,959	89,588	115,048	131,400
Production	20,503	36,764	60,811	42,769	62,760	89,285	109,665
End of period inventories	641	699	2,659	2,910	2,849	3,061	2,109
Shipments:							
Internal consumption	0	0	0	0	0	0	0
Home market	6,093	4,768	3,715	2,821	3,661	5,537	7,173
Exports to–							
The United States	8,026	16,448	27,139	19,082	25,506	32,101	29,030
All other markets	6,408	15,718	28,115	17,736	36,419	54,917	76,187
Total exports	14,433	32,166	55,254	36,818	61,925	87,019	105,216
Total shipments	20,526	36,934	58,969	39,640	65,587	92,556	112,389
	Ratios and shares (*percent*)						
Capacity utilization	46.3	62.8	62.5	61.8	59.1	65.0	69.5
Inventories to production	3.1	1.9	4.4	5.1	3.4	3.4	1.9
Inventories to total shipments	3.1	1.9	4.5	5.5	3.3	3.3	1.9
Share of total quantity of shipments:							
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	29.7	12.9	6.3	7.1	5.6	6.0	6.4
Exports to--							
The United States	39.1	44.5	46.0	48.1	38.9	34.7	25.8
All other markets	31.2	42.6	47.7	44.7	55.5	59.3	67.8
Total exports	70.3	87.1	93.7	92.9	94.4	94.0	93.6

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-2
Warmwater shrimp: Chinese production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
	Quantity (*1,000 pounds*)						
Capacity	22,861	67,386	101,021	71,621	128,155	197,986	250,343
Production	3,558	21,016	52,188	29,660	66,029	105,452	163,332
End of period inventories	168	496	1,819	978	10,881	10,237	7,704
Shipments:							
Internal consumption	0	0	0	0	23	79	0
Home market	0	950	869	715	1,642	2,195	11,535
Exports to--							
The United States	2,768	11,146	35,830	20,964	45,026	74,217	64,940
All other markets	623	8,591	14,175	7,499	10,570	21,336	79,490
Total exports	3,391	19,738	50,005	28,463	55,597	95,553	144,430
Total shipments	3,391	20,688	50,875	29,178	57,262	97,827	155,965
	Ratios and shares (*percent*)						
Capacity utilization	15.6	31.2	51.7	41.4	51.5	53.3	65.2
Inventories to production	4.7	2.4	3.5	2.5	12.4	9.7	4.7
Inventories to total shipments	4.9	2.4	3.6	2.5	14.3	10.5	4.9
Share of total quantity of shipments:							
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Home market	0.0	4.6	1.7	2.5	2.9	2.2	7.4
Exports to--							
The United States	81.6	53.9	70.4	71.8	78.6	75.9	41.6
All other markets	18.4	41.5	27.9	25.7	18.5	21.8	51.0
Total exports	100.0	95.4	98.3	97.5	97.1	97.7	92.6

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

2002. More than half of the responding Chinese firms began their warmwater shrimp operations during the period examined – seven in 2001, three in 2002, and seven in 2003.

THE INDUSTRY IN ECUADOR

Table VII-3 presents data provided by Ecuadoran producers/exporters through their counsel with respect to their warmwater shrimp operations in Ecuador. Ten firms, all of whom exported to the United States, provided useable data. The exports to the United States of these firms were equivalent to 64.0 percent of subject U.S. imports from Ecuador in 2002.

THE INDUSTRY IN INDIA

Table VII-4 presents data provided by Indian producers/exporters through their counsel with respect to their warmwater shrimp operations in India. Seventy-three firms, 59 of whom exported to the United States, provided useable data.[5] The shipments of these firms to the United States were equivalent to 61.2 percent of subject U.S. imports from India in 2002.

THE INDUSTRY IN THAILAND

Table VII-5 presents data provided by Thai producers/exporters through their counsel with respect to their warmwater shrimp operations in Thailand. Thirty-three firms, 31 of whom exported to the United States, provided useable data. Together, their exports to the United States were equivalent to 87.5 percent of subject U.S. imports from Thailand in 2002. Information provided by the Thai respondents shows that 0.8 percent of the Thai exports to the United States were canned product in 2002.

THE INDUSTRY IN VIETNAM

Table VII-6 presents data provided by Vietnamese producers/exporters through their counsel with respect to their warmwater shrimp operations in Vietnam. Thirty-one firms, all of whom exported to the United States, provided useable data. The shipments to the United States for these firms were equivalent to 88.3 percent of subject U.S. imports from Vietnam in 2002. Information provided by the Vietnamese respondents shows that 0.1 percent of the Vietnamese exports to the United States was canned product in 2002.

[5] In addition to the useable questionnaires, counsel for SEAI submitted an additional 100 questionnaires that were not used due to being incomplete, illegible, etc. Most of the unused questionnaires were from smaller producers/exporters, 59 of whom did not export to the United States.

Table VII-3
Warmwater shrimp: Ecuadoran production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
	Quantity (*1,000 pounds*)						
Capacity	142,389	143,489	152,339	115,338	116,355	154,394	153,613
Production	48,688	60,712	75,320	56,854	69,408	98,052	106,264
End of period inventories	3,570	2,205	2,406	2,996	3,614	3,993	3,664
Shipments:							
Internal consumption	916	600	1,167	813	537	3,343	3,425
Home market	2,102	2,064	4,284	2,222	2,816	4,380	5,128
Exports to--							
The United States	19,222	30,930	40,517	31,196	36,558	45,954	48,417
All other markets	26,864	28,352	28,577	21,220	27,079	42,679	49,560
Total exports	46,086	59,282	69,094	52,416	63,638	88,633	97,977
Total shipments	49,103	61,946	74,544	55,451	66,991	96,356	106,531
	Ratios and shares (*percent*)						
Capacity utilization	34.2	42.3	49.4	49.3	59.7	63.5	69.2
Inventories to production	7.3	3.6	3.2	4.0	3.9	4.1	3.4
Inventories to total shipments	7.3	3.6	3.2	4.1	4.0	4.1	3.4
Share of total quantity of shipments:							
Internal consumption	1.9	1.0	1.6	1.5	0.8	3.5	3.2
Home market	4.3	3.3	5.7	4.0	4.2	4.5	4.8
Exports to--							
The United States	39.1	49.9	54.4	56.3	54.6	47.7	45.4
All other markets	54.7	45.8	38.3	38.3	40.4	44.3	46.5
Total exports	93.9	95.7	92.7	94.5	95.0	92.0	92.0

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-4
Warmwater shrimp: Indian production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
	Quantity (*1,000 pounds*)						
Capacity	391,599	439,158	487,599	328,999	341,729	497,705	517,597
Production	118,293	146,726	160,920	117,496	126,285	165,762	185,799
End of period inventories	11,173	20,428	19,568	20,133	23,258	23,532	23,958
Shipments: Internal consumption	5,878	10,504	10,076	7,524	9,481	12,823	8,132
Home market	104	115	115	77	165	196	267
Exports to-- The United States	39,862	50,984	65,993	48,916	47,557	63,634	66,047
All other markets	67,159	74,628	87,216	61,188	64,219	112,210	111,093
Total exports	107,021	125,612	153,210	110,104	111,776	175,843	177,140
Total shipments	113,002	136,231	163,401	117,705	121,423	188,862	185,539
	Ratios and shares (*percent*)						
Capacity utilization	28.4	31.0	30.6	33.1	33.7	30.9	33.6
Inventories to production	9.4	13.9	12.2	12.9	13.8	14.2	12.9
Inventories to total shipments	9.9	15.0	12.0	12.8	14.4	12.5	12.9
Share of total quantity of shipments: Internal consumption	5.2	7.7	6.2	6.4	7.8	6.8	4.4
Home market	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Exports to-- The United States	35.3	37.4	40.4	41.6	39.2	33.7	35.6
All other markets	59.4	54.8	53.4	52.0	52.9	59.4	59.9
Total exports	94.7	92.2	93.8	93.5	92.1	93.1	95.5

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-5
Warmwater shrimp: Thai production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
	Quantity (*1,000 pounds*)						
Capacity	421,402	444,283	499,427	384,066	423,526	534,159	524,697
Production	343,015	378,735	346,329	242,055	312,297	428,411	396,472
End of period inventories	38,852	59,733	74,185	67,234	100,729	95,676	80,339
Shipments:							
Internal consumption	6,605	5,588	10,297	5,915	9,810	17,230	10,599
Home market	8,931	5,439	4,792	3,395	3,892	6,105	9,612
Exports to--							
The United States	207,115	236,451	216,780	151,999	194,942	272,776	237,872
All other markets	115,923	119,591	104,716	77,424	77,244	114,452	153,683
Total exports	323,038	356,042	321,496	229,423	272,186	387,227	391,555
Total shipments	338,574	367,069	336,585	238,733	285,888	410,563	411,766
	Ratios and shares (*percent*)						
Capacity utilization	81.4	85.2	69.3	63.0	73.7	80.2	75.6
Inventories to production	11.3	15.8	21.4	20.8	24.2	22.3	20.3
Inventories to total shipments	11.5	16.3	22.0	21.1	26.4	23.3	19.5
Share of total quantity of shipments:							
Internal consumption	2.0	1.5	3.1	2.5	3.4	4.2	2.6
Home market	2.6	1.5	1.4	1.4	1.4	1.5	2.3
Exports to--							
The United States	61.2	64.4	64.4	63.7	68.2	66.4	57.8
All other markets	34.2	32.6	31.1	32.4	27.0	27.9	37.3
Total exports	95.4	97.0	95.5	96.1	95.2	94.3	95.1

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-6
Warmwater shrimp: Vietnamese production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
	Quantity (*1,000 pounds*)						
Capacity	118,278	167,606	217,941	162,732	190,331	246,193	237,021
Production	101,924	145,262	179,117	131,921	164,417	219,773	213,855
End of period inventories	14,742	15,475	24,543	25,417	35,575	27,421	21,699
Shipments:							
Internal consumption	3,496	6,074	4,617	3,344	4,181	7,683	3,560
Home market	11,587	16,705	21,633	13,785	22,054	32,108	26,579
Exports to--							
The United States	31,355	61,833	85,686	61,279	78,106	107,712	73,922
All other markets	62,547	79,110	74,881	56,712	72,769	98,787	127,102
Total exports	93,902	140,943	160,566	117,991	150,874	206,499	201,024
Total shipments	108,986	163,723	186,816	135,120	177,109	246,290	231,163
	Ratios and shares (*percent*)						
Capacity utilization	86.2	86.7	82.2	81.1	86.4	89.3	90.2
Inventories to production	14.5	10.7	13.7	14.5	16.2	12.5	10.1
Inventories to total shipments	13.5	9.5	13.1	14.1	15.1	11.1	9.4
Share of total quantity of shipments:							
Internal consumption	3.2	3.7	2.5	2.5	2.4	3.1	1.5
Home market	10.6	10.2	11.6	10.2	12.5	13.0	11.5
Exports to--							
The United States	28.8	37.8	45.9	45.4	44.1	43.7	32.0
All other markets	57.4	48.3	40.1	42.0	41.1	40.1	55.0
Total exports	86.2	86.1	85.9	87.3	85.2	83.8	87.0

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. INVENTORIES OF PRODUCT FROM THE SUBJECT COUNTRIES

Inventories of product reported by U.S. importers are presented in table VII-7.

