Policy Research – Implications of Liberalisation of Fish Trade for Developing Countries

Trade Issues Background Paper: The Impact of Dumping on Trade in Fisheries Products

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This report forms part of a wider study on "Policy Research – Implications of Liberalisation of Fish Trade for Developing Countries", comprising five trade issues background papers and five country case studies.

The trade issues background papers are dealing with the following topics:

- Sanitary and Phyto-Sanitary (SPS) Measures and Technical Barriers to Trade (TBT)
- Ethical/Social/Eco Certification, Labelling and Guidelines
- The Impact of Subsidies on Trade in Fisheries Products
- The Impact of Dumping on Trade in Fisheries Products
- Fiscal Reforms and Trade in Fisheries Products

The case studies cover the following countries:

- Bangladesh
- Guinea
- India
- Uganda
- Vietnam

For a synthesis of the entire study including policy recommendations, see:
Bostock, T., Greenhalgh, P. and Kleih, U. (2004), Policy Research – Implications of Liberalisation of Fish Trade for Developing Countries – Synthesis Report. Chatham, UK: Natural Resources Institute. ISBN 0 85954 560-1.

Copies of the various reports are available on the following websites:

- www.onefish.org/id/225570
- www.nri.org/projects/projects/htm

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5. THE IMPACT OF DUMPING ON TRADE IN FISHERIES PRODUCTS[1]

5.1 What is dumping?

Put simply, dumping is the ***exporting of produce at less than production cost to the material detriment of competitor industries in the importing country***. The recourse by the plaintiff – the importing country - is to impose import bans and/or compensating duties (duty orders) on the rogue products in legitimate protection of their own industry – i.e. a re-levelling of the playing field. These are called Anti-Dumping Measures (ADMs). Theoretically this is a technical issue that should be subject to economic logic and legal argument. In practice it is highly political, can be arbitrary and is often raised at the behest of an industry finding its self unable to compete for harsh but fair economic reasons.

Where countries are members of the WTO, an official WTO Anti Dumping Agreement regulates the measures taken – where not, bilateral agreements are made. The way that the WTO deals with dumping has been ably summarised by Dr A Lem recently: Dumping is covered by the Agreement on Implementation of GATT Article VI (informally the “Anti Dumping Agreement”). This makes no judgment on the fairness or otherwise of a claimed dumping occurrence, but sets the ground rules for managing disputes. This procedure allows importing countries to breach normal GATT rules (ie act discriminatorily) but only if some specific conditions apply – i.e. that there is evidence of (i) actual dumping and (ii) damage to the importing countries industry. There must be a meaningful quantum (ie a dumping margin of more than 2%, effecting more than 3% of imports) and regular dialogue with the WTO Committee on Antidumping Practices is mandatory.

5.1.1 Why does dumping occur?

Though the principles are straightforward, dumping is complex, with multiple definitions, different causes, and a range of expressions. It can be motivated by over-production (i.e. a distress move) or the desire to dominate a foreign market (i.e. predatory). It can be sporadic or persistent, and dumping can be attributed to individual companies, government action (e.g. export subsidies) or brought about by macro-economic factors such as exchange rate manipulation. What matters though is the effect of dumping actions rather than their cause, and so this is what this background paper deals with. In this regard there are some key relevant issues, and these are discussed below

- **Complexity**. Though dumping is in principle simple, in practice it is anything but. Assessing true production cost is very difficult, relying on a range of assumptions, conventions and value judgements. Recent accounting scandals are testament to the degree to which commercial performance is a matter of opinion rather than objective mathematics. Moreover, it may require a company by company approach as gross country estimates can obscure wide-ranging individual performances. Alternative simpler definitions of dumping have accordingly been

[1] This paper was drafted by Nigel Peacock of NAP Fisheries

devised: e.g. "***Selling in an export market at a price below that in the domestic market of the producer country*".**

- **The role of subsidies**. Obviously, commercial practitioners generally have no interest in producing at a loss – they do so in distress circumstances when they want to stay in an industry despite prices being below production cost (clearly temporarily in their view). The exception would be long-term strategies by corporations bent on acquiring market access and/or domination. Both of these causes of dumping have to be temporary and are unusual in the seafood sector. The main entity that can sustain uneconomic production is of course government, especially when faced with job losses or embarrassing product surpluses. Anti dumping then is inevitably entwined with the vexed issue of subsidies, making analysis politically contentious. Often dumping cases revolve around subsidy levels, implicit or direct.

