



## SHRIMP MEDIA MONITORING

### Special edition on Shrimp Trade - July 2004

“A Synthesis of Shrimp News From the International Media and Internet”

This newsletter provides news on shrimp farming, and related issues of trade, environment and development, obtained from the NACA and STREAM media monitoring program. This media monitoring program tracks some of the major news items on aquaculture and aquatic resources management, with an emphasis on issues relevant to the Asia-Pacific region. The source of the news item is provided. For those interested in the media-monitoring program, please check out information sources at [www.streaminitiative.org](http://www.streaminitiative.org)

If any comments and/or contributions please let us know at e-mail: [shrimp@enaca.org](mailto:shrimp@enaca.org)

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#### 1. U.S. DOC set preliminary antidumping duties up to 112%

In its preliminary findings announced on July 6, the United States Department of Commerce (USDOC) said shrimp producers and exporters in China and Vietnam have unfairly dumped their products on the U.S. market. USDOC assigned tariffs on the imported shrimp of up to 112%. Antidumping determinations on imports from Thailand, Brazil, India, and Ecuador will be announced July 29.

China's largest exporters were evaluated through questionnaires and assigned duties from 0.04% to 98.34%. Dozens of additional companies that supplied proof they operate independently from the government were assigned a "separate rate" tariff of 49.09%. All other shrimp exporters in China face a countrywide rate of 112.81%.

The top Vietnamese companies fared more equally, with duties of 12.11-19.60% assigned. The country's separate rate margin was set at 16.01%. USDOC established a preliminary Vietnamwide tariff of 93.13% on imported shrimp.

The duties would apply to most frozen and canned shrimp products, including those packed with spices and sauces. Excluded are fresh shrimp, breaded or dried shrimp, coldwater shrimp, and shrimp in prepared meals. Exporters petitioned with little success for additional exclusions.

USDOC determined the tariffs would not apply retroactively to Vietnam's imports, but said that most of the unsold product from China imported 90 days prior to the ruling would receive the duties. However, the effective dates may be changed in USDOC's final antidumping calculations, which are due in late November.

U.S. importers must now post bonds to cover the initial duties, and customs agents will more closely examine imported products and documentation for possible efforts to avoid the USDOC tariffs.

(Sources: The Hindu, July 7, 2004; Global Aquaculture Advocate, July 15, 2004)

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## **2. Bush Accuses Vietnam And China of Dumping Shrimp on U.S. Market**

The Bush administration made a preliminary ruling on Tuesday that China and Vietnam were dumping shrimp in the United States at below market prices and proposed duties as high as 112 percent.

In the broadest trade complaint since the White House imposed tariffs on steel in 2002, the administration will issue its final decision in January. But the new duties will be levied at the end of the week and will probably lead to higher consumer prices in the long term, experts said.

At the same time, the duties and wholesale price increases could help save jobs in the South, especially in major political battleground states like North Carolina, a trade-off that the administration seemed eager to make.

Shrimp from China and Vietnam has accounted for about 25 percent of the shrimp imported into the United States this year. But the case includes four other major exporters -- Brazil, Ecuador, India and Thailand. The six countries account for 75 percent of the shrimp imported into the United States, or \$2.6 billion worth. Decisions on the other four countries will come later.

With Asian nations investing heavily in fish and shrimp farms, the ruling could have a significant effect on the growing seafood industry and plans for using trade to improve these developing economies. Shrimp, the most popular seafood in the United States, is dominated by foreign imports, which account for 90 percent of the shrimp consumed in the United States.

James J. Jochum, an assistant secretary of commerce, said in a telephone news conference that the ruling showed that the administration was "very aggressive in enforcing trade laws." With the United States' trade surplus growing with China and Chinese imports being cited for the loss of more and more domestic jobs, the administration is gearing up to defend its trade record in the presidential election. Earlier this year, the administration issued a preliminary finding that led to 198 percent duties on wooden bedroom furniture from China.

The petitioners who filed the initial suit in the shrimp case last year argued that the lower-priced imports amounted to dumping and were driving down the price in the United States and undermining American producers.

"We're pleased, very pleased," said Bradford Ward, a partner at the law firm Dewey, Ballantine, who represents the Southern Shrimp Alliance. "It's very important," he said, "for coastal communities from Texas all around to North Carolina that the dumping ends and they can receive a fair price for their shrimp."

That will lead to higher prices for American consumers, said Jeffrey Schott of the Institute for International Economics. "As a consumer I stand to lose on this because it's a simple issue of supply and demand," Mr. Schott said. But the price increases will take some time to show up at chain restaurants or grocery stores, said Nao Matsukata, a former official at the office of the United States trade representative. "In most cases," Mr. Matsukata said, "these things are absorbed by the industry so you won't see an immediate increase in price."

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The decision on the other four nations will be announced at the end of the month. They were considered separately because, with their Communist political systems, China and Vietnam are not considered official market economies.

Thailand, the largest exporter to the United States, issued a statement earlier this year on behalf of the three other nations named in the suit warning that the domestic American shrimp industry would be unable to meet consumer demand.

And in a repeat of the arguments during the steel tariff debate, the four countries argued that their shrimp imports had created 100,000 jobs in the United States.

The preliminary investigation determined that Chinese and Vietnamese shrimp were selling at prices well below fair market value. The proposed duties vary widely, from as low as 7.6 percent to 112 percent for China and from 12.11 percent to 93.13 percent for Vietnam, depending on the difference between the fair-market price and the actual one. The decision covers frozen and canned warm water shrimp from China and Vietnam, most raised on farms rather than caught at sea.