Table VII-7
Warmwater shrimp: U.S. importers' end-of-period inventories of imports, 2000-02, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Imports from Brazil:					
Inventories (*1,000 pounds*)	772	1,108	2,018	1,699	2,050
Ratio to imports (*percent*)	10.4	5.8	7.0	5.2	5.6
Ratio to U.S. shipments of imports (*percent*)	11.3	6.2	7.1	5.3	5.8
Imports from China:					
Inventories (*1,000 pounds*)	20,271	22,644	30,880	25,585	33,852
Ratio to imports (*percent*)	58.9	51.5	39.8	40.9	36.6
Ratio to U.S. shipments of imports (*percent*)	59.6	58.3	49.0	43.3	38.4
Imports from Ecuador:					
Inventories (*1,000 pounds*)	5,150	5,581	7,389	5,053	5,171
Ratio to imports (*percent*)	22.4	17.7	17.8	12.7	12.7
Ratio to U.S. shipments of imports (*percent*)	25.3	19.5	20.9	13.6	11.8
Imports from India:					
Inventories (*1,000 pounds*)	8,038	12,073	11,392	11,613	11,628
Ratio to imports (*percent*)	40.3	39.0	22.4	23.0	23.5
Ratio to U.S. shipments of imports (*percent*)	37.0	47.3	24.0	23.6	25.6
Imports from Thailand:					
Inventories (*1,000 pounds*)	31,200	37,274	36,482	36,680	39,545
Ratio to imports (*percent*)	20.0	22.6	25.8	27.9	28.8
Ratio to U.S. shipments of imports (*percent*)	19.4	23.8	26.4	27.1	30.8
Imports from Vietnam:					
Inventories (*1,000 pounds*)	9,722	14,450	15,121	12,194	19,305
Ratio to imports (*percent*)	26.8	27.7	23.3	21.2	25.9
Ratio to U.S. shipments of imports (*percent*)	32.0	30.2	24.3	20.3	28.5
Imports from subject countries (total):					
Inventories (*1,000 pounds*)	75,153	93,130	103,281	92,824	111,552
Ratio to imports (*percent*)	27.2	27.2	25.5	24.8	25.9
Ratio to U.S. shipments of imports (*percent*)	27.5	29.5	27.6	24.9	27.3

Table continued on next page.

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Imports from all other sources:					
Inventories (*1,000 pounds*)	34,389	29,128	32,145	29,436	22,220
Ratio to imports (*percent*)	29.9	24.8	25.6	23.6	19.0
Ratio to U.S. shipments of imports (*percent*)	32.0	26.5	27.3	25.7	19.1
Imports from all sources:					
Inventories (*1,000 pounds*)	109,542	122,258	135,426	122,260	133,772
Ratio to imports (*percent*)	28.0	26.6	25.5	24.5	24.4
Ratio to U.S. shipments of imports (*percent*)	28.7	28.7	27.5	25.1	25.5

Note.--Ratios are based on firms that provided both inventory data and import and/or shipment data. January-September ratios are based on annualized shipment data.

Source: Compiled from data submitted in response to Commission questionnaires.

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no antidumping duty orders on warmwater shrimp in effect in third-country markets for any of the countries subject to these investigations.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1063–1068 (Preliminary)]

Certain Frozen and Canned Warmwater Shrimp and Prawns From Brazil, China, Ecuador, India, Thailand, and Vietnam

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731–TA–1063–1068 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil, China, Ecuador, India, Thailand, and Vietnam of certain frozen or canned warmwater shrimp and prawns,[1] provided for in subheadings 0306.13.00 and 1605.20.10 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by February 17, 2004. The Commission's views are due at Commerce within five business days thereafter, or by February 24, 2004.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: December 31, 2003.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202–205–3191) or Elizabeth Haines (202–205–3200), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background—These investigations are being instituted in response to petitions

[1] For purposes of these investigations, the products covered are defined as certain warmwater shrimp and prawns, whether frozen or canned, wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off, deveined or not deveined, cooked or raw, or otherwise processed in frozen or canned form. Excluded from this definition are fresh shrimp and prawns, whether shell-on or peeled; coldwater shrimp and prawns, in any state of processing; shrimp and prawns in prepared meals; breaded shrimp and prawns; and dried shrimp and prawns.

filed on December 31, 2003, by the Ad Hoc Shrimp Trade Action Committee, Washington, DC.

Participation in the investigations and public service list—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on January 21, 2004, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Jim McClure (202–205–3191) not later than January 15, 2004, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before January 26, 2004, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: January 2, 2004.

Marilyn R. Abbott,

Secretary.

[FR Doc. 04–355 Filed 1–7–04; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–838, A–331–802, A–533–840, A–549–822, A–570–893, A–552–802]

Notice of Initiation of Antidumping Duty Investigations: Certain Frozen and Canned Warmwater Shrimp From Brazil, Ecuador, India, Thailand, the People's Republic of China and the Socialist Republic of Vietnam

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Initiation of Antidumping Duty Investigations.

EFFECTIVE DATE: January 27, 2004.

FOR FURTHER INFORMATION CONTACT: David Goldberger at (202) 482–4136

(Brazil and Ecuador), Michael Strollo at 202–482–0629 (India and Thailand); Alex Villanueva at (202) 482–3208 (People's Republic of China and Socialist Republic of Vietnam); Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Initiation of Investigations

The Petitions

On December 31, 2003, the Department of Commerce "the Department" received petitions filed in proper form by the Ad Hoc Shrimp Trade Action Committee, an ad hoc coalition representative of U.S. producers of frozen and canned warmwater shrimp and harvesters of wild-caught warmwater shrimp "the petitioner". The petitioner filed amendments to the petitions on January 12, 2004.

In accordance with section 732(b)(1) of the Tariff Act of 1930 ("the Act"), the petitioner alleges that imports of certain frozen and canned warmwater shrimp from Brazil, Ecuador, India, Thailand, the People's Republic of China ("the PRC") and the Socialist Republic of Vietnam ("Vietnam"), are, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that imports from Brazil, Ecuador, India, Thailand, the PRC and Vietnam, are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioner filed these petitions on behalf of the domestic industry because it is an interested party as defined in section 771(9)(G) of the Act and it has demonstrated sufficient industry support with respect to each of the antidumping investigations that it is requesting the Department to initiate. *See infra*, "Determination of Industry Support for the Petitions."

Scope of Investigations

The scope of these investigations include certain warmwater shrimp and prawns, whether frozen or canned, wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off,[1] deveined or not deveined, cooked or raw, or otherwise processed in frozen or canned form.

The frozen or canned warmwater shrimp and prawn products included in the scope of the investigations, regardless of definitions in the Harmonized Tariff Schedule of the United States ("HTSUS"), are products which are processed from warmwater shrimp and prawns through either freezing or canning and which are sold in any count size.

The products described above may be processed from any species of warmwater shrimp and prawns. Warmwater shrimp and prawns are generally classified in, but are not limited to, the Penaeidae family. Some examples of the farmed and wild-caught warmwater species include, but are not limited to, whiteleg shrimp (Penaeus vannemei), banana prawn (Penaeus merguiensis), fleshy prawn (Penaeus chinensis), giant river prawn (Macrobrachium rosenbergii), giant tiger prawn (Penaeus monodon), redspotted shrimp (Penaeus brasiliensis), southern brown shrimp (Penaeus subtilis), southern pink shrimp (Penaeus notialis), southern rough shrimp (Trachypenaeus curvirostris), southern white shrimp (Penaeus schmitti), blue shrimp (Penaeus stylirostris), western white shrimp (Penaeus occidentalis), and Indian white prawn (Penaeus indicus).

Frozen shrimp and prawns that are packed with marinade, spices or sauce are included in the scope of the investigations. In addition, food preparations, which are not "prepared meals," that contain more than 20 percent by weight of shrimp or prawn are also included in the scope of the investigations.

Excluded from the scope are (1) breaded shrimp and prawns (1605.20.10.20); (2) shrimp and prawns generally classified in the Pandalidae family and commonly referred to as coldwater shrimp, in any state of processing; (3) fresh shrimp and prawns whether shell-on or peeled (0306.23.00.20 and 0306.23.00.40); (4) shrimp and prawns in prepared meals (1605.20.05.10); and (5) dried shrimp and prawns.

The products covered by this scope are currently classified under the following HTSUS subheadings; 0306.13.00.03, 0306.13.00.06, 0306.13.00.09, 0306.13.00.12, 0306.13.00.15, 0306.13.00.18, 0306.13.00.21, 0306.13.00.24, 0306.13.00.27, 0306.13.00.40, 1605.20.10.10, 1605.20.10.30, and 1605.20.10.40. These HTSUS subheadings are provided for convenience and for Customs and Border Protection ("CBP") purposes only and are not dispositive, but rather the written descriptions of the scope of these investigations is dispositive.

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments within 20 calendar days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. In investigations involving some processed agricultural products, the statue allows the Department also to include producers of the raw agricultural product with the definition of the industry. *See* 771(4)(E) of the Act. For a full discussion, see the January 20, 2004, Memorandum to Joseph Spetrini and Jeffrey May from James Doyle, Norbert Gannon, Alex Villanueva, and Christopher Riker entitled "Antidumping Duty Petitions on Certain Frozen and Canned

[1] "Tails" in this context means the tail fan, which includes the telson and the uropods.

Warmwater Shrimp from Brazil, Ecuador, India, the People's Republic of China, Thailand, and the Socialist Republic of Vietnam: Domestic Like Product Analysis and Calculation of Industry Support" ("*DLP and Industry Support Memo*"). The International Trade Commission ("ITC"), which is responsible for determining whether ≥the domestic industry≥ has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[2]

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

In this case, the domestic like product referred to in the petition is the single domestic like product defined in the "Scope of Investigations" section, above. At this time, the Department has no basis on the record to find the petition's definition of the domestic like product to be inaccurate. The Department, therefore, has adopted the domestic like product definition set forth in the petition. For a discussion of the domestic like product analysis in this case, see the *DLP and Industry Support Memo*.

Moreover, the Department has determined that the petition contains adequate evidence of industry support; therefore, polling was unnecessary (*see DLP and Industry Support Memo*). Specifically, based on the analysis contained in the *DLP and Industry Support Memo*, the Department finds that producers supporting the petition represent over 50 percent of total production of the domestic like product.

[2] *See Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642-44 (Ct. Int'l Trade 1988) ("the ITC does not look behind ITA's determination, but accepts ITA's determination as to which merchandise is in the class of merchandise sold at LTFV").

Accordingly, the Department determines that this petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations. The sources of data for the deductions and adjustments relating to U.S. and foreign market prices, constructed value ("CV"), and factors of production are discussed in greater detail in the country-specific Initiation Checklists, as appropriate. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we will re-examine the information and revise the margin calculations.

Regarding an investigation involving a non-market economy ("NME") country, the Department presumes, based on the extent of central government control in an NME, that a single dumping margin, should there be one, is appropriate for all NME exporters in the given country. In the course of these investigations, all parties will have the opportunity to provide relevant information related to the issues of a country's NME status and the granting of separate rates to individual exporters. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585, 22586–87 (May 2, 1994).

Brazil

Export Price

The anticipated period of investigation "POI" for Brazil is October 1, 2002, through September 30, 2003.

The petitioner based export price ("EP") on average unit values ("AUVs") of headless, shell-on, frozen warmwater shrimp for the POI from official U.S. import statistics. As the AUVs used were net of international freight, insurance and import charges, no further deductions were made to derive U.S. prices. *See* the Initiation Checklist.