- **Comparability.** One assumption that underlies the level playing field philosophy is that countries can be compared directly. In fact this is rarely the case, as the differing levels of fiscal, ethical, administrative or environmental burden placed on industries can radically influence their true competitiveness. This is in effect the reverse mirror image of the subsidies issue - i.e. these burdens act as negative subsidies. However, perhaps the most important single distorting factor is exchange rate manipulation.

- **Quantification**. Penalties are based on a <u>number</u> – the "dumping margin" which is used to justify the tariff imposed. It is a measure of the degree of unfairness, and as the points above imply, its calculation is fraught with complexity. Two methods are used. One is based upon the simpler practical definition mentioned above (i.e. a perverse differential between export and domestic prices): The dumping margin is then this differential (adjusted for transport and transaction costs etc.) and expressed as a percentage of the export price. This does not work in managed (i.e. non-market economies) where the state is believed to set prices and so the concept of "fair value "applies here. Then the dumping margin is the difference between export sale price and "fair value" which equals estimated production cost plus a reasonable margin – termed the "constructed" price.

- **Abuses.** Just as dumping can be a strategic measure (to undermine competition in a long-term quest for market share) so can an anti-dumping response (protectionism for uncompetitive industries). Fighting this abuse has led to a new grouping – ***the "Friends of Anti-Dumping Negotiations***" including Brazil, Chile, Colombia, Costa Rica, Israel, Japan, South Korea, Mexico, Norway, Taiwan, Singapore, Switzerland, Thailand, Turkey and Hong Kong/China. Unsurprisingly, one of this group's common characteristics is high competitiveness (especially in the food sector). The principle claims of the "Friends" are:

  (i) That anti-dumping challenges can be mischievous, able to stem imports without justification, merely by being launched.
  (ii) That "sunset reviews" are used unfairly to extend duty orders beyond the WTO set 5-year term.
  (iii) That the use of ADMs is on the increase: up by nearly 40% from 240 in the 1990s to 330 per year from 1999 to 2001

(iv) That ADMs act as trade barriers negating negotiated tariff reductions. The average duty on non agriculture products (including fish) which had declined to 4-5% following Uruguay Round agreements is being effectively increased to 45% by ADMs in some areas.

The reality is then that anti dumping campaigns are often highly politicised, and can be undertaken in response to political pressure rather than to right genuine economic wrongs. They are then exercises in trade real politik, and have been described memorably by Michael Finger as “trouble-making diplomacy, stupid economics and unprincipled law” (Finger 1993). Above all, political and economic muscle plays a large part – at both corporate and national level. Thus, it comes as no surprise to find that it is the USA and the EU who are singled out as key offenders by the “friends”. The one developing country that is also accused of unfairness in this regard is India, formerly notorious for its protectionist stance on trade in manufactures.

5.2 Dumping in the Fisheries Sector

Dumping of fish products tends to be blamed on developing countries by developed countries. The reason for this is simple - the main trade flows in the fisheries sector are from the developing world to the developed world. (George Kent 2002, amongst many others). Statistics support this – in 2001 50% of global seafood exports emanated from developing countries whilst 74% of all imports went to the USA, EU and Japan (Infofish). Following UNCLOS, control of the resource has increasingly moved to developing countries whilst the wealth to pay for expensive seafood resides in the west. Huge differentials in labour costs mean that processing is also migrating to the developing world, especially to countries where liberalising economies have encouraged the build up of competitive industrial infrastructure (e.g. Thailand and, more recently, China). Diagram 1 provides a simplified overview of the direction of trade flows.

Diagram 1: Fish and seafood trade flows between developing and developed countries

	Developing		**Developed**
Prime expensive seafood: fish, crustacea etc		?	
Small pelagics & other low cost food fish		?	
Fishmeal		? ?	

