

LOUISIANA SHRIMP TASK FORCE

MINUTES

October 12, 2009

ROBERT BARHAM
CHAIRMAN

LOUISIANA ROOM
LOUISIANA DEPARTMENT OF WILDLIFE & FISHERIES
2000 QUAIL DRIVE
BATON ROUGE, LOUISIANA

AGENDA

- I. Call to order
- II. Roll Call
- III. Approval of September 28, 2009 Minutes
- IV. Introduction of Ex-Officio Members
- V. Review of Letters to Grocers and State Department Heads
- VI. Remarks Louisiana Restaurant Association, Jim Funk
- VII. Remarks Southern Shrimp Alliance Spokesman
- VIII. Review of Prepared Shrimp Task Force Report
 - a. Discussion of six main action items
- IX. Discussion and Creation of Subcommittees
- X. Agency Updates
- XI. Set Next Meeting Date
- XII. Public Comment

MINUTES OF THE MEETING

OF

THE LOUISIANA SHRIMP TASK FORCE

Monday, October 12, 2009, 1:30 PM

Randy Pausina, Louisiana Department of Wildlife & Fisheries, presiding.

Jody Montelaro – Louisiana Governor’s Office
Dr. Mike Strain – Louisiana Department of Agriculture and Forestry
Rachel Farmer standing in for Kelsey Short – Louisiana Department of Economic
Development
Cathy Breaux – Louisiana Workforce Commission
Stacie Deblieux – Louisiana Attorney General’s Office
David Guilbeau – Louisiana Department of Health and Hospitals
Kris Van Orsdel – Louisiana Recovery Authority
Danny Babin – Representative of Shrimp Processor Advisory Panel
Clint Guidry – Representative of Shrimp Harvester Advisory Panel
Ewell Smith – LA Seafood Marketing and Promotion Board
Dr. John Finley – LSU Department of Food Science
Dr. Mike Travis – NOAA Fisheries
Mark Schexnayder – Louisiana Sea Grant

Randy Pausina called the meeting to order.

Mr. Pausina called roll and introduced the new ex-officio members Mark Schexnayder, Dr. Mike Travis, Ewell Smith and Dr. John Finley and mentioned that minutes of previous Task Force and Advisory Panel meetings can be found on the LDWF website.

Cathy Breaux and Kris Van Orsdel arrived shortly into the meeting and all members were present.

Mr. Pausina noted that the meeting was being streamed live via the internet and asked the panel and audience to be sure to speak clearly into microphones as well as giving their name and affiliation.

Mr. Pausina asked for a motion to approve minutes from the previous meeting.

Motion to approve minutes from the 9/28/09 Shrimp Task Force meeting made by Danny Babin. Seconded by Dr. Mike Strain. Motion carried unanimously.

Mr. Pausina noted that the letters to major buyers approved at the previous meeting were sent and named several of the major buyers. He noted that no responses have been received yet and the Department would continue to identify buyers and send them letters. He also commented on the assistance from Mr. Eddie Hayes who is working with us and others to gather information on the amount of LA shrimp held in cold storage.

Dr. Strain commended the Task Force and Outback Steakhouse for reaching an agreement to purchase Louisiana shrimp for their Louisiana restaurant locations.

Mr. Pausina mentioned that a similar agreement may come with Red Lobster.

Ewell Smith said that there are two processors in discussion with Darden and Red Lobster for similar agreements .

Mr. Pausina said that restaurants such as the chains mentioned have stringent specifications for the food products they serve that Louisiana must live up to.

George Barisich, president of UCFA and board member of the Louisiana Shrimp Association stated that Carraba's Restaurant uses only domestic shrimp.