Normal Value

The petitioner based normal value ("NV") on home market ex-factory price quotes from Brazilian producers of head-on, shell-on frozen warmwater shrimp which it obtained from market research. *See* the January 16, 2004, Memorandum to the File from David Goldberger and Jim Nunno entitled "Telephone Conversation with Foreign Market Researcher." These prices were adjusted to reflect headless, shell-on frozen warmwater shrimp, comparable to that which is imported into the United States. The petitioner made currency conversions based on the average of the daily real/U.S. dollar exchange rates as posted on the Department's Web site. *See* the Initiation Checklist.

The estimated dumping margins in the petition, based on comparisons of EP to NV, ranged from 32 percent to 349 percent.

Ecuador

Export Price

The anticipated POI for Ecuador is October 1, 2002, through September 30, 2003.

The petitioner based EP on AUVs of headless, shell-on, frozen warmwater shrimp for the POI from official U.S. import statistics. As the AUVs used were net of international freight, insurance and import charges, no further deductions were made to derive U.S. prices. *See* the Initiation Checklist.

Normal Value

During the course of the initiation, the petitioner placed on the record information which indicated that there is no viable home market for certain frozen and canned warmwater shrimp from Ecuador because nearly all shrimp produced in Ecuador is produced for the export market. We confirmed this information based on our conversation with the market researcher. *See* the January 16, 2004, Memorandum to the File from David Goldberger and Jim Nunno entitled "Telephone Conversation with Foreign Market Researcher."

In selecting the third-country market, the petitioner chose Italy because: 1) it is the largest third-country market for scope merchandise outside of the United States during the POI; 2) the aggregate quantity of scope merchandise sold by Ecuadorian exporters to Italy accounted for more than five percent of the aggregate quantity of the scope merchandise sold in the United States; and 3) the product sold to the Italian market is comparable to the product which served as the basis for EP. After examining this evidence, we found the petitioner's selection of Italy as the comparison market to be reasonable.

The petitioner based NV on prices published by the Torino, Italy Chamber of Commerce for the same count sizes upon which it based EP. These prices were adjusted to reflect headless, shell-on shrimp, comparable to that which is imported into the United States. The petitioner further adjusted these prices

by deducting importer and wholesaler mark-ups, import charges and international freight. Finally, the petitioner made currency conversions based on the average of the daily euro/U.S. dollar exchange rates as posted on the Department's Web site. *See* the Initiation Checklist.

The estimated dumping margins in the petition, based on comparisons of EP to NV, ranged from 85 percent to 166 percent.

India

Export Price

The anticipated POI for India is October 1, 2002, through September 30, 2003.

The petitioner based EP on AUVs of headless, shell-on, frozen warmwater shrimp for the POI from official U.S. import statistics. Although the AUVs used were net of international freight, insurance and import charges, the petitioner made a deduction for import charges, as well as foreign inland freight, to derive U.S. prices. We adjusted the petitioner's EP calculation by not deducting an amount for foreign inland freight and U.S. import expenses because the petitioner either provided inadequate support to deduct these expenses from EP in the petition, or the starting price did not include them. *See* the Initiation Checklist.

Normal Value

The petitioner claims that the home market is not viable for purposes of calculating normal value. Section 773(a)(1)(C)(iii) of the Act provides that the Department may determine that home market sales are inappropriate as a basis for determining normal value if the particular market situation would not permit a proper comparison. In the petition, the petitioner placed on the record information which indicated that virtually all of the frozen and canned warmwater shrimp sold in the home market is of non-export quality. We confirmed this information based on our conversations with the market researcher. *See* the January 16, 2004, Memorandum to the File from Alice Gibbons and Jim Nunno entitled "Telephone Conversations with Foreign Market Researcher." Because the home market does not constitute a valid basis for calculating normal value, the petitioner provided sales of warmwater shrimp to India's largest export market, Japan. According to the petitioner, this is consistent with the Department's prior practice. *See Notice of Final Determination of Sales at Less Than Fair Value: Fresh Atlantic Salmon From Chile*, 63 FR 31411, 31418 (June 9, 1998). Although we have accepted the petitioner's claim for purposes of initiating this case, we will continue to examine the issue of home market viability as this case progresses.

In selecting the third-country market, the petitioner chose Japan because: 1) it is the largest third-country market for scope merchandise outside of the United States during the POI; 2) the aggregate quantity of scope merchandise sold by Indian exporters to Japan accounted for more than five percent of the aggregate quantity of the scope merchandise sold in the United States; and 3) the product sold to the Japanese market is comparable to the product which served as the basis for EP. After examining this evidence, we found the petitioner's selection of Japan as the comparison market to be reasonable.

The petitioner based NV on publicly listed price quotations from the Tokyo Central Wholesale Market for the same count sizes upon which it based EP. These prices were adjusted to reflect headless, shell-on and frozen warmwater shrimp, comparable to that which is imported into the United States. The petitioner further adjusted NV by deducting import charges. We revised the petitioner's calculation of the average yen/U.S. dollar exchange rate by calculating a simple average of the daily rates as posted on the Department's Web site rather than monthly averages as posted on the Federal Reserve's Web site. In addition, as noted in the EP section above, we adjusted the petitioner's calculation by not deducting an amount for foreign inland freight expenses. Because the proposed foreign inland freight adjustment to NV is based on the identical information as the proposed adjustment to EP, we similarly find that the petitioner provided inadequate support to substantiate this adjustment. Therefore, we have also not deducted foreign inland freight expenses from NV. *See* the Initiation Checklist.

Pursuant to section 773(b) of the Act, the petitioner provided information demonstrating reasonable grounds to believe or suspect that sales by Indian producers in the relevant foreign market were made at prices below the cost of production ("COP") and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with this investigation. The Statement of Administrative Action ("SAA"), submitted to the Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 103–316 at 833 (1994). The SAA, at 833, states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation."

Further, the SAA provides that section 773(b)(2)(A) of the Act retains the requirement that the Department have "reasonable grounds to believe or suspect" that below-cost sales have occurred before initiating such an investigation. Reasonable grounds exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices. *Id.*

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing ("COM"); selling, general, and administrative expenses ("SG&A"); financial expenses; and packing expenses. Here, the petitioner calculated the COM based on its own production experience, adjusted for known differences between costs to produce frozen and canned warmwater shrimp in the United States and in India using publically available information. Specifically, for fresh shrimp, the petitioner used consumption rates published by the National Marine Fisheries Service. The petitioner used the U.S. producers' own consumption rates for other raw materials, direct labor and energy. To adjust the U.S. producers' costs associated with fresh shrimp, the petitioner relied upon market research. To adjust the U.S. producers' costs associated with sodium tripolyphosphate and packing materials, the petitioner relied upon Indian import statistics as published by the Government of India Ministry of Commerce and Industry. To adjust the U.S. producers' costs associated with labor, the petitioner relied upon Government of India Labor Bureau statistics. To adjust the U.S. producers' costs associated with utilities, the petitioner relied upon Organization for Economic Cooperation and Development's ("OECD") statistics. The petitioner relied upon its own overhead costs, except for depreciation, which was based on the 2002 financial statements of two Indian seafood processors. To calculate SG&A and financial expense, the petitioner relied upon the 2002 financial statements of two Indian seafood processors.

Based on a comparison of the Japanese market prices for frozen and canned warmwater shrimp to the COP calculated in the petition, we find

reasonable grounds to believe or suspect that sales of the foreign like product were made at prices below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation relating to third-country sales to Japan.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioner also based NV for sales in the United States on CV. The petitioner calculated CV using the same COM, SG&A, and financial expense figures used to compute the Japanese third-country market costs. The petitioner did not include any amount for profit. Therefore, CV is equivalent to COP.

Based on the changes noted above, the recalculated dumping margins for certain frozen and canned warmwater shrimp from India range from 82.30 percent to 110.90 percent.

People's Republic of China

Export Price

The anticipated POI for the PRC is April 1, 2003, through September 30, 2003.

The petitioner based EP on AUVs of headless, shell-on, frozen warmwater shrimp for the POI from official U.S. import statistics. As the AUVs used were net of international freight, insurance and import charges, no further deductions for these expenses were made to derive U.S. prices. *See* the Initiation Checklist.

Normal Value

The PRC is an NME country and no determination to the contrary has yet been made by the Department. *See* the Initiation Checklist. In accordance with section 771(18)(c)(i) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Saccharin from the People's Republic of China*, 68 FR 27530, 27531 (May 20, 2003) ("*Saccharin*").[3] Accordingly, the petitioner provided a dumping margin calculation using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C).

The petitioner based NV on factors of production. The petitioner asserted that it did not have specific, reliable information on the factors of production incurred for subject merchandise in the PRC. Therefore, the petitioner relied upon an average of factors of production ratios used in the United States for the NV calculation. Specifically, the petition used production factors provided by several U.S. warmwater shrimp processors. *See* the petitioner's January 12 submission at Attachment A. The petitioner argues that because these companies are significant producers of the domestic like product, their experience is an appropriate model for estimating the costs of PRC manufacturers. The model accounts for the amount of each manufacturing input required to produce one pound of frozen warmwater shrimp. The main factor is raw warmwater shrimp; however, other factors of production included in the NV calculation are: tripolyphosphate, labor, electricity, water, overhead and packing materials. *See* the Initiation Checklist.

The petitioner selected India as the surrogate country. The petitioner argued that, pursuant to section 773(c)(4) of the Act, India is an appropriate surrogate because it is a market-economy country that is at a comparable level of economic development to the PRC and is a significant producer of comparable merchandise.[4] Based on the information provided by the petitioner, we believe that its use of India as a surrogate country is appropriate for purposes of initiating this investigation. *See* the Initiation Checklist.

In accordance with section 773(c)(4) of the Act, the petitioner valued factors of production, where possible, on reasonably available, public surrogate country data. To value certain raw materials, the petitioner used official Indian government import statistics, excluding those values from countries previously determined by the Department to be NME countries and excluding imports into India from Indonesia, Korea and Thailand, in light of the prevalence of export subsidies in those countries. *See Notice of Final Determination of Sales at Less Than Fair Value: Ferrovanadium from the People's Republic of China*, 67 FR 71137, 71139 (Nov. 29, 2002). For inputs valued in Indian rupees and not contemporaneous with the POI (*i.e.*, April 2003 - September 2003), the petitioner used information from the wholesale price indices ("WPI") in India as published in the *International Financial Statistics* by the International Monetary Fund to determine the appropriate adjustments for inflation. In addition, the petitioner made currency conversions, where necessary, based on the average rupee/U.S. dollar exchange rate for the POI.

To value raw warmwater shrimp, the major input, the petitioner used a market researcher to determined the cost of shrimp in India. *See* the January 16, 2004, Memorandum to the File from John LaRose and Jim Nunno entitled "Telephone Conversation with Foreign Market Researcher." The research was conducted in Mumbai, India and completed in December 2003. Sodium tripolyphosphate and packing materials were valued by the petitioner using Indian import statistics, as reported in the *Monthly Statistics of Foreign Trade of India*. The price information from the *Monthly Statistics of Foreign Trade of India* represents cumulative import values for the period April 2002 to March 2003. To value water, the petitioner calculated a surrogate value based on price data in India as reported by the *Second Water Utilities Data Book, Asian and Pacific Region*, published by the Asian Development Bank. Electricity in India was valued by the petitioner using the OECD *Energy Prices and Taxes* data. In accordance with 19 CFR 351.408(c)(3), the Department calculates and publishes the surrogate values for labor to be used in NME cases. Therefore, to value labor, the petitioner relied on published wage rates and a labor rate of $0.83 per hour.