While developing countries are supplying an increasing proportion of exports, the situation is not as simple as that. As Diagram 1 illustrates, substantial volumes of low value fish go in the opposite direction (i.e. to the developing world) and intra-developed world seafood trade is huge. That said, in this context it is the flow from the developing countries that matters and clearly here ***the critical issue is not dumping, but the anti-dumping measures (ADMs) imposed by the west***. The USA has recently been the main protagonist in this regard, and so their anti-dumping procedures are perhaps the most relevant. Ably summarised by Charles Woodhouse (2003), an American lawyer who has experienced the effect in several seafood arenas first hand, these are as follows:

- **Countervailing Duties** are assessed against a specific **country** or countries
- **Anti Dumping Duties** are targeted on specific offending **companies**

- **Section 201 Import Relief** (Trade Act 1974) is **global,** applying to all exporters of a given product

Countervailing and anti-dumping duties are a matter for both the US International Trade Commission (ITC) and the US Department of Commerce (DoC). A complaint requires a lengthy due diligence process including collection of verifiable statistical evidence and research by economists of both organisations. Evidence of material damage to a US industry also needs to be provided. Section 201 Relief is more overtly political, applicable on the basis of a *prima-facie* case being made that a US industry is being damaged by imports (i.e. it equates to the "safeguard" mechanism, recognised by the WTO, where an industry can legitimately be protected against surging, damaging imports, though only on a temporary basis). In this case complaints are filed with the US International Trade Commission which has 120 days to make a judgement and recommendation. Measures taken can include duties, quotas or conversely, subsidy to support the US industry. The US government has a mechanism (the Byrd Amendment) that allows antidumping duty to be paid directly to the plaintiff companies (rather than the treasury), though the WTO has wisely objected to this.

5.3 Key Examples

Three examples have been chosen to investigate how anti-dumping challenges have effected developing country fisheries, or are likely to do so in the future. All have occurred within the last five years, all involve the USA and all are responses to fast growing aquaculture industries.

5.3.1 *Salmon: USA & EU/Chile*

Chilean sales of salmon to the USA are huge –US $2 billion in 2002, and a major contributor to Chile's economy. Chile is now the second largest salmon and trout farmer in the world, after Norway. The USA is Chile's most important market, and so trade relations with the USA are critical. The first anti-dumping challenge occurred in mid 1997, when US salmon producers claimed that Chilean government subsidies were allowing producers there to sell below true production cost.

This was rejected by the ITC after the Chilean government was able to prove no such distorting subsidies existed. However, fighting this allegation was very expensive though – estimated at $22 million, which was paid by Chilean farmers. Chilean companies had to harmonise their accounting systems to accord with US government standards for greater transparency. A further anti-dumping challenge followed, but this time was company-specific, setting tariffs at various levels around 5%. However by February 2003, a third US government review had concluded that 90% of Chilean producers should not be subject to duties, and this challenge has now been officially terminated completely.

In the EU, there has been a similar claim made against Chilean salmon. In July 2002 Irish and Scottish salmon farmers claimed that Chilean frozen salmon was being sold in the EU at below production cost, so causing a fall in fresh salmon prices. This claim had some difficulties since: (i) Chile accounts for only 5% of EU supplies and (ii) the fall in fresh salmon prices preceded a fall in those of frozen salmon by 6 months. In February 2003 the Fisheries Commission of the European Parliament terminated the investigation finding no grounds to proceed. Latterly, this issue has been reopened, though, this time the emphasis is on a "safeguard" approach, the arguments being that material damage to the Scottish and Irish salmon farmers has occurred, and that this warrants action against third country imports

5.3.2 Catfish: USA/Vietnam

Anti dumping action has become the central issue for the Vietnamese catfish farming industry. Two Pangasius species are reared, basa and tra, the latter being the better farm animal though the name "basa" is becoming the generic name for the product. Production has grown from a few thousand tonnes in the mid 1990s to an estimated 140,000 tonnes in 2002. A critical requirement of this industry is the ability to export, but recent experience in the USA market has demonstrated some fundamental problems with this strategy.