Fighting the duties were the Vietnamese and Chinese shrimp industry as well as a coalition of United States shrimp distributors, restaurants, grocers and food businesses. Matthew Nicely, a lawyer at Willkie Farr & Gallagher who represents the biggest Vietnamese shrimp companies, said the decision was unfair for the Vietnamese and would raise the price of shrimp for American consumers. "The Vietnamese are not dumping; they are not selling below market price," he said in an interview. He argued that the Vietnamese were able to sell at prices far lower than American shrimpers because they had invested in modern technology for their shrimp farms and had lower labor costs. "These shrimp-processing plants are an oasis in an otherwise economically depressed region," he said.

Action Aid Vietnam, a nongovernment organization, issued a report last week warning that thousands of families in rural Vietnam would lose their livelihood and "fall back into poverty" if the Commerce Department imposed the tariffs. It added that the duties would lead to higher prices and less demand for Vietnamese shrimp.

But officials at the Southern Shrimp Alliance, which initiated the complaint, argued that while the wholesale prices for shrimp have dropped 40 percent since 2000, the price for shrimp at restaurants has risen 18 percent, with the profit going to middlemen like shrimp distributors and chain restaurants.

(Source: The New York Times, July 7, 2004)

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### **3. Shrimpers Hail Finding of Dumped Shrimp from China and Vietnam**

The U.S. Department of Commerce today announced that China and Vietnam are violating U.S. trade laws by dumping shrimp in the United States. Commerce set preliminary duties ranging from 7.67% to 112.81%(1) to offset the free trade violations in response to petitions filed December 31 by the Ad Hoc Shrimp Trade Action Committee. Commerce also issued a determination that the duties will be 90 days retroactive for certain Chinese exporters. Decisions regarding dumping by exporters in Brazil, Ecuador, India, and Thailand are expected on July 28.

"The U.S. industry commends the Commerce Department for its fair and reasoned preliminary decisions. These rulings confirm what the industry is painfully aware of," said Southern Shrimp Alliance President Eddie Gordon, "shrimp from China and Vietnam is being dumped. These affirmative rulings today are a critical step on the road to recovery for tens of thousands of fishermen, farmers and processors devastated by the massive volume of dumped Chinese and Vietnamese shrimp."

Warmwater shrimp is America's number one seafood and the most valuable U.S. fishery, generating 20% of the \$3 billion earned by all U.S. fisheries in 2000. The industry directly employs over 70,000 people thereby contributing billions in revenue and taxes to thousands of coastal communities and has assets totaling in the billions with 20,000 vessels and over a hundred processing plants, as well as

related docks and suppliers. Yet this once vibrant, proud and independent industry is fighting for survival and is on the brink of extinction from the tidal wave of dumped foreign shrimp.

From 2000- 2003, shrimp import volumes from the six countries under investigation surged 71 percent, rising 466 million pounds to a record 795 million pounds while import prices plummeted 32 percent. "That's no productivity miracle - that's dumping," Gordon observed. "Looking back at the last four years," Gordon says, "you clearly see conditions that created a perfect storm to dump shrimp." For several years overseas expansion of farmed shrimp has grown dramatically, often brought about by government intervention and subsidies that distort the market by creating vast overcapacity. However, because the United States has no tariffs on shrimp and suffers from lax enforcement of food safety standards, the oversupply comes here, especially when tougher food safety standards in the EU and Japan limit shrimp from entering those markets.

Gordon also notes, "Consumers have not benefited from dumped shrimp prices, which the International Trade Commission recognized when finding imports caused the industry injury." While import prices have plummeted to record lows, consumer prices are up as much as 28 percent. "The only U.S. groups benefiting from dumped shrimp are the middlemen," says Gordon. "Groups like the American Seafood Distributors Association feel threatened because they have reaped enormous profits from dumped imports and would rather that our industry be destroyed than see their ever-expanding profit margins interrupted, having extracted \$4.2 billion above normal profits from U.S. consumers in 2002. This is as old as the scriptures - it's pure greed - plain and simple." Gordon wants consumers to know the real U.S. shrimp industry is fighting back and fighting for consumers too, by ensuring country of origin labeling, more import inspection, and a continued supply of safe and delicious American wild-caught shrimp. SSA is an alliance of the U.S. warmwater wild shrimp fishery from eight states: North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and Texas.

(Source: PR Newswire, July 6, 2004, <http://www.prnewswire.com>)

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#### **4. U.S. Shrimpers; Tuesday's Commerce Department support of U.S. shrimpers who say cheap imports from China and Vietnam undercut their ability to survive is but the latest volley in a growing dispute**

In a new skirmish over trade with Asia, the U.S. Commerce Department sided Tuesday with American shrimpers who charge that Chinese and Vietnamese shrimp farmers are dumping their shrimp, or selling it below cost, in the United States.

In its preliminary ruling, the Commerce Department's International Trade Administration found that the American shrimpers' argument had merit and recommended punitive duties of up to 112 percent on frozen and canned shrimp from China and Vietnam. Before any duties can be imposed, however, the International Trade Commission, another U.S. government group, must make a final ruling in January.

The shrimp-fishing industry in eight Southern states, which filed the antidumping complaint against six countries in Asia and Latin America, cheered the decision. "It's the first step on a long road to stabilize the domestic shrimp industry," said John Williams, who runs a shrimp-fishing operation in Tarpon Springs. The other countries named in the complaint were Brazil, Ecuador, India and Thailand. The ITA is expected to issue a preliminary ruling this month on those complaints. Tuesday's ruling "reinforces what we have been saying all along, that these countries have been dumping their shrimp in the United States," Williams said.