The petitioner calculated surrogate financial ratios (depreciation, SG&A and profit) using the 2001 financial statements of two Indian seafood processors that process marine products. To calculate a single surrogate ratio for overhead, depreciation, SG&A, and profit, the petitioner calculated a simple average for the two Indian seafood processors.

In its calculation of the surrogate profit and financial expenses, the petitioner included a zero value expense when averaging the experiences of the two Indian seafood processors.

However, it is the Department's practice not to average a zero expense into the calculation of the surrogate financial ratios. *See Notice of Initiation of Antidumping Duty Investigations: Electrolytic Manganese Dioxide From Australia, Greece, Ireland, Japan, South Africa and the People's Republic of*

[3] The presumption of NME status for the PRC has not been revoked by the Department and remains in effect for purposes of the initiation and this investigation. Therefore, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country in accordance with 773(c) of the Act.

[4] As noted in the India section of this notice, the Indian home market for warmwater shrimp is not viable. However, this situation does not lessen India's ability to be properly designated as the appropriate primary surrogate country for the PRC and Vietnam. Pursuant to section 773(c) of the Act, an appropriate surrogate country is a market economy country that is (A) at a level of comparable economic development to the NME country, and (B) a significant producer of comparable merchandise. India is economically comparable to both the PRC and Vietnam, and India is the second largest producer of shrimp in the world after the PRC. *See* Petition at Volume I, page 8. It follows that India is an appropriate surrogate for purposes of this initiation and these investigations.

China, 68 FR 51551 (Aug. 27, 2003) ("EMD"). Therefore, the Department has recalculated the surrogate financial ratios. *See* the Initiation Checklist at Attachment II. In addition, the petitioner included U.S. producer costs in the normal value calculation of non-depreciation overhead because they were unable to identify those unique costs in the Indian surrogate company financial statements. However, section 773(c)(4) of the Act states that "{t}he administering authority, in valuing factors of production under paragraph (1), shall utilize, to the extent possible, the prices or costs of factors of production in one or more market economies that are (A) at a level of economic development comparable to that of the non market economy, and (B) significant producers of comparable merchandise." Therefore, U.S. prices or costs are not appropriate for use as surrogate values. *See, e.g., Notice of Initiation of Antidumping Duty Investigations: Polyvinyl Alcohol from Germany, Japan, the Peoples Republic of China, the Republic of Korea, and Singapore*, 67 FR 61591 (Oct. 1, 2002) and accompanying *Initiation Checklist* at page 19 ("PVA"). The ultimate goal of the Department's margin calculations is to achieve the greatest accuracy possible. The Department has found no evidence on the record showing that non-depreciation overhead is not included in the overhead figures of the Indian surrogate company financial statements. Therefore, to be conservative, the Department has determined that the U.S. producer costs for non-depreciation overhead should not be included in the normal value calculation. *See* the Initiation Checklist.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the estimated recalculated dumping margins for certain frozen and canned warmwater shrimp from the PRC range from 112.81 percent to 263.68 percent.

Thailand

Export Price

The anticipated POI for Thailand is October 1, 2002, through September 30, 2003.

The petitioner based EP on AUVs of frozen, cooked and peeled shrimp for the POI from official U.S. import statistics. Although the AUVs used were net of international freight, insurance and import charges, the petitioner made a deduction for import charges, as well as foreign inland freight, to derive U.S. prices. We adjusted the petitioner's EP calculation by not deducting amounts for foreign inland freight and U.S. import expenses because the petitioner either provided inadequate support for these expenses in the petition, or the starting price did not include them. *See* the Initiation Checklist.

Normal Value

In the petition, the petitioner placed on the record information which indicated that there is no viable home market for certain frozen and canned warmwater shrimp from Thailand because the Thai market purchases only fresh (*i.e.*, live, unchilled or else chilled, unprocessed) or traditional household industry-produced dried shrimp. We confirmed this information based on our conversation with the market researcher. *See* the January 16, 2004, Memorandum to the File from Elizabeth Eastwood and Jim Nunno entitled "Telephone Conversation with Foreign Market Researcher."

In selecting the third-country market, the petitioner chose Japan because: 1) it is the largest third-country market for scope merchandise outside of the United States during the POI; 2) the aggregate quantity of scope merchandise sold by Thai exporters to Japan accounted for more than five percent of the aggregate quantity of the scope merchandise sold in the United States; and 3) the product sold to the Japanese market is comparable to the product which served as the basis for EP. After examining this evidence, we found the petitioner's selection of Japan as the comparison market to be reasonable.

The petitioner based NV on AUVs of Thai exports of frozen, cooked shrimp to Japan during the POI. We revised the petitioner's calculation of the average yen/U.S. dollar exchange rate by calculating a simple average of the daily rates as posted on the Department's Web site rather than monthly averages as posted on the Federal Reserve's Web site. In addition, as noted in the EP section above, we adjusted the petitioner's calculation by not deducting an amount for foreign inland freight expenses. Because the proposed foreign inland freight adjustment to NV is based on the identical information as the proposed adjustment to EP, we similarly find that the petitioner provided inadequate support to substantiate this adjustment. Therefore, we have also not deducted foreign inland freight expenses from NV. *See* the Initiation Checklist.

Based on the changes noted above, the recalculated dumping margin for certain frozen and canned warmwater shrimp from Thailand is 57.64 percent.

Vietnam

Export Price

The anticipated POI for the PRC is April 1, 2003, through September 30, 2003.

The petitioner based EP on AUVs of headless, shell-on, frozen warmwater shrimp for the POI from official U.S. import statistics. As the AUVs used were net of international freight, insurance and import charges, no further deductions for these expenses were made to derive U.S. prices. *See* the Initiation Checklist.

Normal Value

Vietnam is an NME country and no determination to the contrary has yet been made by the Department. In accordance with section 771(18) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. See the Initiation Checklist. **See, e.g., Saccharin**, 68 FR at 27531.[5] Accordingly, the petitioner provided a dumping margin calculation using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C).

The petitioner based NV on factors of production. The petitioner asserted that it did not have specific, reliable information on the factors of production incurred for subject merchandise in Vietnam. Therefore, the petitioner relied upon an average of factors of production ratios used in the United States for the NV calculation. Specifically, the petition used production factors provided by several U.S. warmwater shrimp processors. The petitioner argues that, because these companies are significant producers of the domestic like product, their experience is an appropriate model for estimating the costs of Vietnamese manufacturers. The model accounts for the amount of each manufacturing input required to produce one pound of frozen warmwater shrimp. The main factor is raw warmwater shrimp, however, other factors of production included in the NV calculation are: tripolyphosphate, labor, electricity, water, overhead and packing materials. *See* the Initiation Checklist.

The petitioner selected India as the surrogate country. The petitioner argued that, pursuant to section 773(c)(4) of the Act, India is an appropriate surrogate because it is a market-economy country

[5] The presumption of NME status for the PRC has not been revoked by the Department and remains in effect for purposes of the initiation and this investigation. Therefore, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country in accordance with 773(c) of the Act.

that is at a comparable level of economic development to Vietnam and is a significant producer of comparable merchandise.[6] Based on the information provided by the petitioner, we believe that the petitioner's use of India as a surrogate country is appropriate for purposes of initiating this investigation. *See* the Initiation Checklist.

In accordance with section 773(c)(4) of the Act, the petitioner valued factors of production, where possible, on reasonably available, public surrogate country data. To value certain raw materials, the petitioner used official Indian government import statistics, excluding those values from countries previously determined by the Department to be NME countries and excluding imports into India from Indonesia, Korea and Thailand, in light of the prevalence of export subsidies in those countries. *See Notice of Final Determination of Sales at Less Than Fair Value: Ferrovanadium from the People's Republic of China*, 67 FR 71137, 71139 (Nov. 29, 2002). For inputs valued in Indian rupees and not contemporaneous with the POI (*i.e.*, April 2003 - September 2003), the petitioner used information from the WPI in India as published in the International Financial Statistics by the *International Monetary Fund* to determine the appropriate adjustments for inflation. In addition, the petitioner made currency conversions, where necessary, based on the average rupee/U.S. dollar exchange rate for the POI.

To value raw warmwater shrimp, the major input, the petitioner used a market researcher to determine the cost of shrimp in India. The research was conducted in Mumbai, India and completed in December 2003. *See* the January 16, 2004, Memorandum to the File from Paul Walker and Jim Nunno entitled "Telephone Conversation with Foreign Market Researcher." Sodium tripolyphosphate and packing materials were valued by the petitioner using Indian import statistics, as reported in the *Monthly Statistics of Foreign Trade of India*. The price information from the *Monthly Statistics of Foreign Trade of India* represents cumulative import values for the period April 2002 to March 2003. To value water, the petitioner calculated a surrogate value based on price data in India as reported by the *Second Water Utilities Data Book, Asian and Pacific Region*, published by the Asian Development Bank. Electricity in India was valued by the petitioner using the OECD *Energy Prices and Taxes* data. In accordance with 19 CFR 351.408(c)(3), the Department calculates and publishes the surrogate values for labor to be used in NME cases. Therefore, to value labor, the petitioner relied on published wage rates and a labor rate of $0.63 per hour.

The petitioner calculated surrogate financial ratios (depreciation, SG&A and profit) using the 2001 financial statements of two Indian seafood processors that process marine products. To calculate a single surrogate ratio for overhead, depreciation, SG&A, and profit, the petitioner calculated a simple average for the two Indian seafood processors. In its calculation of the surrogate profit and financial expenses, the petitioner included a zero value expense when averaging the experiences of the two Indian seafood processors.

However, it is the Department's practice not to average a zero expense into the calculation of the surrogate financial ratios. *See EMD*. Therefore, the Department has recalculated the surrogate financial ratios. *See* the Initiation Checklist at Attachment II. In addition, the petitioner included U.S. producer costs in the normal value calculation of non-depreciation overhead because they were unable to identify those unique costs in the Indian surrogate company financial statements. However, section 773(c)(4) of the Act states that "{t}he administering authority, in valuing factors of production under paragraph (1), shall utilize, to the extent possible, the prices or costs of factors of production in one or more market economies that are (A) at a level of economic development comparable to that of the non market economy, and (B) significant producers of comparable merchandise." Therefore, U.S. prices or costs are not appropriate for use as surrogate values. See, e.g., PVA. The ultimate goal of the Department's margin calculations is to achieve the greatest accuracy possible. The Department has found no evidence on the record showing that non-depreciation overhead is not included in the overhead figures of the Indian surrogate company financial statements. Therefore, to be conservative, the Department has determined that the U.S. producer costs for non-depreciation overhead should not be included in the normal value calculation. *See* the Initiation Checklist.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the estimated recalculated dumping margins for certain frozen and canned warmwater shrimp from Vietnam range from 25.76 percent to 93.13 percent.

Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of certain frozen and canned warmwater shrimp from Brazil, Ecuador, India, Thailand, the PRC and Vietnam are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

With regard to Brazil, Ecuador, India, Thailand, the PRC, and Vietnam, the petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV.