Basa exports started with sales of a few hundred tonnes of fillets to the USA in 1998, initially marketed as "Chinese sole". West coast Chinese restaurants responded allowing basa to take 1% of the US catfish market. At $3-3.5/kg, it undercut all other whitefish fillet other than Alaskan pollack, which is very much at the bottom of the market. The wider community rapidly caught on, and basa was being marketed as catfish by 2000. Imports subsequently soared to 21,000 tonnes of fillets in 2002 (21% of the US catfish market), as shown in Table 5.1

Table 5.1 USA supply of farmed catfish
(Units tonnes '000s, all converted to live weight)

	Imports **Fillets** ***Vietnam***	**Farmed** **Output** ***Domestic***	**Total**
1995	0	203	**203**
1996	0.3	214	**215**
1997	1	238	**239**
1998	3	256	**259**
1999	9	271	**280**
2000	25	269	**294**
2001	39	271	**310**
2002	60	286	**346**
2003	8*	306	**314**

Sources: USDA FAS, NMFS * preliminary estimate

A corollary of this was that US domestic producer prices dropped from $1.6/kg to $1.4/kg (round fish, first sale) and then went on down to $1.25/kg. This prompted aggressive protective action by the 8 catfish producing states. Trade description legislation was used to restrict the name "catfish" solely to Ictalurids grown in the USA, so denying basa a key brand advantage. A "dirty" campaign accompanied this where Vietnamese producers were defamed on environmental and other grounds, but a USDA visit to the Mekong found no justification for these allegations.

However, this did not stop an anti-dumping action in 2002. The producer's association, (The Catfish Farmers of America) together with eight processors took their grievance to the US Department of Commerce (DoC) in June 2002, claiming that Vietnam was dumping frozen fillets at 37% to 64% below fair market value. In January 2003, the DoC ruled in favour of the US catfish industry, and levied a series of tariffs against Vietnam's catfish exporters. The top four, Agifish, Cataco, Nam Viet and Vinh Hoan, were given tariff levels of 37% to 53%; meanwhile seven other companies that co-operated with the investigation were given tariffs of 45%. All other exporters have had to pay 64% and the USA might also impose minimum prices or quotas.

Whether these actions were warranted is disputed. The Vietnamese claim that greatly lower labour and feed costs allow their much lower prices, and indeed prevailing local first sale prices of $0.60-$0.65/kg to Vietnamese farmers would support this. After the US action, prices have declined to$0.40-$0.50/kg, but these are clearly causing distress to the Vietnamese farmers. The price structure is summarised in Table 5.2

Table 5.2: Price structure within the Vietnamese-USA catfish supply chain

Whole producer price basa Vietnam	$0.7/kg
Whole fish producer price USA (Ictalurus)	$1.25/kg (formerly $1.65/kg)
Fillet yield basa 34-40% (say 38%)	
Fillet price basa in Vietnam 120-225gm fillet)	$2-2.5/kg
Fillet price basa imported USA (pre duty)	$3.5/kg
Fillet price Ictalurus USA	$3.8/kg (formerly $4.5/kg)

Source: trade press, Vietnamese rebuttal

Vietnam is not a WTO member, and so could not resort to the WTO's good offices as a globally recognised trade umpire. Thus they had limited scope for challenging the USA on this.

During 2003, US imports of frozen catfish fillets from Vietnam dropped sharply, to an estimated 3,000 tonnes (trade press). However, prices in the USA for fillet failed to recover as the industry expected, and sales of domestic frozen fillets are down 5% from 2002. Farm and processor prices during 2003 have also remained low, averaging $1.25/kg for whole fish and $4.50/kg for fillet, $0.07/kg lower than 2002 and $0.57/kg less than 2001. The outcome has been that a product that seemed capable of taking a significant share of a major OECD markets has been frustrated in its attempt to do so –Vietnamese exporters have been concentrating on new markets, especially the EU and their wealthier Asian neighbours.

