

Notes from the Publisher

On Trade and Investment

For this issue, we are borrowing three items from Dave Conley's Aquaculture Newsclips, an excellent Internet-based emailed service that we first mentioned in our October-December 2001 issue. (Send an email to Dave to subscribe: **Aquaculture Newsclips**, D.C. Conley & Associates, Aquaculture Communication Consultants, Ottawa, Canada, dave.conley@sympatico.ca).

We selected these news clips items from two recent issues for no other reason than to give some real-world illustration of a few problems that the aquaculture sector of both developing and developed countries face, and how they deal with them.

The first is of an anti-dumping draft legislation before the US Congress that proposes strong measures be taken against several countries, including India, China, Brazil, Ecuador, Indonesia, Thailand and Vietnam, until each of them drastically reduces their shrimp exports to the US, and, calls for a virtual ban on all financial aid to the countries concerned if they don't comply.

The second is an editorial comment on a baffling conclusion of the US ITC that "Vietnam is not a market economy."

The third is an announcement of the plans of the municipal government of Ho Chi Minh City (formerly known as Saigon) to invest in improvements to its seafood farming and processing industry to help develop its economy and increase jobs.

US anti-dumping laws threaten shrimp exports

The crisis over allegations of dumping on the US market is posing a serious threat to shrimp exports, as draft legislation before the US House of Representatives calls for a virtual ban on all financial aid to the countries concerned.

The draft bill proposes that strong measures be taken against several countries, including India, China, Brazil, Ecuador, Indonesia, Thailand and Vietnam, until each of them drastically reduces their shrimp exports to the US.

India is the second largest shrimp exporter to the US after Thailand. During the first seven months of 2002, India's shrimp exports to the US grew 56 per cent. At the same time total shrimp imports declined by nine per cent, reports the Economic Times.

However US shrimpers claim their livelihoods are under threat from cheap imported shrimp and as a result representatives for the shrimp industry in several states are considering legal action against countries exporting shrimp to the US at rock-bottom prices.

It is in this context that the draft bill has been introduced, calling for shrimp imports from these countries to be reduced to three million pounds per month for three consecutive months, which represents a significant reduction from the 20 million pounds imported during the first half of this year. It also calls for a ban on financial assistance to any of these countries.



Pedro B. Bueno, Director-General of NACA, conceived of and was Editor of Aquaculture Asia for six years. He now writes from the vantage view of the Publisher.

Calling the proposed legislation "unfair and misguided", Indian officials in the US say they may challenge the Bill at the WTO if it is passed (Helen Roberts, FIS.COM).

US catfish industry likely to win trade suit through unfair laws

SEAFOOD.COM [editorial comment by John Sackton] Nov. 15, 2002.

The announcement earlier this week that the U.S. ITC has determined that Vietnam is not a market economy just about assures that the catfish industry will win an anti-dumping verdict.

U.S. trade laws regarding dumping and countervailing duty follow the logic of Alice in Wonderland. The root issue in international trade is that countries or producing areas who can manufacture or grow products at the lowest cost have an advantage. Consumers in importing countries around the world benefit through buying from the lowest cost producer.

U.S. trade laws would be much more fair if they accurately measured costs. But in a left over relic from the cold war, the ITC has a loophole that allows it to declare a country, such as Vietnam, a 'non-market' economy. Once the ITC makes this declaration, costs don't matter. The judgment against the Vietnamese will not be based on their true cost of production, but on an imaginary cost constructed by government bureaucrats of a U.S. run catfish farm in India. Anyone who has done business in India would be hard pressed to say it is more of a 'market economy' than Vietnam.

The 'Market Economy' idea is strictly in the eye of the beholder. U.S. agriculture, which is consistently the lowest cost producer in the world, benefits from tremendous subsidies and price supports. These price supports mandate the production of surplus commodities, rewarding efficiency in large farms and driving down costs. These subsidies make it impossible for farmers in less developed countries, such as Brazil or China, to effectively compete. Yet no one says that U.S. agriculture is not a market economy.

Seafood consumption has thrived in the U.S. based on relatively free access to imports from around the world. This has transformed an industry that used to sell unappetizing white fish as a penance food during Lent into an industry selling the most glamorous, healthful, and sought after center of the plate products.

U.S. producers, such as catfish farmers and Gulf shrimpers are facing tough economic times, and they need adjustment assistance and support from the government. However, this support should not be in the form of unfair trade laws, which ...continued on page 6

more in terms of production losses, and efforts to contain and eradicate them than would have spent in preventing their entries into the system. There is no clear cut strategy - strong national commitment from responsible administration and pro-active support and cooperation from the private sector and stakeholders toward harmonizing health management measures and promoting responsible trans-boundary movement of aquatic animals and products will reduce the risk.

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Further reading

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- World Trade Organizations's Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)

...continued from page 3

end up taking money out of all our pockets.” (John Sackton, New.Seafood.com).

Ho Chi Minh City announces aquaculture plans

Ho Chi Minh City has worked out solutions to develop its aquaculture sector into an economic spearhead by 2010, reports the Vietnam News Agency. Local enterprises plan to invest about USD 65 million for developing infrastructure facilities and importing advanced technology by 2005, and a similar amount for the 2006-2010 period.

One of the aims of the investment is to help local enterprises meet the requirements of the US Hazard Analysis and Critical Control Point (HACCP), International Standard Organisation (ISO), and Good Manufacturing Product (GMP). It is believed that with those international certificates, Vietnamese seafood products can enter Western European and North American markets.

Ho Chi Minh City now has 14 frozen seafood processing companies licensed to directly export their products to the EU market. The figure of the whole country is 68.

One-sixth of the 300 local processing establishments specialize in processing frozen seafood products for export with a combined capacity of 120,000 tonnes

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per year. However, local processors currently run at only 50 per cent of their designed capacity, turning out 60,000 tonnes of frozen aquatic products.

About 50 local factories specialize in processing dried aquatic products, mainly dried cuttlefish. Meanwhile, 100 processing establishments in the city annually produce between 25-30 million litres of fish sauce. The city also serves as a fishfeed supply centre with a

network of more than 20 processors and six suppliers. (By FIS Asia).