The petitioner contends that the industry's injured condition is evident in the declining trends in market share, net operating profits, net sales volumes and revenues, and production employment. These factors apply to both the firms that produce frozen and canned warmwater shrimp, and the harvesters and growers of the raw agricultural product, wild-caught and farm-raised warmwater shrimp. The allegations of injury and causation are supported by relevant evidence including information from U.S. import statistics, the National Marine Fisheries Service, a commodity news reporting agency, industry surveys, and press reports from a variety of sources. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* the Initiation Checklists.

Initiation of Antidumping Investigations

Based upon our examination of the petitions on certain frozen and canned warmwater shrimp, we have found that they meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of certain frozen and canned warmwater shrimp from Brazil,

[6] As noted in the India section of this notice, the Indian home market for warmwater shrimp is not viable. However, this situation does not lessen India's ability to be properly designated as the appropriate primary surrogate country for the PRC and Vietnam. Pursuant to section 773(c) of the Act, an appropriate surrogate country is a market economy country that is (A) at a level of comparable economic development to the NME country, and (B) a significant producer of comparable merchandise. India is economically comparable to both the PRC and Vietnam, and India is the second largest producer of shrimp in the world after the PRC. *See* Petition at Volume I, page 8. It follows that India is an appropriate surrogate for purposes of this initiation and these investigations.

Ecuador, India, Thailand, the PRC, and Vietnam are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended pursuant to section 733(b)(1)(A) of the Act, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of the governments of Brazil, Ecuador, India, Thailand, the PRC, and Vietnam. We will attempt to provide a copy of the public version of each petition to each exporter named in the petitions, as provided for under 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiations as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine no later than February 17, 2004, whether there is a reasonable indication that imports of certain frozen and canned warmwater shrimp from Brazil, Ecuador, India, Thailand, the PRC and Vietnam are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: January 20, 2004.

James Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04–1698 Filed 1–26–04; 8:45 am]

BILLING CODE 3510–DS–S

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject:	Certain frozen or canned warmwater shrimp and prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam
Invs Nos:	731-TA-1063-1068 (Preliminary)
Date and Time:	January 21, 2004 - 9:30 a.m.

The conference in connection with these investigations was held in the Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Dewey Ballantine
Washington, DC
on behalf of

The Ad Hoc Shrimp Trade Action Committee

Scott St. Pierre, Commercial Shrimp Fisherman
Sal Versaggi, Owner, Versaggi Shrimp Company
Craig Wallis, Commercial Shrimp Trawler Owner and Operator
Jonathan D. Appelbaum, President, Penguin Frozen Foods, Inc.
Andrew Blanchard, President, Pearl Incorporated
David Cook, Vice-President, Specialty Seafood Trade, Bumble Bee Seafoods
Richard Gollott, Secretary/Treasurer, Golden Gulf Coast Packing Company
Susan B. Hester, Economist, Dewey Ballantine

Bradford L. Ward)
Kevin M. Dempsey) – OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

Akin, Gump, Strauss, Hauer, and Feld
Washington, DC
on behalf of

The American Seafood Distributors Association

Wally Stevens, Slade Gorton & Co.
George Chamberlin, Global Aquaculture Alliance
Bill Herzig, Darden Restaurants, Inc.
Russ Mentzer, King & Prince Seafood Corporation
Ray Jones, Rich-SeaPak Corporation
Rich Catanzaro, H-E-B Grocery
John Brock, Pappas Restaurants

Warren E. Connelly) – OF COUNSEL

Wilkie, Farr, and Gallagher
Washington, DC
on behalf of

Pataya Food Industries (Vietnam) Ltd., Pataya Food Industries (Thailand) Ltd., Continental Pacific Corp., Ltd., Pan Asia Co., Ltd., and Songkla Canning Public Co., Ltd.

Kevin McClain, Chicken of the Sea

Daniel L. Porter) – OF COUNSEL

Garvey, Schubert, Barer
Washington, DC
on behalf of

Seafood Exporters Association of India

K. Jose Cyriac, The Marine Products Export Development Authority, Ministry of Commerce & Industry, Government of India

Lizbeth R. Levinson) – OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:–Continued

Wilkie, Farr, and Gallagher
Washington, DC
on behalf of

Thai Frozen Foods Association

Kenneth J. Pierce) – OF COUNSEL

Wilkie, Farr, and Gallagher
Washington, DC
on behalf of

Vietnam Shrimp Committee of the Vietnam Association of Seafood Exporters and Producers

Matthew R. Nicely) – OF COUNSEL

Cameron & Hornbostel
Washington, DC
on behalf of

Association of Brazilian Shrimp Producers

Alexander W. Sierck) – OF COUNSEL

Akin, Gump, Strauss, Hauer, and Feld
Washington, DC
on behalf of

National Chamber of Aquaculture (Ecuador)

Warren E. Connelly) – OF COUNSEL

Perkins Coie
Washington, DC
on behalf of

Coalition of Shrimp Exporters/Producers of South China

Thomas V. Vakerics) – OF COUNSEL

Additional witnesses:

John Roussel, State of Louisiana, Assistant Secretary for the Department of Wildlife and Fisheries

Adduci, Mastriani, and Schaumberg
Washington, DC
on behalf of

Louisiana Shrimp Association

A.J. Fabre, President, Louisiana Shrimp Association

Will E. Leonard) – OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Warmwater shrimp: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:									
Amount	908,531	1,008,037	1,047,591	714,550	838,849	15.3	11.0	3.9	17.4
Producers' share (1)	19.6	15.4	13.3	13.1	12.4	-6.3	-4.2	-2.1	-0.7
Importers' share (1):									
Brazil	1.4	2.1	3.7	4.2	5.0	2.3	0.7	1.6	0.8
China	4.3	5.9	10.1	8.2	12.2	5.8	1.7	4.2	4.0
Ecuador	4.5	5.6	6.0	7.1	7.1	1.5	1.1	0.4	0.1
India	6.8	7.1	9.2	10.6	8.7	2.4	0.3	2.1	-1.9
Thailand	30.4	29.4	23.6	23.2	21.5	-6.8	-1.0	-5.8	-1.7
Vietnam	3.8	7.2	9.3	9.3	10.5	5.5	3.4	2.0	1.2
Subtotal	51.3	57.5	62.0	62.7	65.1	10.7	6.2	4.6	2.4
All other sources	29.1	27.1	24.7	24.2	22.5	-4.4	-2.0	-2.4	-1.7
Total imports	80.4	84.6	86.7	86.9	87.6	6.3	4.2	2.1	0.7
U.S. consumption value:									
Amount	4,889,443	4,526,361	4,071,513	2,732,521	3,083,566	-16.7	-7.4	-10.0	12.8
Producers' share (1)	23.5	19.9	16.3	16.6	16.1	-7.2	-3.6	-3.6	-0.5
Importers' share (1):									
Brazil	1.1	1.5	2.3	2.7	3.0	1.2	0.4	0.8	0.3
China	2.7	4.1	7.3	5.9	8.6	4.5	1.4	3.1	2.7
Ecuador	3.9	4.9	4.9	5.9	5.8	1.0	1.0	0.0	-0.1
India	5.0	5.9	9.0	10.4	10.0	4.0	0.9	3.1	-0.4
Thailand	31.1	28.5	24.3	23.7	21.3	-6.8	-2.6	-4.2	-2.5
Vietnam	4.9	8.6	12.0	12.1	13.9	7.1	3.7	3.4	1.7
Subtotal	48.8	53.5	59.7	60.7	62.5	11.0	4.8	6.2	1.8
All other sources	27.7	26.5	24.0	22.7	21.5	-3.8	-1.2	-2.6	-1.2
Total imports	76.5	80.1	83.7	83.4	83.9	7.2	3.6	3.6	0.5
U.S. imports from:									
Brazil:									
Quantity	12,998	21,638	39,074	30,346	42,022	200.6	66.5	80.6	38.5
Value	55,270	67,115	93,061	73,384	91,222	68.4	21.4	38.7	24.3
Unit value	$4.25	$3.10	$2.38	$2.42	$2.17	-44.0	-27.1	-23.2	-10.2
Ending inventory quantity	772	1,108	2,018	1,699	2,050	161.2	43.5	82.1	20.7
China:									
Quantity	38,908	59,887	105,954	58,727	102,359	172.3	53.9	76.9	74.3
Value	133,765	187,807	295,300	160,272	264,927	120.8	40.4	57.2	65.3
Unit value	$3.44	$3.14	$2.79	$2.73	$2.59	-18.9	-8.8	-11.1	-5.2
Ending inventory quantity	20,271	22,644	30,880	25,585	33,852	52.3	11.7	36.4	32.3
Ecuador:									
Quantity	40,971	56,585	63,351	50,576	59,972	54.6	38.1	12.0	18.6
Value	191,814	222,543	200,371	161,070	178,371	4.5	16.0	-10.0	10.7
Unit value	$4.68	$3.93	$3.16	$3.18	$2.97	-32.4	-16.0	-19.6	-6.6
Ending inventory quantity	4,970	5,290	7,040	4,801	4,551	41.7	6.4	33.1	-5.2
India:									
Quantity	62,098	71,794	96,654	76,054	72,962	55.6	15.6	34.6	-4.1
Value	243,924	266,916	367,436	283,722	307,944	50.6	9.4	37.7	8.5
Unit value	$3.93	$3.72	$3.80	$3.73	$4.22	-3.2	-5.4	2.3	13.1
Ending inventory quantity	8,218	12,365	11,741	11,865	12,249	42.9	50.5	-5.0	3.2
Thailand:									
Quantity	276,557	296,422	247,651	165,872	180,527	-10.5	7.2	-16.5	8.8
Value	1,520,673	1,288,839	988,432	648,076	655,362	-35.0	-15.2	-23.3	1.1
Unit value	$5.50	$4.35	$3.99	$3.91	$3.63	-27.4	-20.9	-8.2	-7.1
Ending inventory quantity	31,200	37,274	36,482	36,680	39,545	16.9	19.5	-2.1	7.8
Vietnam:									
Quantity	34,312	72,818	96,996	66,264	88,008	182.7	112.2	33.2	32.8
Value	238,914	389,556	487,952	331,780	428,265	104.2	63.1	25.3	29.1
Unit value	$6.96	$5.35	$5.03	$5.01	$4.87	-27.8	-23.2	-6.0	-2.8
Ending inventory quantity	8,671	13,247	14,280	11,224	17,173	64.7	52.8	7.8	53.0
Subtotal:									
Quantity	465,845	579,144	649,680	447,840	545,851	39.5	24.3	12.2	21.9
Value	2,384,360	2,422,775	2,432,553	1,658,305	1,926,091	2.0	1.6	0.4	16.1
Unit value	$5.12	$4.18	$3.74	$3.70	$3.53	-26.8	-18.3	-10.5	-4.7
Ending inventory quantity	74,102	91,928	102,441	91,854	109,420	38.2	24.1	11.4	19.1

Table continued on next page.