John Williams, representing the Southern Shrimp Alliance (SSA), presented an overview of the group's 2008 Activities Report. He explained that the Alliance formed in 2002 to ensure the survival of the Shrimp Industry and provided examples of issues currently facing the industry. Fishery Management: shrimp fishermen face harsh regulations and are trying to prove that their bycatch is not detrimental. Trade: there are huge numbers of imports sold at very low prices. Anti-dumping duties have helped but not solved the problem. He mentioned problems associated with mis-labeling country of origin, trans-shipments and the need to identify those circumventing our trade laws. There are also problems with enforcement and fraud which lead to

unequal distribution of Byrd funds. He stated that over \$167 million in anti-dumping duties has been distributed over the last 3-years and added that there are gross inequities as the top 6 domestic producers received more than all shrimp harvesters combined. He further stated that those who benefitted the most oppose SSA's efforts.

Kris Van Orsdel asked if the Task Force could get an electronic copy of Mr. Williams' comments. He also asked Mr. Williams to provide the Task Force with state level action items.

Mr. Williams went on to explain other issues facing the shrimp industry. Food safety: new exporters are bringing shrimp to US shores all the time and foreign shrimp do not labor under our standards. Little of the imported shrimp is inspected. Imports do not have to meet the same standards as domestic shrimp. Marketing: he suggested that the industry must focus on domestic shrimp and should have a certification program and market it. He noted efforts in Florida and Georgia to differentiate domestic shrimp and commented that these programs should benefit fishers as much as any other. Mr. Williams also acknowledged the cooperation from the LA congressional delegations, naming Rep. Melancon and Senators Vitter and Landrieu

Mr. Pausina asked where the SSA gets its funding.

Mr. Williams explained that the primary source of funding is from SSA members and review settlements from importing countries.

Cathy Breaux asked how many members belong to the SSA.

Mr. Williams said he does not have an exact number but believes it is about one thousand.

After a discussion about other funding sources for the SSA, A.J. Fabre, member of the Shrimp Harvesters Advisory Panel, challenged the numbers of imported shrimp cited by Mr. Williams in his presentation. Mr. Fabre explained that the true number is 1.2 billion pounds.

Mr. Pausina thanked Mr. Williams for his time and asked for a transcript of the SSA report.

Jim Funk, representing the LA Restaurant Association and wearing a pair of white shrimper boots along with a business suit as a symbol of industry support stated that he understands the industry's plight and is doing everything possible to encourage restaurants to buy Louisiana shrimp. He acknowledged the deal reached with Outback Steakhouse and other deals are being negotiated with other local chains but could not offer names. He said he is also in favor of branding Louisiana shrimp.

Danny Babin thanked Mr. Funk for helping with the Outback deal and said that more of the 7,500 Louisiana restaurants should be buying Louisiana shrimp.

Mr. Funk explained that other groups of Louisiana citizens are hurting.

Mark Schexnayder said that the modern world market means we have to think differently.

Charlie Smith asked if there is labeling in other US states and if so why it is not cost-effective for Louisiana restaurants.

Mr. Funk said that he is not sure why and mentioned replacing menus is costly.

Kristen Baumer, member of the Louisiana Shrimp Processors Advisory Panel, said that there has to be an economical way to advertise if a restaurant is or isn't serving Louisiana shrimp and suggested mandatory COOL as a cheaper way to get this on menus.

Dr. Strain said that voluntary placards are being used to identify restaurants that serve domestic catfish and that a similar method could be used for shrimp.

Mr. Pausina reviewed the Shrimp Task Force Report and the summary of bullet point action items. He said there are many ways to split up the tasks and they start with Federal Actions.

Dr. Strain volunteered the Department of Agriculture to lead a committee on the federal action items. He said he'd include Dr. Carrie Castille, NOAA, and other federal agency representatives.

Mr. Pausina said that the next group of action items focuses on the state level including starting a shrimp task force that would function like the current oyster task force.

Kris Van Orsdel said that these items don't need immediate action; rather committees need to tackle the ideas.

Dr. Mike Travis asked if the committees will make arguments or just do fact-finding.

Mr. Pausina said the committees would gather information and give the Task Force options for action on the issues.