5.3.3 Shrimp: USA SE Asia, S Asia, and S America.

There is a new anti-dumping threat that may have a major impact on developing country seafood producers. This is the challenge made by US Gulf of Mexico shrimp fishermen that a number of developing countries are dumping farmed shrimp in the USA market. The challengers are the "Southern Shrimp Alliance" or the Ad Hoc Shrimp Trade Action Committee, who fish the Gulf from the Southeastern states of the USA. Their petition to the US International Trade Commission names six developing countries who are all significant and low-cost shrimp farmers, proposing that duties between 30% and 267% be levied on imports (see Table 5.3)

Table 5.3 Antidumping tariff levels proposed by the SSA

Producer	Suggested tariff
Brazil	40-72%
China	119-267%
Ecuador	104-207%
India	102-130%
Thailand	57%
Vietnam	30-99%

Source: Infofish

If duties of these levels were to be applied, it would effectively close the USA market for many of these producers. Whether this will succeed or not is open to question. The US domestic industry provides only 12% of the total US supply and as this comes from a heavily exploited wild fishery, there is little prospect of it increasing. The USA will then inevitably be hugely dependent upon shrimp imports, irrespective of this action (Table 5.4)

Table 5.4: OECD Trade in shrimp: (Units tonnes '000s, live weight)

	USA			Europe EU			Total OECD Imports	Total OECD supply
	Imports	Landings	Total	Imports	Landings	Total		
2000	620	116	**736**	461	83	**545**	1,461	**1,660**
2001	720	103	**822**	508	94	**602**	1,605	**1,802**
2002	772	101	**873**	514	95	**609**	1,669	**1,865**

Sources: NMFS, USDA FAS, Eurostat

The 6 countries targeted represent the leaders of world's farmed shrimp industry. They collectively produce 1.18 million tonnes or 75% of the global total of farmed shrimp, and 26% of all global shrimp supplies. There is a powerful lobbying process now underway with the developing countries exporters teamed up with some major US shrimp users (Dardens Restaurants, the American Seafood Distributors Association amongst other) to oppose ADMs.

Some commentators believe that the challenge will fail – a similar one did in 1985. Even so, concessions may be wrung from the exporters in the form of bilateral agreements setting floor export prices. At the very least, the current uncertainty is already making life very difficult for the developing country producers and US importers. So far the ITC has found a "reasonable indication" that the US industry has been damaged so the procedure continues The DoC is due to make a decision by July 2004, but the Byrd Amendment has seemingly closed the door to compromise in the form of a "suspension agreement" which would allow a negotiated settlement perhaps involving a voluntary floor price. The reason for this is the way this amendment reroutes the receipt of duties to the plaintiffs rather than the US Treasury, so greatly strengthening their motive for pursuing the claim. In this case, the financial quantum is huge – estimated at between $1 and $3 billion annually, which could translate to a payment of $100-300,000 per producer.

5.4 Impact of Anti-Dumping Campaigns

It is clearly the anti-dumping measures rather than dumping *per se* that are the main issues for developing country fisheries industries. In the past, fish processing attracted unwelcome attention (e.g. tuna canning) but latterly, it has been the success of aquaculture in developing countries that has become a central theme of efforts to impose restriction on trade. The impact of the three high profile examples quoted above is explored below.

5.4.1 Impact and implications for the developing country producers

The principal effect of anti-dumping measures are, obviously, to reverse the changes brought about by trade-driven fish production (be these originally positive or negative). In these cases, which primarily affect aquaculture in the more progressive and prosperous parts of the developing world, the impact of anti dumping measures are mostly negative – i.e. the developing country loses. There are potential gainers though – possibly some in the poorest developing countries. This is explored below by first assessing the three cases described above, and then identifying general outcomes.

(i) Chilean Salmon

The challenges to the Chilean industry actually led to low duty impositions, and thus had little impact upon trade. Whilst Chile is approaching levels of wealth and sophistication that move it out of the "developing" category, there are poor communities there. The ADMs could possibly have threatened their livelihoods as farm hands or as filleters in the processing plants, but only if the result had been a serious trade reduction in their main the market, the USA. In fact, apart from a reduction in profits of the farming companies (many of which are northern-owned anyway), the effect was probably fairly minimal.

(ii) Vietnamese catfish

The antidumping measures have had a major impact on the Vietnamese catfish farming industry, though the signs are it is being managed and will be temporary. The impact has occurred at two levels:

At the producer level:

The farms are small family businesses, typically producing 5-6 tonnes per year. They are not the poorest level of society (they have significant assets) and are central to an emerging commercial agribusiness sector. Key implications are:

- The farmers depend upon catfish as their main source of income so are clearly very vulnerable to a collapse of this industry.