Table C-1--Continued
Warmwater shrimp: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-September					Jan.-Sept.
	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. imports from:									
All other sources:									
Quantity	264,489	273,533	258,802	172,966	189,089	-2.2	3.4	-5.4	9.3
Value	1,355,713	1,200,942	975,411	620,494	661,829	-28.1	-11.4	-18.8	6.7
Unit value	$5.13	$4.39	$3.77	$3.59	$3.50	-26.5	-14.3	-14.2	-2.4
Ending inventory quantity	35,440	30,331	32,985	30,406	24,352	-6.9	-14.4	8.8	-19.9
All sources:									
Quantity	730,334	852,677	908,482	620,805	734,940	24.4	16.8	6.5	18.4
Value	3,740,074	3,623,717	3,407,963	2,278,798	2,587,921	-8.9	-3.1	-6.0	13.6
Unit value	$5.12	$4.25	$3.75	$3.67	$3.52	-26.7	-17.0	-11.7	-4.1
Ending inventory quantity	109,542	122,258	135,426	122,260	133,772	23.6	11.6	10.8	9.4
U.S. processors':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds/hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
Calculated U.S. shipments:									
Quantity	178,197	155,360	139,109	93,744	103,909	-21.9	-12.8	-10.5	10.8
Value	1,149,369	902,643	663,549	453,722	495,645	-42.3	-21.5	-26.5	9.2
Unit value	$6.45	$5.81	$4.77	$4.84	$4.77	-26.0	-9.9	-17.9	-1.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires, from the petition, and from official Commerce statistics.

Table C-2
Warmwater shrimp (canned): Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Brazil	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
Ecuador	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Thailand	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Brazil	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
Ecuador	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Thailand	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Brazil:									
Quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
China:									
Quantity	255	500	585	411	331	129.2	96.1	16.8	-19.6
Value	217	846	797	529	405	268.0	290.8	-5.8	-23.4
Unit value	$0.85	$1.69	$1.36	$1.29	$1.22	60.6	99.3	-19.4	-4.8
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Ecuador:									
Quantity	32	0	0	0	0	-100.0	-100.0	(2)	(2)
Value	120	0	0	0	0	-100.0	-100.0	(2)	(2)
Unit value	$3.79	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
India:									
Quantity	38	0	0	0	40	-100.0	-100.0	(2)	(2)
Value	70	0	0	0	60	-100.0	-100.0	(2)	(2)
Unit value	$1.85	(2)	(2)	(2)	$1.51	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Thailand:									
Quantity	1,901	2,147	2,166	1,528	1,642	13.9	12.9	0.9	7.4
Value	4,989	5,151	4,601	3,240	3,287	-7.8	3.2	-10.7	1.5
Unit value	$2.62	$2.40	$2.12	$2.12	$2.00	-19.1	-8.6	-11.5	-5.6
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Vietnam:									
Quantity	62	664	505	396	351	719.6	977.3	-23.9	-11.5
Value	338	1,539	937	735	681	176.9	354.9	-39.1	-7.4
Unit value	$5.49	$2.32	$1.86	$1.86	$1.94	-66.2	-57.8	-20.0	4.6
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
Subtotal:									
Quantity	2,287	3,311	3,256	2,336	2,364	42.3	44.7	-1.7	1.2
Value	5,734	7,536	6,334	4,505	4,434	10.5	31.4	-15.9	-1.6
Unit value	$2.51	$2.28	$1.95	$1.93	$1.88	-22.4	-9.2	-14.5	-2.7
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)

Table continued on next page.

Table C-2--Continued
Warmwater shrimp (canned): Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. imports from:									
All other sources:									
Quantity	1,355	924	772	506	374	-43.0	-31.8	-16.4	-26.1
Value	3,192	2,318	1,898	1,216	752	-40.5	-27.4	-18.1	-38.2
Unit value	$2.36	$2.51	$2.46	$2.41	$2.01	4.4	6.5	-2.0	-16.3
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
All sources:									
Quantity	3,643	4,235	4,028	2,842	2,738	10.6	16.3	-4.9	-3.7
Value	8,926	9,855	8,233	5,721	5,186	-7.8	10.4	-16.5	-9.4
Unit value	$2.45	$2.33	$2.04	$2.01	$1.89	-16.6	-5.0	-12.2	-5.9
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
U.S. processors' (4):									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds/hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
Calculated U.S. shipments (4):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Not available.
(4) U.S. processors' data as reported by ***.
(5) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires, from the petition, and from official Commerce statistics.

Table C-3

Warmwater shrimp (other than canned): Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Brazil	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
Ecuador	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Thailand	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Brazil	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
Ecuador	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Thailand	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Brazil:									
Quantity	12,998	21,638	39,074	30,346	42,022	200.6	66.5	80.6	38.5
Value	55,270	67,115	93,061	73,384	91,222	68.4	21.4	38.7	24.3
Unit value	$4.25	$3.10	$2.38	$2.42	$2.17	-44.0	-27.1	-23.2	-10.2
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
China:									
Quantity	38,653	59,386	105,369	58,316	102,028	172.6	53.6	77.4	75.0
Value	133,549	186,961	294,503	159,743	264,521	120.5	40.0	57.5	65.6
Unit value	$3.46	$3.15	$2.79	$2.74	$2.59	-19.1	-8.9	-11.2	-5.4
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Ecuador:									
Quantity	40,939	56,585	63,351	50,576	59,972	54.7	38.2	12.0	18.6
Value	191,694	222,543	200,371	161,070	178,371	4.5	16.1	-10.0	10.7
Unit value	$4.68	$3.93	$3.16	$3.18	$2.97	-32.5	-16.0	-19.6	-6.6
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
India:									
Quantity	62,060	71,794	96,654	76,054	72,922	55.7	15.7	34.6	-4.1
Value	243,854	266,916	367,436	283,722	307,883	50.7	9.5	37.7	8.5
Unit value	$3.93	$3.72	$3.80	$3.73	$4.22	-3.3	-5.4	2.3	13.2
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Thailand:									
Quantity	274,656	294,275	245,485	164,344	178,885	-10.6	7.1	-16.6	8.8
Value	1,515,684	1,283,687	983,831	644,836	652,075	-35.1	-15.3	-23.4	1.1
Unit value	$5.52	$4.36	$4.01	$3.92	$3.65	-27.4	-21.0	-8.1	-7.1
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Vietnam:									
Quantity	34,251	72,154	96,491	65,867	87,657	181.7	110.7	33.7	33.1
Value	238,576	388,017	487,015	331,045	427,585	104.1	62.6	25.5	29.2
Unit value	$6.97	$5.38	$5.05	$5.03	$4.88	-27.5	-22.8	-6.1	-2.9
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
Subtotal:									
Quantity	463,557	575,833	646,424	445,503	543,487	39.4	24.2	12.3	22.0
Value	2,378,626	2,415,239	2,426,218	1,653,800	1,921,658	2.0	1.5	0.5	16.2
Unit value	$5.13	$4.19	$3.75	$3.71	$3.54	-26.9	-18.3	-10.5	-4.8
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)

Table continued on next page.

Table C-3--Continued
Warmwater shrimp (other than canned): Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. imports from:									
All other sources:									
Quantity	263,134	272,609	258,030	172,460	188,716	-1.9	3.6	-5.3	9.4
Value	1,352,521	1,198,624	973,512	619,277	661,077	-28.0	-11.4	-18.8	6.7
Unit value	$5.14	$4.40	$3.77	$3.59	$3.50	-26.6	-14.5	-14.2	-2.4
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
All sources:									
Quantity	726,691	848,442	904,454	617,963	732,203	24.5	16.8	6.6	18.5
Value	3,731,147	3,613,863	3,399,731	2,273,077	2,582,735	-8.9	-3.1	-5.9	13.6
Unit value	$5.13	$4.26	$3.76	$3.68	$3.53	-26.8	-17.0	-11.8	-4.1
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
U.S. processors' (4):									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds/hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
Calculated U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not available.
(3) Not applicable.
(4) Excluding data reported by ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires, from the petition, and from official Commerce statistics.

APPENDIX D

U.S. FISHERMEN DATA

Table D-1
Warmwater shrimp: U.S. fishermen, location, position taken with respect to the petition, quantity of harvest in 2002, and share of U.S. harvest in 2002, by firms

Firms	Location	Position taken with respect to the petition					Harvest in 2002	
					Public		Quantity	Share
		Support	Oppose	Take no position	Yes	No	*Pounds*	*Percent*
A. J. Horizon	LA	✔			✔		***	***
Ace of Trade	LA	✔			✔		***	***
Aldebran	SC	✔			✔		***	***
Angel Seafood	AL	✔			✔		***	***
Angela Marie	LA	✔			✔		***	***
Anna Grace	SC	✔			✔		***	***
Annie Thornton	TX	✔			✔		***	***
Anthony Garcia Trawlers	TX	✔			✔		***	***
Apalachee Girl	AL	✔			✔		***	***
Atocha Troy LeCompte	LA	✔			✔		***	***
Barbara Brooks	TX	✔			✔		***	***
Barisich	LA	✔			✔		***	***
Beth Lomonte	TX	✔			✔		***	***
Big Grapes	LA	✔			✔		***	***
Billy J. Foret	LA	✔			✔		***	***
Bon Secour Boats	AL	✔			✔		***	***
Brad Friloux	LA	✔			✔		***	***
Bubba Daniels	GA	✔			✔		***	***
Capt. Bean	LA	✔			✔		***	***
Capt. Carlos Trawlers	TX	✔			✔		***	***
Capt. Chance	FL	✔			✔		***	***
Capt. Craig	LA	✔			✔		***	***
Capt. Doug	LA	✔			✔		***	***
Capt. GDA	TX	✔			✔		***	***
Capt. JDL	TX	✔			✔		***	***
Capt. Jimmy	TX	✔			✔		***	***
***	**	***	***	***		✔	***	***
Capt. Walley	TX	✔			✔		***	***
Captain Amulfo	TX	✔			✔		***	***
Carly Sue	FL	✔			✔		***	***
Carolina Seafoods	SC	✔			✔		***	***
Charles White	SC	✔			✔		***	***
Charlotte Maier	TX	✔			✔		***	***
Clinton Hayes	FL	✔			✔		***	***
Country	AL	✔			✔		***	***
Craig & Keith Wallis	TX	✔			✔		***	***
Da Ha (Cat's Ass)	FL	✔			✔		***	***
Dang Nguyen	TX	✔			✔		***	***
David B. Bailey	GA	✔			✔		***	***
David C. Donnelly	SC	✔			✔		***	***
Debbe Anne/Dragnet	TX	✔			✔		***	***
DG & RC	TX	✔			✔		***	***
Dinh Nguyen	TX	✔			✔		***	***
Donald F. Boone	GA	✔			✔		***	***
Donovan Tien	TX	✔			✔		***	***
DSL&R	TX	✔			✔		***	***
Edward Garcia Jr.	TX	✔			✔		***	***
Edward Garcia Trawlers	TX	✔			✔		***	***
Elizabeth Nguyen	TX	✔			✔		***	***

Table continued.