Florida shrimpers have long maintained that cheap foreign imports are undercutting their ability to survive. But the American Seafood Distributors Association, which represents importers and distributors of seafood, says the battle is anything but over.

"Our reaction is disappointment tempered by the realization that this is not a final decision," said its president, Wally Stevens.

The dumping duties against Vietnamese companies range from 12.11 to 93.13 percent. Against Chinese companies, the range is 7.67 to 112.81 percent.

The Southern Shrimp Alliance has charged that the cut-rate prices are making it impossible for the industry to stay in business and, at the same time, failing to lower the cost to consumers because of middlemen's big profits. But domestic importers and distributors say U.S. shrimpers and farm-raised imports fill different niches.

The ruling is but the latest in a string of trade-related setbacks for China. The U.S. government has recommended antidumping duties on furniture imports and imposed safeguard measures against Chinese apparel, essentially limiting imports. And even U.S. sock manufacturers have filed a petition seeking protection against Chinese sock imports.

Eric Autor, vice president of the National Retail Association, also expressed disappointment over the ruling. Communist governments, he said, were singled out for different treatment. "The size of the [dumping] margins indicates the extent to which the rules in the antidumping case are skewed against countries that aren't deemed by the Commerce Department to be market economies," Autor said.

Greg Mastel, an international trade economist at Miller & Chevalier in Washington, believes that one reason that so many petitions are being filed against China is its success as a massive exporter to the United States.

"It's partly because they have been successful in bringing a whole lot" of goods, he said. U.S. consumers and certain industries "think that China is a big problem."

(Source: The Miami Herald, July 7, 2004)

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##### **5. Vietnamese embassy says US shrimp ruling "unfair"**

The Vietnamese embassy in the US has affirmed that the US Department of Commerce (DoC)'s preliminary ruling that Vietnam has dumped shrimp on the US market was not in line with the law on free and fair trade and that any import duty imposed on Vietnamese shrimp is irrational.

Responding to US media and US-based foreign news agencies, the spokesperson for the Vietnamese embassy, Bach Ngoc Chien, emphasized that Vietnamese companies have not dumped shrimp on the US market.

Chien said the DoC's ruling would adversely affect the lives of millions of Vietnamese shrimp raisers, American consumers as well as the Vietnam-US trade ties.

In regard to the DoC's preliminary ruling, the Washington Post on Tuesday 7, July quoted economists as saying that the US's anti-dumping law, and the way the DOC has enacted this law provided a disguise for protectionist policies.

According to the newspaper, Vietnam's shrimp export volume to the US market, which is subject to a duty of 93.13 per cent accounts for more than 20 per cent of Vietnam's total shrimp exports to this market.

(Source: Vietnamese news agency, July 8, 2004)

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##### **6. Vietnam Seafood Body Rejects US Shrimp Dumping Ruling**

The Viet Nam Association for Seafood Export and Processing (VASEP) vehemently rejected the US Department of Commerce's preliminary ruling on Tuesday that Viet Nam and China have dumped cheap shrimp on the US market.

The DoC ruling said: "We preliminary find that... China and Viet Nam have sold frozen and canned warm-water shrimp in the US market at less than fair value, with margins ranging from 7.67 per cent to 112.81 per cent for imports from China and 12.11 per cent to 93.13 per cent for imports from Viet Nam."

In a press release, the VASEP reaffirmed that Vietnamese businesses never intentionally dumped shrimp below market prices. It called the DoC's decision unfair, as it would reduce the income and living standard of shrimp farmers and workers at shrimp-processing factories. The US consumer would also suffer, VASEP said, by being forced to buy more expensive shrimp.

"Regrettably, the DoC failed to thoroughly review the evidence provided by Vietnamese businesses. It didn't use the actual price of materials for shrimp farming and worked instead with figures that fail to reflect the economy and conditions in Viet Nam," the association's press release said.

"The preliminary decision ignores the competitive advantages in Viet Nam brought about by the favourable natural environment, application of advanced processing technology, and low labour costs. Misguided, it's a way of protecting the American market, and contradicts the spirit of trade liberalization and fair competition," VASEP said.

The association said it, as well as its business partners, would fight for a fair ruling and co-operate with American agencies to find an objective solution.

It also called for support from the US Congress, governmental agencies, the American public and international business community.

The DoC said it would consider concerned countries' comments on the decision, along with related evidence, before making a final decision on January 8, 2005.

The US International Trade Commission (ITC) will also deliver its decision on the same date. If it agrees that Viet Nam and China have damaged the American shrimp industry by dumping shrimp, the DoC would issue anti-dumping duties and require the two countries to make cash deposits equal to tariff rates.

The four Vietnamese seafood processors under investigation are among the country's largest seafood companies, with annual exports ranging from US\$70-120 million each. They are the Ca Mau Seafood Processing and Export Import Company (Camix), the Ca Mau-based Minh Phu Seafood Processing Plant, the Bac Lieu-based Minh Hai Seafood Joint Stock Company (Seaprodex Minh Hai), and the Soc Trang-based Kim Anh Liability Limited Company.

Last December, the Southern Shrimp Alliance from the US filed the anti-dumping petition, seeking a tariff hike on shrimp from six nations: China, Brazil, India, Ecuador, Thailand and Viet Nam. The petition suggested a duty of between 113 to 263 per cent on shrimp from China, and 26 to 93 per cent on Vietnamese shrimp.

