

**FROZEN WARMWATER SHRIMP FROM BRAZIL, CHINA, INDIA, THAILAND, AND VIETNAM
INVESTIGATION NOS. 731-TA-1063, 1064, 1066-1068 (REVIEW)**

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

FEBRUARY 1, 2011

**STATEMENT OF TREY PEARSON
PRESIDENT
JBS PACKING, INC.**

Good morning. My name is Trey Pearson, and I am the President of JBS Packing Company, a member of the American Shrimp Processors Association. Our plant is located in Port Arthur, Texas, and it has been open for more than 22 years. Before that, we were in the fishing and unloading business for 15 years. My father-in-law founded the firm, and I run it with my two brothers-in-law.

Before the orders were imposed, prices were dropping so rapidly that we couldn't get rid of our inventory fast enough, and there was no bottom in sight. With the orders in place, the market stabilized and we gained enough predictability to enable us to plan for our future. Thanks to the orders, we were able to install a large new IQF machine in 2008, along with a new automatic scale and bagger, updated peeling equipment, and additional graders and washers.

I understand that foreign producers claim we domestic producers only have ourselves to blame for any problems we have, because we allegedly refuse to improve the quality and consistency of our product. In particular, they say more processors should adopt the practices of one unnamed company that supposedly reduced the amount of

lower-tier product it handled from 20 percent to 14 percent. This is a meaningless example. The types of processes they discuss are already common practice, and many major processors, including JBS, have much stricter tolerance levels than the company they highlight. We won't accept a load of shrimp if more than 5 percent of it fails to meet top quality specifications – a 14 percent tolerance level would be unthinkable.

We have put years of effort into working with our boats to ensure the shrimp we get is the best it can be. We have a very broad base of suppliers, with boats coming to our dock from the entire gulf, ranging from Florida to Texas. Our system permits full traceability of each pound of shrimp we sell back to the boat that caught it – each load that comes in to our dock is marked with the boat name, count size, and date, and that information stays with the shrimp throughout the plant and all the way to the customer.

We installed an unloading monorail that carries the shrimp from the boat into our plant with minimal handling, and we re-organized our plant's layout to reduce the time the shrimp is out of the freezer and being processed. We pay a full-time U.S. Department of Commerce inspector to inspect the majority of our shrimp before it leaves the plant. As a result, 98 to 99 percent of our product meets the highest quality specifications of our top customers. And this is not new or unusual – most processors have to consistently meet these specs to stay competitive.

The Commission's staff report shows that the vast majority of purchasers agree U.S. product usually or always meets their quality specifications. In fact, purchasers report that our product is slightly more likely to meet their specs than subject imports, exactly the opposite of what foreign producers allege.

The steps our firm has taken have also benefitted our boats, who get more per pound from us today than they did before these quality measures. It does cost more to do business this way. But we were able to justify these important investments thanks to the price discipline the orders imposed.

If these orders are revoked, all of the progress we have made will be in jeopardy. Our plant was hit by Hurricanes Rita and Ike, and we are just now starting to move the volumes we lost during the Gulf oil spill. Despite the industry's best efforts, labeling and marketing initiatives like COOL and WASI have not been able to penetrate the broader restaurant market and deliver a consistent premium for our product. Most American consumers have no idea where the shrimp they eat comes from or how it was raised.

Our customers know this, and import prices are always the ammunition they use in our negotiations. When the orders steadied those prices, it allowed us to move forward with our quality plan and growth strategy. If those prices are thrown back into a downward spiral, we will never be able to reap the full benefit of these investments, and it will be difficult to justify additional investments in the future. If prices fall steeply enough, we will be unable to support our fishermen, forcing us to contemplate layoffs and production cuts.

Our family has overcome hurricanes and oil spills to stay in this business, and I am committed to it for the long haul. All we ask is for a level playing field that will let us compete on our quality, our ingenuity, and our hard work. With the orders in place, we can survive and even thrive – without them, our future is at risk. Thank you.