Table D-1--*Continued*
Warmwater shrimp: U.S. fishermen, location, position taken with respect to the petition, quantity of harvest in 2002, and share of U.S. harvest in 2002, by firm

Firms	Location	Position taken with respect to the petition					Harvest in 2002	
		Support	Oppose	Take no position	Public		Quantity	Share
					Yes	No	*Pounds*	*Percent*
Elmira Pflueckhahn	TX	✔			✔		***	***
E. Gardner McClellan	SC	✔			✔		***	***
Freedom Fishing	AL	✔			✔		***	***
F/U Enterprise	FL	✔			✔		***	***
Gary F. White	SC	✔			✔		***	***
Gold Coast Seafood	TX	✔			✔		***	***
Grandpa's Dream	FL	✔			✔		***	***
Gregory T. Boone	GA	✔			✔		***	***
G&O Shrimp	TX	✔			✔		***	***
Hagan & Miley	FL	✔			✔		***	***
Helen E	AL	✔			✔		***	***
Helen Kay	TX	✔			✔		***	***
Home Loving Care	TX	✔			✔		***	***
***	**	***	***	***		✔	***	***
Integrity Fisheries	AL	✔			✔		***	***
Isabel Maier	TX	✔			✔		***	***
***	**	***	***	***		✔	***	***
Jackie & Hiep Trieu	MS	✔			✔		***	***
Jacob A	TX	✔			✔		***	***
James Kenneth Lewis	NC	✔			✔		***	***
James F. Dubberly	GA	✔			✔		***	***
James W. Green Jr.	SC	✔			✔		***	***
James E. Scott III	SC	✔			✔		***	***
Jesse LeCompte Jr.	LA	✔			✔		***	***
Jesse LeCompte Sr.	LA	✔			✔		***	***
Jesse Shantelle	LA	✔			✔		***	***
Joe Quach	TX	✔			✔		***	***
***	**	***	***	***		✔	***	***
Joni John	LA	✔			✔		***	***
Joseph Garcia	TX	✔			✔		***	***
Julie Hoang	TX	✔			✔		***	***
Julie Ann	FL	✔			✔		***	***
Julie Shrimp	TX	✔			✔		***	***
J&J Rentals	TX	✔			✔		***	***
Kandi Sue (Buster Brown)	TX	✔			✔		***	***
Kandi Sue (Cindy Mae)	TX	✔			✔		***	***
Kandi Sue (Miss Martha)	TX	✔			✔		***	***
Kandi Sue (Kentucky Trawlers)	TX	✔			✔		***	***
Kandi Sue (Inflation)	TX	✔			✔		***	***
Kandi Sue (Kentucky Fisheries)	TX	✔			✔		***	***
Kandi Sue (Kandi Sue)	TX	✔			✔		***	***
Kandi Sue (Vivian Lee)	TX	✔			✔		***	***
Kandi Sue (Seahorse Fisheries)	TX	✔			✔		***	***
Kandi Sue (Harris Fisheries)	TX	✔			✔		***	***
KBL	LA	✔			✔		***	***
Keith Swindell	SC	✔			✔		***	***
Kenneth Garcia Trawlers	TX	✔			✔		***	***
Khang Dang	MS	✔			✔		***	***
Khanh Huu Vu	TX	✔			✔		***	***
K&J Trawlers	FL	✔			✔		***	***
L&O Trawlers	TX	✔			✔		***	***
La Pachita	TX	✔			✔		***	***

Table continued.

Table D-1–*Continued*
Warmwater shrimp: U.S. fishermen, location, position taken with respect to the petition, quantity of harvest in 2002, and share of U.S. harvest in 2002, by firm

Firms	Location	Position taken with respect to the petition					Harvest in 2002	
		Support	Oppose	Take no position	Public		Quantity	Share
					Yes	No	*Pounds*	*Percent*
LaBauve	LA	✔			✔		***	***
Lady Melissa	LA	✔			✔		***	***
Lady Barbara	AL	✔			✔		***	***
Lady Katherine	NC	✔			✔		***	***
Lady Kelly	GA	✔			✔		***	***
Lafourche Clipper	LA	✔			✔		***	***
Liberty I	TX	✔			✔		***	***
Little Ernie Gulf Trawler	TX	✔			✔		***	***
Long Viet Nguyen	TX	✔			✔		***	***
Low Country Lady	SC	✔			✔		***	***
LW Graham	AL	✔			✔		***	***
Lyle LeCompte	LA	✔			✔		***	***
Lynda Riley	TX	✔			✔		***	***
Mabry Allen Miller	SC	✔			✔		***	***
Malolo	FL	✔			✔		***	***
Man Van Nguyen	TX	✔			✔		***	***
Marcos A	TX	✔			✔		***	***
Mary Bea	TX	✔			✔		***	***
Master Mike	AL	✔			✔		***	***
Michael Lynn	GA	✔			✔		***	***
Milliken & Sons	FL	✔			✔		***	***
Minh Doan & Liem Doan	MS	✔			✔		***	***
Miss Alice	AL	✔			✔		***	***
Miss Bertha	GA	✔			✔		***	***
Miss Candace	SC	✔			✔		***	***
Miss Candace Nicole	FL	✔			✔		***	***
Miss Carla Jean	AL	✔			✔		***	***
Miss Caroline	TX	✔			✔		***	***
Miss Carolyn Louise	FL	✔			✔		***	***
Miss Cleda Jo	AL	✔			✔		***	***
Miss Danielle Gulf Trawler	TX	✔			✔		***	***
Miss Georgia	SC	✔			✔		***	***
Miss Loraine et al.	AL	✔			✔		***	***
Miss Luana Shrimp	GA	✔			✔		***	***
Miss Nicole	SC	✔			✔		***	***
Miss Rhianna	TX	✔			✔		***	***
Miss Savannah II	GA	✔			✔		***	***
Miss Suzanne	FL	✔			✔		***	***
Miss Willadean	LA	✔			✔		***	***
Miss Yvette	TX	✔			✔		***	***
Mom & Dad	LA	✔			✔		***	***
Montha Sok & Tan No Le	MS	✔			✔		***	***
Mr. Verdin	LA	✔			✔		***	***
Nancy Joy	FL	✔			✔		***	***
Nevgulmarco	TX	✔			✔		***	***
North Point Trawlers	AL	✔			✔		***	***
Otis Cantrelle Jr.	LA	✔			✔		***	***
Otis M. Lee	FL	✔			✔		***	***
Papa Rod	AL	✔			✔		***	***

Table continued.

Table D-1--*Continued*
Warmwater shrimp: U.S. fishermen, location, position taken with respect to the petition, quantity of harvest in 2002, and share of U.S. harvest in 2002, by firm

Firms	Location	Position taken with respect to the petition					Harvest in 2002	
		Support	Oppose	Take no position	Public		Quantity	Share
					Yes	No	*Pounds*	*Percent*
Phat Le & Le Tran	MS	✔			✔		***	***
Ralph Lee Thomas, Jr.	SC	✔			✔		***	***
Randall Pinell	LA	✔			✔		***	***
Randy Boy	LA	✔			✔		***	***
Raymond LeBouef	LA	✔			✔		***	***
Romo	TX	✔			✔		***	***
Reyes Trawlers	TX	✔			✔		***	***
Ronald Louis Anderson Jr.	LA	✔			✔		***	***
Rosa Marie	AL	✔			✔		***	***
R&J	SC	✔			✔		***	***
Sam Snodgrass	TX	✔			✔		***	***
Samaira	AL	✔			✔		***	***
San Dia	SC	✔			✔		***	***
Sea Eagle Fisheries	AL	✔			✔		***	***
Skyla Marie	LA	✔			✔		***	***
Stella Mestre	FL	✔			✔		***	***
Swamp Irish/Mamacita/Burnell	TX	✔			✔		***	***
Sylvan P. Racine	SC	✔			✔		***	***
Tanya Lea	LA	✔			✔		***	***
Terry Luke	LA	✔			✔		***	***
Terry Luke & Luke Girls	LA	✔			✔		***	***
Terry Lynn	AL	✔			✔		***	***
Thomas Winfield	FL	✔			✔		***	***
Three Sons	TX	✔			✔		***	***
Tiffani Claire	LA	✔			✔		***	***
Tikede/Sidney Fisheries	TX	✔			✔		***	***
Tommy Bui	TX	✔			✔		***	***
Tonya Jane	AL	✔			✔		***	***
Tran Phu Van	TX	✔			✔		***	***
Trawler Master Alston	TX	✔			✔		***	***
Trawler Raindear	FL	✔			✔		***	***
Tu Viet Vu	TX	✔			✔		***	***
Ven Ta	TX	✔			✔		***	***
Versaggi Shrimp	FL	✔			✔		***	***
Villers Seafood	FL	✔			✔		***	***
Waymaker	LA	✔			✔		***	***
We Three	AL	✔			✔		***	***
Webster's	TX	✔			✔		***	***
West Point Trawlers	AL	✔			✔		***	***
Westley J. Domangue	LA	✔			✔		***	***
William E. Smith Jr.	NC	✔			✔		***	***
WL&O	TX	✔			✔		***	***
W.H. Blanchard	LA	✔			✔		***	***
Zirlott Trawlers	AL	✔			✔		***	***
Total (194)		***	***	***	190	4	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-2
Warmwater shrimp: U.S. fishermen's quantity harvested and employment-related indicators, 2000-02, January-September 2002, and January-September 2003

Item	2000	2001	2002	January-September 2002	January-September 2003
Quantity harvested (1,000 pounds)	23,055	21,369	22,958	15,726	18,338
PRWs (number)	926	974	1,011	947	916
Days worked by PRWs	244,283	254,457	259,715	179,857	163,656
Wages paid to PRWs ($1,000)	27,949	21,659	17,392	11,397	12,545
Average daily wages	$116.97	$86.85	$68.26	$64.82	$78.91
Average daily harvest (pounds)	92.9	82.7	86.8	83.3	106.4
Average labor costs (per pound)	$1.28	$1.06	$0.80	$0.79	$0.75

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-3
Warmwater shrimp: U.S. fishermen's shipments, by type, 2000-02, January-September 2002, and January-September 2003

Item	2000	2001	2002	January-September 2002	January-September 2003
	Quantity (1,000 pounds)				
Sold to processors/docks	18,157	17,240	18,681	12,677	14,614
Transferred to processors/docks	***	***	***	***	***
Other sales	***	***	***	***	***
U.S. shipments	22,764	21,132	22,704	15,497	18,103
Export shipments	0	0	0	0	0
Total	22,764	21,132	22,704	15,497	18,103
	Value ($1,000)				
Sold to processors/docks	71,447	59,565	49,904	34,330	35,665
Transferred to processors/docks	***	***	***	***	***
Other sales	***	***	***	***	***
U.S. shipments	94,634	76,585	63,870	43,824	46,802
Export shipments	0	0	0	0	0
Total	94,634	76,585	63,870	43,824	46,802
	Unit value (dollars per pound)				
Sold to processors/docks	3.96	3.47	2.73	2.79	2.51
Transferred to processors/docks	***	***	***	***	***
Other sales	***	***	***	***	***
U.S. shipments	4.18	3.64	2.86	2.90	2.64
Export shipments	(1)	(1)	(1)	(1)	(1)
Average	4.18	3.64	2.86	2.90	2.64

(1) Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-4

Warmwater shrimp: Summary data concerning U.S. fishermen, 2000-02, January-September 2002, and January-September 2003