The department's investigation follows the ITC's unanimous ruling in February backing the petition.

The duties threaten the American shrimp market, valued at \$2.3 billion. Two vocal American opponents of the petition: the American Seafood Distributors Association and the Consuming Industries Trade Action Coalition, both of which represent seafood distributors, restaurants, supermarkets and some processors say duties could drive up shrimp prices by as much as 44 per cent and cut consumption by one-third.

In 2002, shrimp beat out tuna to become the most popular seafood in the United States.

Later this month, the DoC will rule on the other four accused nations Brazil, Ecuador, Thailand and India. China and Viet Nam were investigated separately because they are categorised as "non-market economies."

(Source: Asia Pulse, July 9, 2004 Friday)

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### **7. Trade wars over shrimp: A very big row over very small creatures**

The ports along the lower Mississippi River are among the busiest in the country, but Louisiana has a mixed-up approach to trade. It protested louder than most about the steel tariffs imposed by the Bush administration in March 2002: imports of steel at the Port of New Orleans dropped by half. Yet other mainstays of its economy are propped up by trade restrictions: subsidies for rice and sugar, and tariffs that keep out Vietnamese catfish and Chinese crayfish meat.

Now more tariffs are coming. The Southern Shrimp Alliance, a group of shrimp fishermen and processors from eight states, has long accused its rivals in Thailand, China, Vietnam, India, Ecuador and Brazil of dumping their produce on the American market. In December it urged the government to impose tariffs on imports from these countries, which now account for two-thirds of the American shrimp market.

In February, America's International Trade Commission ruled that these six foreign countries had indeed injured the domestic industry. And on July 6th, the Commerce Department, concluding that China and Vietnam were selling the little crustaceans below fair value, imposed anti-dumping duties of up to 93.13% on shrimp from Vietnam and up to 112.81% on shrimp from China. Decisions on the other four offenders will come later this year.

Louisiana is the largest producer of warm-water shrimp in the country. Amid the bayous and marshes near the Gulf of Mexico, trawling for shrimp has been a way of life for generations. But it is an increasingly precarious existence. Kim Chauvin, an activist who lives in a small town that shares her surname, sells the shrimp that her husband and her two sons catch. Her records show that the going price for one category of medium-to-large shrimp has plunged from \$6.45 per pound in 2000 to \$1.80 this spring.

In response she has taken marketing courses, invested in a costly new freezer and started to work out faster ways of transporting shrimp. Even so, her business, which in 2000 made about \$60,000 after operating expenses, was \$55,000 in debt by March. "I don't understand how they expect Americans to compete with countries that have slave labour and pay people 33 cents an hour," she says.

Wally Stevens, the chief operating officer of Slade Gorton, a seafood distributor in Boston, argues that the damage is self-inflicted. The American Seafood Distributors Association, of which Mr Stevens is president, maintains that farmed shrimp is more consistent in size and quality than domestic shrimp. He also says the domestic industry has tried to compete on price alone-impossible, since trawlers and fuel are so expensive-instead of marketing to a niche. The sort of sophisticated consumers who seek out boutique pinot noirs from Oregon and artisan cheeses from Vermont would presumably pay a little extra for wild-caught Louisiana shrimp. The shrimpers reply that better marketing alone won't keep them in business, and that a big advertising blitz would eat up money few of them have.

Will Tuesday's decision stand? Vietnam (which is already protesting against the catfish tariffs) has said it will appeal. The duties are likely to raise the price of shrimp to the American consumer by 44%, but trade rows do an administration little harm in an election year. And the clamour is growing for protection for other industries. Louisiana's crab fishermen are gearing up to follow the shrimpers' example.

(Source: The Economist, July 10, 2004)

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## **8. Shrimp industry urges Thai government to assist shrimp farms**

The government has been urged to accelerate measures aimed at helping local shrimp farmers maintain cost competitiveness ahead of the imminent imposition of US anti-dumping duties on Thai shrimp.

According to Panisuan Jamnarnwej, president of the Thai Frozen Foods Association, Thai shrimpers can do little more than wait until the exact anti-dumping rate to be levied by the United States on Thai products is revealed at the end of this month.

His remarks came after the US government made a preliminary ruling on Tuesday that China and Vietnam were guilty of dumping shrimp in the United States at below-market prices. The proposed duties vary widely, from 7.6-112 percent for China and 12.11 percent to 93.13 percent for Vietnam.

The administration of US President George W. Bush will issue its final decision for the two countries in January. But the new duties will be in place by the end of the week. The decision covers frozen and canned shrimp from China and Vietnam, which are mostly raised on farms rather than caught in the open sea.

Shrimp from China and Vietnam has accounted for about 25 percent of the shrimp imported into the United States so far this year. But the case includes four other major exporters - Brazil, Ecuador, India and Thailand. The six countries account for 75 percent of the shrimp imported into the United States, worth \$ 2.6 billion.

Decisions on Thailand and the other three nations will be announced by the end of this month.

Mr Panisuan added the ruling would at least clear the air over speculation on penalty rates and stabilise shrimp prices.

Since the US International Trade Commission in February unanimously ruled that imports were a factor in depressing US shrimp prices, prices of large black tiger shrimp have plunged to 155 baht per kg, down from 200 baht.

Smaller shrimp, those in the 70-pieces-per-kilo range, have fallen to 115-120 baht from 140-160 baht previously.