Mr. Babin asked if the committees should come up with recommendations.

Mr. Pausina said that some items may have multiple options. He then said that LDWF will lead this committee on state level action items.

Mr. Pausina introduced the next category as governor and task force actions. He said that the first two items have already been addressed and that the second two should be moved to the list of federal action items.

Mr. Pausina said that LDWF will also lead the committee on LDWF actions. He also said that the Agency plans to consult with the Alaska Seafood program.

Dr. Strain stated that current law is permissive of letting LDWF start a branding program.

Dr. Travis asked if Dr. Strain meant a certification or a brand and questioned if they are separate.

Mr. Pausina said that branding and certification would have to be subdivided. He said those issue will be further discussed in committee.

Mr. Babin asked that the Task Force create a definition of what is a "Louisiana Shrimp." He stated that not all shrimp are caught inside LA territorial waters.

Lieutenant Colonel Mayne, LDWF Enforcement, said that there is already a statute under Louisiana law that deems shrimp landed in Louisiana, regardless of where it was caught as long as it was within the EEZ as "Louisiana Shrimp." Each Gulf state has a similar regulation for data and reporting requirements.

Mr. Pausina recalled that the Gulf States Marine Fisheries Commission will be meeting this week in Mississippi. He said that LDWF has brought forth to their attention a month or so ago to try and develop some model rules and regulations that all the Gulf States can adopt. He said it would be difficult without the other states coming onboard. He stated that their cooperation would be necessary in order for each state to have the same enforceability as adopted by Louisiana.

Mr. Barisich stated that this subject brings up the fact that there are a lot of shrimpers that come from out of state to catch shrimp within Louisiana waters and return home to sell them. There is a lot of production that we are producing in this area that we are not getting credit for. Mr. Babin said that there are a lot of shrimp landed in Louisiana and processed in other states. There are a lot of issues when we are talking about landed compared to where it gets processed.

Mr. Pausina said that these issues brought up the point if we should be pushing the "Gulf Shrimp" as opposed to the "Louisiana Shrimp" and letting each state put their state sticker on the Gulf Shrimp.

Mr. Babin stated that the name "Louisiana Shrimp" would recognize Louisiana fisherman as well as the Louisiana processors.

Dr. Strain responded in saying that most of the branding programs are voluntary and use voluntary branding as a marketing point to receive a higher price for a superior product.

Dr. John Finley said they we shouldn't lose sight of the fact that preserving Louisiana in the branding would carry with it the reputation for seafood that Louisiana has among the rest of the country.

Charlie Smith, lobbyist for the Louisiana Shrimp Association, brought up the point that we have 2 senators and 7 representatives and we should take some political considerations to not alienate Texas and Florida which outnumber us. He suggested we think of a regional approach with this as there's lots of political power in the other Gulf States.

A.J. Fabre stated that 7 years ago and hundreds of millions of dollars have been spent, he is here to ask we only go forward as a state first, not involving other states such as South Carolina that aren't familiar with Louisiana's culture or how we work. He said this caused problems with the

Southern Shrimp Alliance which he and George Barisich founded. Only let other states get involved if they accept our guidelines and we shouldn't involve the Gulf Council.

Motion to formulate a definition of "Louisiana Shrimp" made by Danny Babin. Seconded by Jody Montelaro. Motion carried unanimously.

Mr. Schexnayder mentioned that under the wildlife and fisheries actions he didn't see anything that talks about management, schemes of count sizes, cap and effort, etc. that can be done at the state management level to help improve the shrimp industry.

Motion then made to add state shrimp management activities as a bullet item to LDWF committee discussions made by Mark Schexnayder. Seconded by Clint Guidry. Motion carried with one abstention.

Mr. Pausina continued with the review of Attorney General Actions.

Ms. Deblieux reiterated that it is not a function of her office to give legal opinion and that if someone were to request a specific AG opinion it must be done in a specific format in writing by an elected official, state agency, or specific type of governing body.