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- There are some 20,000 such farms in the principle producing province An Giang in the Mekong Delta, so a lot of people are directly and indirectly affected – perhaps as many as 100,000 in this province alone.

- Prices to producers have reduced (from $0.65/kg to $0.45/kg) making these small family businesses unviable. This is close to, or possibly below the cost of the main inputs (feed, juveniles) so this must be causing the hardship that it is claimed to be doing.

- There are negative knock-on effects to the supplier industries and workers – feed producers, juvenile producers and other ancillary businesses and workers (net makers, harvesting labour, guards etc).

- Also, there are reduced earnings and employment prospects for the processor workforces: filleters, packers, etc.

- There are moves to organise farmers, and for example the An Giang Fishing Association is setting up a company, led by a few larger producers. Some producer solidarity might be one of the few positive outcomes.

- One possible upside would be an increased supply of fish in Vietnam and possibly neighbouring countries at lower prices – this would be temporary though, reflecting distress sales by farmers which are hardly to be welcomed.

At the processor/exporter and national levels

It is the processors who control this industry. Fillet is the traded product, and as access to export markets is the key to the industry's success, this puts the larger processors in a powerful position. This is a centralised, with two companies (Agifish and Vinh Hoan) controlling 65% of the market, state companies controlling another 25%, and the remaining 10% shared between all other participants. Key implications are:

- The processors are seeing their viability threatened and may collapse

- They are being forced to develop alternative markets. Whilst this is challenging now, the result will be a strengthened industry with diversified markets (i.e. bad and good).

- Loss of foreign exchange for the Vietnamese economy, at least in the near term.

- A setback in the development of a strong competitive export-orientated agribusiness sector within Vietnam.

There are also implications for western markets – i.e. the sudden arrival of unexpected supplies of whitefish on non-USA western markets – Europe, Japan and the wealthier Asian and Australasian communities. This has plusses and minuses, with price reductions good for consumers but not producers of competing products (basa is now blamed for causing problems for Ugandan Nile perch exporters). In general, upheavals of this sort are not beneficial as they destabilise markets.

(iii) Asian and South American Shrimp

The anti-dumping challenge to developing country shrimp producers may well fail. However, if it does not, how might this affect the countries in question? The answer is likely to be similar to the impact on the Vietnamese catfish industry.. Nevertheless, there are some important differences, not least in the sheer scale of the potential impact. Points to consider would include the following:

- The Asian shrimp farming industry is mainly dependent upon small primary producers. The average farm size is around 3 ha/farm producing 1.6 tonnes annually (though there is wide variation). These are then small businesses, but are a good way above the poorest level of society. This is not the case in South America where the average farm size is 84 ha producing 80 tonnes. These are significant commercial enterprises where the losers will be investors and the workforce rather than family farms.

- The impact in the OECD markets will be upheaval. US importers will have difficulty deciding how they can source without risking penal duties – which could be open-ended and retrospective. This will (a) increase the competitive advantage of non-challenged producer countries (e.g. Bangladesh) and (b) probably lead to price falls in non USA markets – particularly the EU and Japan – as shrimp is diverted from US markets.

- The shrimp industry is much more diverse than catfish culture and affects a wider strata of society. One example of this is fry (post-larvae) collection, which can be an occupation for the poorest levels of society – described as “social security” in Ecuador and important for coastal landless communities in Bangladesh.

- Trade distortion will surely follow. Shrimp from the penalised states will inevitably mutate into that from the non-penalised, assisted by the sort of cross-border alchemy that benefits crime.

- Shrimp culture is often accused of causing environmental damage (e.g. mangrove destruction) and ethical concerns (e.g. land grabs that displace the poor). Are ADMs likely to reverse any of these adverse changes? Probably not, as they are long term effects and dumping challenges seem to be essentially temporary.