Southern shrimpers and processors -- struggling with rock-bottom prices since 2001 -- filed the antidumping petition on Dec 31, seeking punitive duties on shrimp from the six nations including Thailand.

Shrimp, the most popular seafood in the United States, is dominated by foreign imports that account for 80-90 percent of the shrimp consumed in the United States.

Mr Panisuan said Thai shrimpers were still upbeat that the anti-dumping rate for Thai shrimp was expected to be lower than that for China and Vietnam. This is because Thailand has a more open shrimp trading system with produce being sold by auction and without price intervention from the state.

Likewise, Somsak Paneetayasai, president of the Thai Shrimp Association, said Thailand's position was better than that of Vietnam and China, because the country's production system is more transparent than the other two countries. However, in a bid to strengthen the industry in the long run, Mr Panisuan urged small operators to join together for more bargaining power against the US.

Rachane Potjanasuntorn, the Foreign Trade Department's director-general, along with a handful of officials, flew on July 4 to the United States in a last-ditch attempt to lobby members of the US Congress, consumers and shrimp feed producers, a source said.

(Source: Bangkok Post, Thailand, July 8, 2004, [www.bangkokpost.com](http://www.bangkokpost.com))

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### **9. Vietnam Shrimp Farmers Face Difficulty Ahead of US Lawsuit**

Thousands of Vietnamese farmers may fall back into poverty and people's confidence in free and fair international trade will be shattered by the US antidumping shrimp lawsuit, a study by a non-governmental organization (NGO) warned.

The study, which was released by ActionAid Vietnam (AAV) at a press conference in Hanoi yesterday, also warned of the losses of millions of dollars and jobs in shrimp trade between the US and Vietnam.

The study was conducted in five major shrimp producing areas of Ca Mau, Soc Trang, Phu Yen, Hai Phong and Ho Chi Minh City and involved interaction between farmers, workers, traders, consumers, enterprises and fishery officials in March 2004.

It concluded that the case filed by the US Southern Shrimp Alliance (SSA) against the dumping of Vietnamese shrimp in the US market was unjust. "Vietnamese shrimp is highly competitive and affordable in the US market because of favorable conditions like natural advantages, modern aquaculture techniques and low production costs," it said.

Of those polled in the five areas, 86% said that shrimp related activities were their families' main breadwinners. The reports called them the most vulnerable and worst-affected sections if the US Department of Commerce (DoC) decided to impose antidumping tariffs on Vietnamese shrimp exports.

"Thanks to shrimp farming and processing, thousands of families in rural areas have escaped poverty and steadily improved their living conditions over the last decade," AAV policy research and advocacy manager, Phan Van Ngoc said.

Ngoc said if the DoC decided higher tariffs on Vietnam's shrimp exports, not only people involving in the shrimp industry in Vietnam but also US consumers would be seriously affected. Vietnam alone has around 3.5 million people engaged in the shrimp raising sector.

In related news, other organizations have also raised their voice against the shrimp anti-dumping case, including the American Seafood Distributors Association, the National Shrimp Industry Association, the American Chamber of Commerce, and the American Soybean Association, as well as members of parliament.

Andrew Wells-Dang, chief representative of the US Fund for Reconciliation and Development, said most of those involved in shrimp production are farmers. The shrimp anti-dumping case was filed by a small group of Americans against American consumers, so numerous organizations and businesses involved in imports have rallied to resist the case.

He added if the US imposes a tax level ranging between 10% and 25% percent on Vietnamese shrimps it will continue to be competitive in the US market. If the duty is high, as it was in last year's catfish case, then it will be impossible or nearly impossible for the Vietnamese to continue exporting to the US.

The DoC is investigating the case, however, the prices of shrimp products in the Mekong Delta region have in June fallen to around VND70,000 - 95,000 (\$ 4.5-6.1) a kilogram, the lowest level in three years, while farmers started reducing production, according to AAV surveys.

(Source: The Vietnam News Briefs, June 29, 2004)

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#### **10. Vietnam calls on US to review decision on shrimp taxes**

Foreign Ministry spokesperson Le Dung has expressed regrets about the DOC's Department of Commerce preliminary ruling that Vietnam has dumped shrimp on the US market, and called on the US Department of Commerce to review its decision.

At a regular press briefing in Hanoi on Thursday, Dung reiterated that Vietnamese businesses have not dumped their shrimps on any market, the US included. Dung said the price of Vietnam's shrimp is lower than that of the US thanks to advance raising technology, favourable natural conditions and a lower labour cost.

"The Vietnamese economy in general and the shrimp raising, processing and exporting industry in particular is operating according to the market mechanism. The Vietnamese government has not provided any kind of subsidy to these businesses, neither has it interfered in their operations," the FM spokesperson told reporters.

He said, "Vietnam hopes the DOC will re-consider its ruling in an objective and fair manner, based on the real situation in Vietnam's shrimp raising and export sector and in conformity with the spirit of the bilateral Vietnam-US trade agreement as well as the policy of trade liberalisation proclaimed by the US. By doing so, it will not only contribute to boosting the Vietnam-US economic and trade relations but also help to protect the legitimate interests of consumers as well as businesses involved in importing and distributing shrimp in the US."

(Source: BBC Worldwide Monitoring, July 9, 2004 - Text of report in English by Vietnamese news agency VNA web site)

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#### **11. Chinese shrimp farmers feel pain of U.S. trade war**

It's a few minutes past 4 a.m. as trader Chen Xiru watches his workers unload a truck of iced shrimp. The Dong Feng market, China's largest seafood bazaar, should be teeming with buyers from all over Asia by now. But today, this humid, pre-dawn lot is nearly empty.