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-September					Jan.-Sept.
	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. fishermen's:									
Quantity harvested	23,055	21,369	22,958	15,726	18,338	-0.4	-7.3	7.4	16.6
U.S. shipments:									
Quantity	22,764	21,132	22,704	15,497	18,103	-0.3	-7.2	7.4	16.8
Value	94,634	76,585	63,870	43,824	46,802	-32.5	-19.1	-16.6	6.8
Unit value	$4.18	$3.64	$2.86	$2.90	$2.64	-31.5	-12.9	-21.3	-8.9
Production workers	926	974	1,011	947	916	9.2	5.2	3.8	-3.3
Days worked by PRWs	244,283	254,457	259,715	179,857	163,656	6.3	4.2	2.1	-9.0
Wages paid to PRWs ($1,000)	27,949	21,659	17,392	11,397	12,545	-37.8	-22.5	-19.7	10.1
Average daily wages	$116.97	$86.85	$68.26	$64.82	$78.91	-41.6	-25.7	-21.4	21.7
Net sales:									
Quantity	19,968	18,862	17,640	12,438	14,550	-11.7	-5.5	-6.5	17.0
Value	77,902	64,883	53,244	36,243	38,427	-31.7	-16.7	-17.9	6.0
Unit value	$3.90	$3.44	$3.02	$2.91	$2.64	-22.6	-11.8	-12.3	-9.4
Operating expenses	70,750	64,774	58,423	41,703	40,978	-17.4	-8.4	-9.8	-1.7
Officer/partner salaries	908	817	657	536	497	-27.6	-10.0	-19.6	-7.3
Net income or (loss)	6,244	(708)	(5,836)	(5,996)	(3,048)	(2)	(2)	-724.3	49.2
Capital expenditures	5,290	6,660	5,575	2,550	1,148	5.4	25.9	-16.3	-55.0
Unit operating expenses	$3.54	$3.43	$3.31	$3.35	$2.82	-6.5	-3.1	-3.6	-16.0
Unit officer/partner salaries	$0.05	$0.04	$0.04	$0.04	$0.03	-18.1	-4.7	-14.0	-20.7
Unit net income or (loss)	$0.31	($0.04)	($0.33)	($0.48)	($0.21)	(2)	(2)	-781.4	56.5
Operating expenses/sales (1)	90.8	99.8	109.7	115.1	106.6	18.9	9.0	9.9	-8.4
Net income or (loss)/sales (1)	8.0	(1.1)	(11.0)	(16.5)	(7.9)	-19.0	-9.1	-9.9	8.6

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires.

OPERATIONS OF SHRIMP FISHERMEN

The Commission received 129 usable questionnaires from shrimp fishermen for compilation of income-and-loss data. Out of 129 firms, 37 firms operated as proprietorships, 4 as partnerships, and 88 as corporations. 113 firms reported data on a cash or tax accounting basis while 16 firms reported data on the basis of GAAP. Most of the reporting firms' fiscal years ended on December 31.

Corporations pay salaries to their officers and partnerships pay salaries to their partners, but no salaries are paid to proprietors. Hence, to present the data for the different kinds of firms on a similar basis, net income or (loss) data are presented before the salaries paid to corporation officers and partners.

Usable income-and-loss data of 129 shrimp fishermen on their warmwater shrimp operations are presented in table D-5. The net income margin before corporation officers' or partners' salaries declined from a positive 9.2 percent of net sales in 2000 to a positive 0.2 percent in 2001 and then turned into a negative 9.7 percent in 2002. The net loss margin before corporation officers' or partners' salaries decreased from 15.1 percent in January-September 2002 to 6.6 percent in January-September 2003. Net income or loss margins before income taxes showed a similar trend as net income or loss before corporation officers' or partners' salaries during the period of investigation.

From 2000 to 2001, the volume of net sales declined by about 6 percent whereas the value of net sales dropped by about 17 percent; on a per-pound basis, average operating expenses declined by 11 cents whereas the average unit value of sales dropped by 46 cents, resulting in a one cent net income before corporation officers' or partners' salaries in 2001. The major reason for the cost decline was because labor (i.e., crew shares) declined by 20 cents due to the decline in the value of net sales; this cost decrease overshadowed the fact that most other unit costs increased.

From 2001 to 2002, the volume of net sales decreased by about 6 percent whereas the value of net sales dropped by about 18 percent; on a per-pound basis, average operating expenses declined by 12 cents whereas the average unit value of sales dropped by 42 cents, resulting in a negative net income before corporation officers' or partners' salaries in 2002. Again, the major decline was in labor of 17 cents due to the decline in the value of net sales. Fuel, oil, groceries, and ice; insurance; depreciation; and all other expenses increased slightly during this period.

Between January-September 2002 and January-September 2003, the volume of total net sales increased by about 17 percent whereas the value of net sales rose by about 6 percent; on a per-pound basis, average operating expenses decreased by 53 cents whereas the average unit value of sales declined by 27 cents, resulting in a smaller net loss before corporation officers' or partners' salaries in January-September 2003. All expense items declined during this period. The major declines were in labor; fuel, oil, groceries, and ice; fishing gear; and vessel repairs and maintenance. Several firms did not report depreciation for January-September 2003.

The number of firms reporting net losses before corporation officers' or partners' salaries rose from 20 in 2000 to 78 in 2002 and then declined slightly to 72 in January-September 2003.

INVESTMENT IN TOTAL ASSETS AND CAPITAL EXPENDITURES

The responding firms' data on total assets and capital expenditures for their warmwater shrimp operations are shown in table D-6.

Ninety-two firms reported total assets. Some of the firms did not report interim period total assets. Total assets declined in 2002 and January-September 2003. Forty-four firms reported capital expenditures. The capital expenditures represent mainly the purchase of boats. Capital expenditures also declined in 2002 and January-September 2003.

Table D-5
Result of operations of shrimp fishermen in the harvesting of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

Item	Fiscal years			January-September	
	2000	2001	2002	2002	2003
	Quantity (*pounds*)				
Net sales	19,967,943	18,861,893	17,639,833	12,438,306	14,549,535
	Value (*$1,000*)				
Net sales	77,902	64,883	53,244	36,243	38,427
Operating expenses:					
Labor	23,479	18,451	14,305	9,658	10,234
Fuel, oil, groceries, & ice	19,275	17,836	17,542	12,295	13,180
Fishing gear	4,449	4,697	3,697	2,554	2,189
Taxes & licenses	560	732	487	344	352
Insurance	2,656	2,790	3,055	2,397	2,167
Vessel repairs and maintenance	7,662	7,509	6,423	4,777	4,203
Interest	2,687	3,057	2,812	1,976	1,747
Depreciation	5,840	6,114	6,612	4,889	4,147
All other expenses	4,142	3,588	3,490	2,813	2,760
Total operating expenses	70,750	64,774	58,423	41,703	40,978
Net income or (loss) before salaries	7,152	109	(5,180)	(5,459)	(2,551)
Corporation officers' & partners' salaries	908	817	657	536	497
Net income or (loss) before income taxes	6,245	(708)	(5,836)	(5,995)	(3,049)
	Ratio to net sales (*percent*)				
Labor	30.1	28.4	26.9	26.6	26.6
Fuel, oil, groceries, & ice	24.7	27.5	32.9	33.9	34.3
Fishing gear	5.7	7.2	6.9	7.0	5.7
Taxes & licenses	0.7	1.1	0.9	1.0	0.9
Insurance	3.4	4.3	5.7	6.6	5.6
Vessel repairs and maintenance	9.8	11.6	12.1	13.2	10.9
Interest	3.4	4.7	5.3	5.5	4.5
Depreciation	7.5	9.4	12.4	13.5	10.8
All other expenses	5.3	5.5	6.6	7.8	7.2
Total operating expenses	90.8	99.8	109.7	115.1	106.6
Net income or (loss) before salaries	9.2	0.2	(9.7)	(15.1)	(6.6)
Corporation officers' & partners' salaries	1.2	1.3	1.2	1.5	1.3
Net income or (loss) before income taxes	8.0	(1.1)	(11.0)	(16.5)	(7.9)

Continued on the following page.

Table D-5–*Continued*
Result of operations of shrimp fishermen in the harvesting of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

Item	Fiscal years			January-September	
	2000	2001	2002	2002	2003
	Unit value (*per pound*)				
Net sales	$3.90	$3.44	$3.02	$2.91	$2.64
Operating expenses:					
Labor	1.18	0.98	0.81	0.78	0.70
Fuel, oil, groceries, & ice	0.97	0.95	0.99	0.99	0.91
Fishing gear	0.22	0.25	0.21	0.21	0.15
Taxes & licenses	0.03	0.04	0.03	0.03	0.02
Insurance	0.13	0.15	0.17	0.19	0.15
Vessel repairs and maintenance	0.38	0.40	0.36	0.38	0.29
Interest	0.13	0.16	0.16	0.16	0.12
Depreciation	0.29	0.32	0.37	0.39	0.29
All other expenses	0.21	0.19	0.20	0.23	0.19
Total operating expenses	3.54	3.43	3.31	3.35	2.82
Net income or (loss) before salaries	0.36	0.01	(0.29)	(0.44)	(0.18)
Corporation officers' & partners' salaries	0.05	0.04	0.04	0.04	0.03
Net income or (loss) before income taxes	0.31	(0.04)	(0.33)	(0.48)	(0.21)
	Number of firms reporting				
Net losses before salaries	20	55	78	79	72
Net losses before income taxes	22	58	83	82	76
Data[1]	127	127	129	129	128

[1] ***.
Source: Compiled from data submitted in response to Commission questionnaires.

Table D-6
Total assets and capital expenditures of U.S. shrimp fishermen in the harvesting of warmwater shrimp, fiscal years 2000-02, January-September 2002, and January-September 2003

Item	Fiscal years			January-September	
	2000	2001	2002	2002	2003
	Value (*$1,000*)				
Total assets	43,102	45,879	44,633	43,078	41,695
Capital expenditures	5,290	6,660	5,575	2,550	1,148

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL AND INVESTMENT

The Commission requested U.S. shrimp fishermen to describe any actual or potential negative effects of imports of warmwater shrimp from Brazil, China, Ecuador, India, Thailand, or Vietnam on their firms' growth, investment, and ability to raise capital or development and harvesting efforts. Their responses are shown in appendix H.

APPENDIX E

PRICING DATA DIVIDED INTO SALES TO DISTRIBUTORS VERSUS SALES TO RETAILERS

Table E-1
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 1 sold to distributors, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-2
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 1 sold to retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-3
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 2 sold to distributors, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-4
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 2 sold to retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-5
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 3 sold to distributors, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-6
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 3 sold to retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-7
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 4 sold to distributors, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-8
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 4 sold to retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table E-9
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 5 sold to distributors, and margins of underselling/ (overselling), by quarters, January 2000-September 2003

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Table E-10
Certain warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 5 sold to retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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APPENDIX F

PRICING DATA BY PRODUCT ONLY

Table F-1
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 1 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table F-2
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 2 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table F-3
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 3 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table F-4
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 4 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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Table F-5
Warmwater shrimp: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 5 sold to both distributors and retailers, and margins of underselling/(overselling), by quarters, January 2000-September 2003

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APPENDIX G

ALLEGED EFFECTS OF IMPORTS ON U.S. PROCESSORS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. processors to describe any actual or anticipated negative effects of imports of warmwater shrimp from Brazil, China, Ecuador, India, Thailand, and Vietnam on their return on investment or their growth, investment, ability to raise capital, and existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or their scale of capital investments undertaken as a result of such imports. The responses are as follows:

Actual Negative Effects

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Anticipated Negative Effects

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APPENDIX H

ALLEGED EFFECTS OF IMPORTS ON U.S. FISHERMEN'S EXISTING DEVELOPMENT AND HARVESTING EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested fishermen to describe any actual or anticipated negative effects of imports of warmwater shrimp from Brazil, China, Ecuador, India, Thailand, or Vietnam, on their return on investment or their growth, investment, ability to raise capital, and existing development and harvesting efforts, or their scale of capital investments undertaken as a result of such imports. The responses are as follows:

Actual Negative Effects

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Anticipated Negative Effects

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