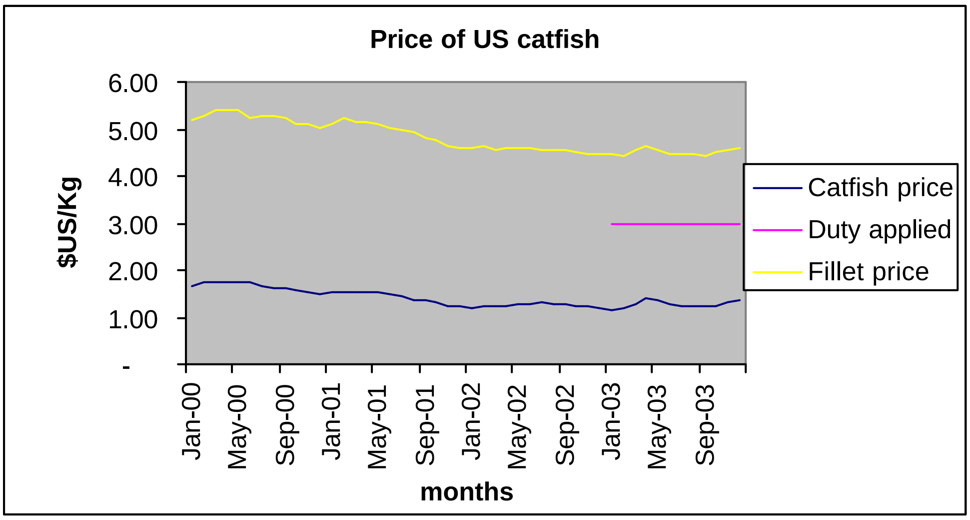
- The USA’s “Byrd amendment”, and its potential for exacerbating pressure for ADM challenges by financially rewarding claimants, seems pernicious. The potential for increased ADM initiatives including the unwarranted and the mischievous must be greatly enhanced.

5.4.2 Implications and impact for the developed western consumer countries

Although developed countries are not the main focus of this study, the impact of anti-dumping measures upon them is instructive. Of the three cases outlined, two are historic – namely salmon and catfish. So has the anti dumping legislation achieved the desired effect for the American or EU producer? The answer is almost certainly not.
(i) In the case of **salmon**, US anti-dumping action against farmed Atlantic salmon started in 1990 with a campaign against the Norwegian industry. This led to the collapse of Norwegian exports to the USA but only to be replaced by surging imports from Chile, by then emerging as a major producer. Subsequently, from 1998 to 2003, expensive anti-dumping litigation aimed at the Chilean industry failed to prevent its

domination of the US market. No sizeable US salmon farming industry has developed in the meantime, (12-15,000 tonnes produced in 2003, little more than the 1990 total of 10,000 tonnes). It has probably also had little effect on the US wild (pacific) salmon industry – which is mostly low value and canned, or red sockeye exported to a specialised Japanese market. The high value species, coho and chinook, are caught in very small quantities now (30,000 tonnes – less than 10% of US Atlantic salmon consumption alone). Norway also remains very much the European lead producer in spite of past EU antidumping challenges.

(ii) The most recent major anti-dumping campaign to be implemented is the USA was the bilateral campaign against **Vietnamese catfish**. Has this helped the US catfish farming industry? The evidence, a year after the countervailing duties were applied, is no. Whilst the duties did lead to a reduction in Vietnamese imports to the USA, prices have not responded as Graph 1 illustrates (the period that the duty is applied is shown as a line to the right). So, while consumers have been denied a popular new fish product, this has not helped the American producer - a classic "lose-lose" result, (make that three "loses" if you include Vietnam).



(iii) So how likely is the possible imposition of antidumping duties on developing country **shrimp industries** to solve problems for the US shrimp fishery? Most who know the industry and have commented (The GAA, Charles Woodhouse) say almost certainly not. The US Gulf fishery now produces only about 12% of the US supply of shrimp. It is virtually inconceivable that it, or any alternative domestic source, can contribute any more. Supply side inelasticity ensures that the US will remain highly dependent upon imports. Tariff induced price rises will then have a disproportionately negative impact on both the consumer and the US food industry. Also, there will probably be little long-term benefit for US fishermen. This is because there is increasingly strong evidence that shrimp farming is cheaper then fishing, especially at current high exploitation levels of the wild stocks. US fishermen are then going to have to reduce effort anyway to allow yield to improve – a process already occurring elsewhere (e.g. Nigeria). The US consumer will then be paying a substantial premium in order to, in effect, subsidise an uncompetitive industry.