"Very few people want to buy shrimp now. It's been like this all year," he says unhappily. "I'm losing money!"

Chen's mounting losses are a consequence of the latest trade dispute between the United States and China, the world's largest and fastest-growing economy, respectively. Late last year, U.S. shrimpers and processors accused China and five other countries of dumping farm-raised shrimp in U.S. markets.

Now, as Gulf Coast fishermen stay at the dock rather than continue to bleed money, shrimpers warn that the entire U.S. industry could disappear unless the government acts. Friday, the Bush administration is scheduled to announce whether it will impose steep tariffs on the low-cost imports.

While the lawyers argue in Washington, China's shrimp farmers are feeling the pain of tariffs yet to be imposed. The market is all but paralyzed as shrimp that would have gone to the USA stay home.

And amid election-year worries about the swollen U.S. trade deficit with China, the shrimp dispute is just one example of the conflicts that increasingly define the countries' commercial relationship.

"More and more anti-dumping cases will come. It has not reached a climax yet," says Ma Xiaoye, a former Chinese trade negotiator.

On June 18, the U.S. slapped more than \$1 billion in tariffs on imported wood furniture, following moves against Chinese shipments of bras, television sets and textiles. In response, Chinese Foreign Ministry spokeswoman Zhang Qiyue charged Washington with "frequent and arbitrary use of anti-

dumping measures." Beijing has retaliated with its own dumping investigations, most recently of Corning, a U.S. company that makes optical fiber.

At issue in the shrimp dispute are imports totaling about \$2.5 billion from Vietnam, Thailand, India, Brazil, Ecuador and China. Unlike the USA, where almost all shrimp are caught in the ocean, China raises nearly its entire 493,000-metric-ton annual output on coastal farms. About 40% is exported, with about half that going to the USA, says Cui He, senior engineer of the China Fisheries Association, a unit of the Agriculture Ministry.

The Chinese approach may lack the romance of fiercely independent sailors slicing through salty spray, in search of the daily catch. But farm-raised shrimp increasingly dominate global markets.

U.S. fishing boats reel in just 12.4% of the shrimp Americans eat, down from almost 20% three years ago. China has been increasing its market share at the expense of U.S. producers faster than any of the other targeted countries, according to International Trade Commission (ITC) data.

"Fishermen are going out of business like crazy," says Bob Rosenberry of Shrimp News in San Diego.

Still, the claim that foreign producers are "dumping," or selling at artificially low prices, is hotly contested not only by foreign suppliers, but also by U.S. restaurants. They say tariffs will increase consumer costs without improving the domestic industry's long-term prospects. Even companies seeking the protective tariffs concede that under any circumstances, the U.S. industry can't meet domestic demand by itself.

Since tariffs would apply retroactively to shipments since April, exports to the USA ground to a near halt beginning that month, traders say. Thousands of tons of Chinese shrimp that would have gone to that country's No. 1 market have stayed home, depressing local prices. One year ago, the smallest shrimp could be sold in China for 18 yuan, or \$2.17, per kilogram, a little more than two pounds. Today, it sells for 14 yuan, or \$1.69, per kilo.

Buyers are scarce

Even at lower prices, buyers are scarce. Chen, 42, who has been bringing farmers' shrimp to Dong Feng for five years, used to sell about 20 metric tons a day. Now, he sells 2.5 tons. He says he has lost about 50,000 yuan, or \$6,038, this year – a staggering sum in a country with an annual per-capita income of \$1,000. "I can't go on like this too long," he says.

The situation is much the same an hour's drive away on Donghai Island, a crescent-shaped strip of land that is the center of the local shrimp-farming industry. In sprawling, man-made ponds clawed out of the rich, bronze soil, shrimp embryos grow to maturity. Depending on the method, a pond can hold 20,000 to 150,000 embryos. Not all survive the ravages of weather, disease and chance that determine success or failure.

But for farmers who master the trade, the rewards can be ample. Yu Yaofa, 49, began cultivating shrimp in the seaside village of Anli 20 years ago. With three partners, he operates 18 ponds, each a little less than an acre. On his left hand, he sports a 2-inch-long thumbnail, a Chinese sign that Yu is a laoban, or a boss -- not a laborer.

Last year, Yu says, he and his partners split a profit of 2 million yuan, or \$241,545. This year, he expects to reap one-tenth as much because of fallout from the U.S. anti-dumping complaint. "Some of the farmers here may lose a lot of money and go bankrupt. Others may not be able to pay their loans from the bank," he says. "It'll have a terrible effect."

Until now, he has packed his ponds with as many embryos as possible. It's a high-risk, high-reward strategy requiring expensive, imported equipment to maintain adequate oxygen in the water.

With the market in upheaval, he plans to forgo the pricey machines and cultivate a fraction of last year's total for the next harvest. That will shrink his yield and income to 10% of previous crops'. "We're not willing to take any chances," he says.

From 1978 to 1993, China's shrimp farmers enjoyed an almost unbroken rise. As the country embraced capitalism, shrimp farms blossomed along more than 11,000 miles of coastline from Hainan in the south to Liaoning in the northeast. About 1 million people are directly or indirectly employed in the industry, Cui says.

A wave of disease that struck for several years beginning in 1993 threw the industry into turmoil. By 1999, the Chinese had switched to a different type of shrimp called vannamei white, and the industry resumed its growth. In 2000, the European Union banned Chinese imports after finding traces of an antibiotic in some. Cut off from their principal customer, the Chinese turned to the USA.