Mr. Babin stated that they, the Shrimp Processors Advisory Panel and the American Shrimp Processors Association have written to the Governor's Office and the Secretary of LDWF. He asked if either has sent such document to the AG's Office.

Mr. Pausina stated he will look into the request from Mr. Babin.

Ms. Deblieux stated that the Civil Division of the AG's office may be able to provide information on the status of the documents.

Acy Cooper, Louisiana Shrimp Harvesters Advisory Panel, said LDWF shouldn't step in to see what the Processors can do, there are lawyers for that.

Mr. Babin responded saying that the involvement of the LDWF is only necessary to move the Processor's letter of request on to the Attorney General's Office

Mr. Pausina stated that LDWF is charged with facilitating the functions of the Task Force meetings and if such request come forward, LDWF is responsible for bringing such AG's Office request forward.

Mr. Cooper said that they have tried working with the Processors and SSA in the past, which were supposed to set up a 3/3 board of processors and harvesters, but no such thing was done to move forward. He said nobody wants to file suit, just want to go back to work like it was in the past, with processors not mixing their shrimp up and that there is no litigation at this point in time anywhere, all it is is an investigation.

Marla Cooper commented on the motion over whether processors can stop buying shrimp from harvesters who have signed on to a pending lawsuit. She said that this motion would be an ethics violation by members of the Processors Advisory Panel in seeking personal gain from an AG's Office or LDWF opinion.

Mr. Pausina reiterated that these are simply motions or recommendations and that some have already been put to rest perhaps these as well, but we had to establish the protocols in order to decide if they are reasonable enough to move forward or not.

Mr. Guidry said that we need to determine the purpose and what exactly we are going to go forward with on the Task Force. If we go negative it's not going to work. Several things that need to be straightened out in this industry, but many are issues that can be solved outside of the Task Force, and stated that he thinks that the two motions being debated shouldn't be considered.

Mr. Pausina stated that lots of thing will be resolved outside of the task force. He said emotional issues like this tend to bog down the meetings. He said we would like to continue to keep the meetings informal, hearing comments when they are relevant, rather than only allowing public comments at the end of each meeting.

Mr. Babin said that he doesn't want to see his intentions to look like they are trying to get LDWF or the Governor's Office to do our work for the processors. They just followed the procedure set forth for filing such requests, not intended for personal gain.

Motion to remove both points from 'Attorney General Actions' by Stacie Deblieux. Seconded by Clint Guidry. Motion carried.

Mr. Pausina continued with the review of the Industry Actions.

Mr. Pausina said that Mr. Eddie Hayes and the Task Force are working on getting the numbers of Louisiana shrimp currently in cold storage and an employee count for each processor.

Dr. Strain said that his office would like to move forward on the creation of an inspection protocol, in which they have the authority under weights and measures standards to inspect any facility boxing products. He said they would like to develop the protocol to look at weights and measures, branding, quality control, etc. either under current statutes or in a cooperative agreement with LDWF and LDHH. He would also like to look at a dollar figure for the cost of such program, evaluate how to begin with voluntary inspections, and ask for funding sources either through cooperative agreement with LDWF or directly asking for other avenues through the Governor.

Mr. Van Orsdel stated that it was discussed last week to see if there was an opportunity for the Task Force to put together some voluntary inspection guidelines initially that can be presented to the to the leaders of the processors association. He asked if the LSU Food Sciences has the capacity to put together these guidelines.

Dr. Finley said LSU would help and that we need to add traceability to the inspection process.

Dr. Strain agreed and stated that the Dept. of Ag has other programs that can be looked as models in developing this system and mentioned that Dept of Ag has 75 inspectors.

Mr. Babin asked if the inspections would start at the boats and go all the way to the processors.

Dr. Strain responded the complete inspections would be carried out in developing a certified product.