Historically, the story is the same. USA campaigns against South East Asian tuna canners in the early 1990s failed to prevent the migration of all US tuna canning industries to the developing world, albeit some to USA managed territories like Pago Pago/Samoa. The overall conclusion must be that, at least in the seafood arena, antidumping actions have achieved very little benefit for anyone other than those with short term political agendas and, of course, the legal profession.

5.5 General conclusions

The main implications of dumping for the developing world's seafood exporters arise from the anti-dumping measures taken by OECD countries, especially the USA. The driving factor has been change - in our examples, the success of developing country aquaculture. This is competitive and efficient, and so has threatened domestic industries in the west by driving prices down. The anti-dumping challenges seem to be fundamentally political responses to that threat, and the main implications are as follows:

- It is the more efficient developing countries who are being targeted, as naturally these are the producers who threaten their northern competitors most.

- ADMs targeted on these countries reduces their competitiveness so allowing less competitive countries to prosper, especially when there is a general raising of prices (but only in the challenger country – prices elsewhere may fall).

- The negative impacts upon the challenged industry cover all participants - from the wealthy commercial investors down to the workforce or small farmers. There can be negative effects down to the poorest levels of society through the ancillary activities such as shrimp post-larvae collection

- One of the criticisms levelled at the international seafood trade is that it denies developing countries fish for domestic consumption. ADMs should then reverse this. This seems unlikely, though, as these industries exist to export and will simply contract if export outlets are closed or divert exports to other markets.

- In the long run, the more successful industries adapt and compete away the disadvantages imposed by ADMs, so nullifying their effects. Thus, the repeated failure of these campaigns to bring about sustained structural change in favour of the protected industries.

- This does not mean that ADMs will not continue to be used as protectionist measures. Their overall impact will then be to reverse the fisheries trade liberalisation measures (tariff reductions) first agreed during the Uruguay Round and possibly to be extended post-Cancun.

There seem to be no real winners in these campaigns. Thus, there is very little upside in the developed world. Such benefits as are achieved in the north are short lived and gained at the expense of their own consumers and other economic sectors (e.g. foodservice, processing). The downside to the developing nations seems to occur across the board. The only winners are the countries excluded from the challenge – who tend to be the less efficient. This is also likely to be short lived. Indeed, whatever the justification, the mere launch of a challenge upsets the market so jeopardising the industry concerned. It seems then that the Friends of Anti-Dumping Negotiations (the anti-anti-dumping measures group) have a good case when they claim ADMs are often simply destructive, unwarranted barriers to trade.

Some Possible Action Points

It seems clear then that antidumping measures (i) damage the interests of the developing countries that have competitive export-orientated fishing, aquaculture and/or processing industries, and (ii) are often unfair (and unproductive). These industries admittedly tend to involve those above the bottom socio-economic strata, but do also impact (mostly) positively upon some of the poorest. There would seem to be a case to help them fight these challenges, especially where the challenge appears to be driven more by politics than economic rectitude.

If such assistance by, for example FAO, or the WTO is not already available, perhaps its provision would be a suitable measure to consider – possibly through a dedicated technical assistance unit. Globalisation is accused of benefiting the wealthy and powerful at the expense of the economically weak – perhaps this is an opportunity to apply the much-vaunted positive philosophy of globalisation in a way that actually benefits the poor. Action implied by this would include.

- Review of overall Devco assistance provided by the major international food/trade agencies to see whether they are already providing any support for countering unfair ADMs

- If so, evaluation of the effectiveness of that assistance

- If not, drawing up indicative proposals for such assistance (perhaps a function of FAO's fisheries trade units), defining (i) overall remit (ii) type of assistance provided (eg independent economic analysis, ombudsman, legal support, lobbying support to counter politically-driven ADMs, relevant data base maintenance etc, (iii) institutional location and (iv) budget/funding

- Devising a lobbying approach to put this on the donor agenda and generate support for the concept

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