#### A looming decision

Last year, U.S. imports of Chinese shrimp rose 74%, making China the fastest-growing U.S. supplier. But farmers here are bracing for what they regard as inevitable U.S. tariffs in Friday's preliminary decision by the Commerce Department. Final action would occur later this year.

In February, the ITC took the first step toward levying new duties, ruling that imports had damaged American producers. Key evidence: Prices for various types of shrimp fell 16% to 62% in the three years ended last summer.

That's been a boon to American consumers, who've made shrimp more popular than tuna. But consumers' gain has come at the expense of fishermen, whose daily wages tumbled more than 40% from 2000 to 2002, according to the ITC.

Deborah Regan, spokeswoman for the Southern Shrimp Alliance, whose members launched the dumping complaint, says "tens of thousands" of jobs have been lost in eight coastal states from Texas to North Carolina, and an equivalent number remain at risk.

The ITC's ruling suggested tariffs on Chinese imports could be as high as 264% while those on Thailand, its principal competitor in vannamei white shrimp, would be about 58%.

"Your Uncle Sam is not fair. . . . What we don't understand and what we feel angry about is why our shrimp gets the high tariff," says Yu, the farmer in Anli.

The reason lies in the fine print of China's deal to join the World Trade Organization in 2001. As part of the bargain that sealed China's membership, Beijing agreed to be regarded until 2016 as a "non-market" or not entirely free-market economy. That makes it far easier for the U.S. and other WTO members to pursue dumping complaints against Chinese manufacturers. Indeed, the U.S. already has filed 23 dumping complaints against China.

When calculating fair prices for products from non-market suppliers, the Commerce Department ignores the countries' own price and cost data. Instead, it uses figures from free-market countries, presumed to be at a similar stage of development.

It's true that China's two-decade evolution from communism to capitalism remains incomplete. But those in the shrimp business insist their industry is a genuinely free market. "If you ask the businessmen and not the political people, supply and demand is working. It's very much a market economy," says Felix Chan, country manager for Siam Canadian, a Bangkok-based middleman.

Xu Jinfeng, 40, has experienced the ups and downs of that economy. When times were good, he bought a \$60,000 Audi sedan to navigate the rutted dirt lane that leads to his shrimp business in

Nankang village. Now that times are tough, he sits in his simple, cement-floored bedroom and frets about the future.

About 10 local farmers have abandoned the business, he says. And probably half who remain are thinking of switching to raising fish or even banana trees. Xu is among them.

Across the dirt courtyard outside is a scene that helps explain why. Inside a narrow, low-ceilinged building are 16 concrete tanks meant to house shrimp embryos. Today, just eight are filled with a bubbling, pale-brown nutrient solution. Perhaps the best indication of the once-highflying industry's sagging prospects is this: Two years ago, Xu charged 300 yuan, or \$36.23, per 10,000 embryos. Now he gets 28 yuan, or \$3.38.

"Not only me, but all the guys who are in this business can't sleep at night," he says.

(Source: USA Today, June 30, 2004)

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## **12. U.S. fishermen about to hear how high duties will be on imports**

On a busy Thursday afternoon, people stood in line to buy shrimp at Rose's Seafood, a no-frills market on a little waterfront street in Kemah.

What wasn't as obvious is that roughly half the shrimp spread out before them in big, wet piles were imported - although the market is located a stone's throw from where shrimp boats dock.

Shrimp producers from countries like China and Vietnam, plus four others, are facing the distinct possibility of paying substantial duties as the result of an anti-dumping petition working its way through Washington.

The first indications of how big the duties will be will come Tuesday when the Commerce Department reveals its preliminary decision on China and Vietnam, to be followed late this month by decisions on India, Thailand, Ecuador and Brazil.

At this point, nobody knows how high officials will set the duties, which are supposed to protect U.S. fishermen from unfair competition by raising the price of imported shrimp here. The domestic shrimpers are following the lead of catfish and crawfish farmers, who have won similar cases.

In a sign that the decision is headed in favor of domestic shrimpers, the U.S. International Trade Commission in February made a preliminary finding of injury to the industry. As with the Commerce Department, it still must make a final decision.

The final numbers aren't expected until late this year or in early 2005.

Nobody really knows how much the cost of shrimp will increase at fish markets like Rose's. Manager Tina Tran says it could be on the order of \$ 2 per pound or even \$ 2.50 per pound, on top of the nearly \$ 9 per pound the jumbo size already costs.

44 percent increase?

A group representing the American Seafood Distributors Association and the Consuming Industries Trade Action Coalition calculates that retail prices will go up 30 percent under one range of duties, and 44 percent under another range.

Under the latter scenario by the group that opposes the sanctions, the price of U.S.-caught shrimp would go up 28 percent, the cost of imported shrimp from the targeted countries would rise 84 percent, and shrimp from other importing countries would rise 19 percent.

"Shrimp has become America's No. 1 seafood because imports of high-quality, affordable shrimp have allowed more American restaurants - from family owned restaurants to the most popular chains - to

sell a wider variety of shrimp dishes, and American grocery stores to sell millions of pounds of shrimp," Wally Stevens, representing the group, said in a prepared statement.

"Without these imports, shrimp would still be an expensive luxury food that only the rich can afford."