Dr. Travis asked if the motion asking for the current numbers of Louisiana shrimp will go back to defining what a Louisiana shrimp is.

Mr. Montelaro responded that the Task Force has worked hard on getting good numbers from Louisiana processors.

Mr. Van Orsdel stated that it specifically looks at the Louisiana processors and that they are working with the processors and the harvesters in getting good numbers.

Dr. Strain said that the goal is to know how many dollars it's going to take to move the current shrimp in storage.

Mr. Fabre said there is a supermarket chain out west that is working with developing Louisiana registered shrimp. He asked what will be done with those that sell their shrimp straight from their truck.

Dr. Strain said all shrimp will have to follow the same process of certification, in order to be branded Louisiana.

Mr. Van Orsdel stated that the number of shrimp being sold from trucks is only a small percent of the problem that need to be addressed. He said it's apparent that only 10% of Louisiana shrimp stay in Louisiana.

Mr. Ronnie Anderson stated that Lance Nacio has a tracking device on his boat that works well in tracking where his shrimp are harvested. He said that this helps in tracking if a problem arises with pollutants.

Dr. Travis stated that he is referring to NOAA's Electronic Logbook Program. He said these tracking devices are on 400+ of the 1700 to 1800 federally permitted shrimp vessels.

Dr. Finley stated that LSU is currently working on a temperature tracking system that would track the harvested shrimp temperature from the point of harvest until its selling point. He said this would help maintain quality through the chain.

Mr. Smith stated that Doug Short is working on a cold chain system and that Linda Bean in Maine has recently entered the lobster business and has traceability good enough to know exactly

what lobster came from what boat. He stated that through her certification program she has paid her fisherman 33 cents per pound more than the other docks in Maine.

Mr. Smith and Mr. Pausina agreed to try and get her to speak at a future meeting.

Dr. Travis said he noticed other reports concerning the Trade Adjustment Assistance Program.

Dr. Strain said he sent a letter to USDA requesting that the shrimp industry be allowed to participate in the TAA Program. He said Dr. Castille has been working on it.

Mr. Pausina reviewed the progress of the meeting stating that the six action groupings have been rolled to three; Federal actions (LDAF), state (LDWF), LDWF actions, industry actions (Task Force), inspection programs (LDAF), and co-ops.

Mr. Van Orsdel said he would get with other agriculture commodity co-ops to discuss what works and to develop a course of action.

Mr. Pausina suggested setting up a meet by date for the committees working on the actions. He asked that the committees develop either recommendations or a list of options.

Dr. Strain made a motion for the three committees to meet within the next two weeks and report back to the Task Force with options monthly. Seconded by Kris Van Orsdel. Motion carried unanimously.

Mr. Pausina then called for Agency updates.

Rachel Farmer told the Task Force that Kelsey Short will continue to serve on the Task Force even though he was not present at the last two meetings.

Dr. Strain asked Dr. Castille to speak on updates on the TAA Program and Market Maker Program.

Dr. Castille said that in 2003/2004 Louisiana implemented the TAA Program giving 507 payments for approximately 1.5million dollars to the industry through the Farm Services Agency. She has been in contact with Dr. Kirk Guidry, LSU Ag Center, about the new program that is currently under development that would provide direct payments to the industry. Her agency also made a request to Bonnie Borris with the USDA Foreign Agricultural Service, but has not received a response to date.

Dr. Travis stated that the USDA has not yet finalized any final rules for the program.

Dr. Castille provided information on the Market Maker program that Mr. Van Orsdel is assisting with. She said it's a direct marketing tool in many commodities, currently in development.

Dr. Strain stated that he has a letter from Freddie Mills directed to Congressman Charlie Melancon in reference to the Seafood Safety Task Force requesting information from the FDA.

Mr. Pausina set the next meeting date for 1:30pm on October 26, 2009 at LDWF.

Mr. Pausina called for public comment.