Shrimp boat owners and shrimp processors, representing major states including Louisiana and Texas, describe the anti-dumping effort as a last-ditch effort to stay in business in the face of zooming imports of pond-raised shrimp, which have slashed prices they are able to get at the boat.

Imports have grown to the point that some 87 percent of all shrimp consumed in the United States came from other countries by 2002, and probably grew since then.

The wholesale price is said to be at a 40-year low.

Prices down, fuel costs up

In Dickinson, longtime shrimper Richard Moore says prices are off by 40 to 50 percent because of imports that started to take off in late 2000. Meanwhile, the cost of diesel fuel has risen.

"This industry has been cut in half," he said, adding that the duties won't cure everything, but they are a start.

The U.S. shrimp industry is in dire straits, said Eddie Gordon, president of the Southern Shrimp Alliance, representing the eight states. Companies are closing, unemployment is rising and boats are being repossessed, he said.

"The key reason is the high and increasing level of dumped shrimp entering the U.S. market," he said in a prepared statement.

Blaming the middleman

The shrimpers say fair pricing won't necessarily cause an increase at retail and will not limit the amount that can be imported. They cite a study indicating that retail hasn't gone down like wholesale.

"Too many people in the middle are making all the money," Moore said.

Trade has to be unfair in order to be subject to duties. The government will study the costs to raise shrimp in the six countries and what these shrimp are sold for at home.

The anti-dumping tactic has been used successfully in recent years by catfish farmers who went after Vietnam, crawfish raisers in Louisiana who got duties on frozen crawfish tails from China, and honey producers who got duties on Chinese imports.

In the case of catfish, the farm price has risen to 72 cents a pound in March, compared with 58 cents a pound a year earlier, mostly because of duties that kicked in late last year. Frozen catfish fillets, the specific target of duties, were \$ 2.68 a pound in May, compared with \$ 2.42 a year ago, according to government statistics.

(Source: The Houston Chronicle, July 03, 2004)

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### **13. Indonesia proposes 40 pct imports tariff on shrimp imports - report**

The Ministry of Industry and Trade has proposed to the Ministry of Finance that an import tax of 40 pct, the maximum allowed under World Trade Organization rules, be imposed on shrimp imports, The Jakarta Post reported.

"We will push (for the tariff to be raised) to the ceiling," the report quoted Industry and Trade Minister Rini Suwandi as saying. Minister of Fisheries and Maritime Affairs Rokhmin Dahur said imported shrimps flooded the market last year, making it difficult for local farmers to compete due to their low prices.

The report also quoted Pos Hutabarat, Director General for International Cooperation at Industry and Trade Ministry, as saying the ministry has, so far, not found enough reasons to launch an anti-dumping probe. "Our data shows that shrimp imports account for only 2-3 pct of national consumption. The figure is not a good basis to launch a probe into possible dumping practises," he said.

Hutabarat, however, said the rise in shrimp imports may indicate a rise in "transshipments". The suspicion stems in part from the fact that shrimp imports are mostly from countries affected by the anti-dumping policy of the US. These countries include China, Vietnam, Thailand, Malaysia and India.

"This may be called shrimp laundering. Since Indonesia is not affected by the US anti-dumping policy, traders may be first sending shrimps to Indonesia before exporting them to the US (with Indonesian labels)," said Johannes Kitono, deputy head of the Indonesian Fisheries Industry.

(Source: AFX – Asia, July 8, 2004, [www.afxnews.com](http://www.afxnews.com) and; [www.afxpress.com](http://www.afxpress.com))

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#### **14. Strategy to increase Pak shrimp exports soon: EPB chief**

The government has decided to lay down a pro-active strategy for capturing more share of Shrimp business in the global market by promoting shrimp farming along side the coastal line in Sindh and Baluchistan. This was decided at a meeting here with Tariq Ikram, Chairman, Export Promotion Bureau (EPB) in the chair. Shahab Khawaja, Chief Executive Officer of SMEDA was present at the meeting. In this regard, he said that besides setting up the new hatcheries, the existing ones should also be revived as the viable business ventures. He suggested efforts to bring in the private sector as a key player in this field so as to promote the shrimp farming purely on commercial basis.

According to a study presented by SMEDA Manager, Naresh Kumar, Pakistan has a coastal line of over 1100 kilometres whose 70 % part belongs to Baluchistan and rest is situated in Sindh. Marine fisheries sector is the source of employment for the 300,000 fishermen and 400,000 workers in the ancillary industries both in Sindh and Balochistan. The world is producing about three million tons of Shrimps every year in various types and species out of which around 50% come from the farms.

Thailand, Ecuador, Indonesia, China, India, Vietnam and Bangladesh are the major producers of farmed shrimp. Whereas, the main buyers are USA, Japan, Gulf and European Union countries. The report revealed that the stock of shrimps in Pakistan's sea limits was going to reduce with the passage of time and in order to meet the increasing demand, the Shrimps being caught recently were the mangroves with small eye nets which is said to be very dangerous for Eco-system. Catering to the future needs of Shrimps, our neighbouring countries like India, Bangladesh and Iran have successfully entered into the field of Shrimp farming. But, Pakistan despite having an ideal land for Shrimp farming is a bit late in this area, the report added.

SMEDA expert informed that SMEDA had contacted the Infofish Consultants the world's best consultancy firm in this era to access the potential of Shrimp Farming in Pakistan who have also been asked to give proposals for revival of MFD Hatchery and Gharo Farm.

(Source: The Pakistan Newswire, July 5, 2004)

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**Prepared by NACA for the Consortium on [Shrimp Farming and the Environment](#).**