Mr. Anderson brought forth price sheet documents per prior request of Ms. Breaux, he said this information is available on the internet from Shrimp News International <http://www.shrimpnews.com/>. He stated that he doesn't see a decrease in shrimp prices anywhere except in the United States. He said to address the price issue there is a NOAA investigation that started just after April on the re-boxing issue. He said re-boxing may be the cause of the price decrease. He submitted for the record a copy of a letter from Mazzetta to Governor Jindal stating that they don't want to buy Louisiana shrimp due to the oversoaking with the tripolyphosphates and short weights. He said that we have some good processors in this state, such as Mr. Thomassie who is giving his fishermen 15 to 20 cents more per pound, but there are some bad processors that have still been picked to serve on the Advisory Panel. He said LDWF trip tickets should assist a certification program in knowing where shrimp are caught in Louisiana. He also presented a newspaper article to the Task Force from the Daily Iberian.

Charlie Smith mentioned an upcoming, President's Ocean Policy Task Force meeting, October 19th at the Aquarium of the Americas from 3:30pm to 6:30pm taking public comment about Gulf policy. He said he will be there talking about the negative effects of Gulf aquaculture. He mentioned the discovery of an invasive, Asian Tiger Shrimp found in the Gulf. Senator Vitter has put in a bill prohibiting anyone from permitting offshore aquaculture pending an investigation on the effects of such practices.

Mr. Barisich said this is the 3rd Taskforce he has been involved with and that he tried to get one funded in the way that the Oyster Task Force is funded, but everyone wouldn't agree on the authority that would be granted. He said the left over grant money should be allocated to fisherman that fell through the cracks of the programs wording. He said that NOAA failed to give direct disaster assistance money to the shrimpers even though they have given other funding to places such as California fisherman due to only 1 year of low-river causing low production. He said in the later part of 1996 there was discussion with Bill Hogarth of NOAA to develop a subsidy program for the shrimp industry he sees this as the only short term solution to preserve what is left of the shrimp industry.

Mr. Anderson said that the Food and Water Watch Group has a petition on their website that would ask Congress to develop country of origin labeling. He asked all to sign on to the petition.

Kristen Baumer stated that anyone flipping imports should be prosecuted. He commented on the Daily Iberian photos saying that he is aware that the photographs taken were of shrimp that were packed in a processing plant in the state of Texas. He recommended an article by John Saxton of Seafood News to inform all on current issues in the industry such as quality, efficiency, marketing, and branding. He said Mazzetta was looking for quality headless shrimp that can be differentiated at the restaurant and retail market and also void of sodium bisulfite. He stated that a problem is that shrimp is being treated as a commodities market without a futures market. He

said country of origin labeling has to be done or a serious marketing program needs to be developed to inform the public on what they are eating.

An unidentified speaker briefly commented about the Byrd Amendment to offset the price difference of domestic and import shrimp. He said if domestic shrimp prices are lower than imports then the Byrd Amendment has no effect.

Dr. Strain stated that it's a tariff that has to be reinstated periodically; the Byrd amendment is to modify the tariff distribution of funds. He said import vs. a domestic price depends on what is reflected in the total cost of imported shrimp.

Mr. Van Orsdel said that the state is trying to make the case that the increased volume of imports is driving domestic prices down.

Mr. Eddie Hayes, a lawyer, international trade law professor from Loyola and Tulane University, representing the American Shrimp Processors Association said that the comments about the tariffs raise good points. He said the International Trade Commission looks at it during its sunset reviews and looks into whether the removal of tariffs would lead to continued dumping or if an increase in dumping would occur. He requested joint communication between Advisory Panels and Task Force on this issue. He said we need to consider attending the February 2010 sunset review and he is trying to see if he can obtain the money to defend the tariffs. He said the cost estimate of defending at the sunset review is \$500,000.

Motion to adjourn made by Dr. Strain. Motion seconded by Mr. Guilbeau. Motion carried unanimously.

Meeting adjourned at 4:27pm.