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UPDATE:US Proposes Shrimp Dumping Duties For Four Nations

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(This updates an earlier story to add comments and background.)

WASHINGTON -- The U.S. moved a step closer to imposing dumping tariffs on frozen and canned shrimp imports from Brazil, Ecuador, India and Thailand following a decision by the U.S. Commerce Department on Monday.

In a final decision, Commerce said exporters from the four countries are guilty of pricing their shrimp at prices ranging from 2.35% to 67.80% below cost, a practice known as dumping. The U.S. International Trade Commission must now decide whether the U.S. shrimp industry is suffering financial harm because of the dumping. If so, tariffs would be imposed. That ruling is expected around Jan. 31.

U.S. shrimpers from eight southern states filed the petition, arguing that increasing imports of farm-raised shrimp are depressing prices and putting them out of business. Imposing dumping tariffs would raise prices of imported shrimp, making it easier for U.S. producers to compete.

Also, if successful, the petitioners would qualify for a share of the revenue collected by the U.S. government under a law known as the Byrd Amendment. The World Trade Organization has said this practice violates international trade treaties, but the U.S. Congress hasn't repealed it.

In a preliminary ruling in July, Commerce recommended dumping tariffs, some of which were adjusted lower on Monday. The revised dumping margins were a range of 9.69% to 67.80% for Brazilian exporters, between 5.02% and 13.42% for those from India, between 5.79% and 6.82% for Thai exporters and ranging from 2.35% to 4.48% for the Ecuadoreans.

Earlier this month, the Commerce Department said shrimp from China and Vietnam are dumped and recommended tariffs ranging from 4% to 113%. Exports from China and Vietnam were handled separately from the others because they aren't considered market economies. Exports from these six countries account for 75% of shrimp consumed by Americans.

Thai officials have begun a World Trade Organization case against the shrimp tariffs because Commerce used a controversial method of calculating the dumping margins known as zeroing. Imports from these countries that entered the U.S. above costs were assigned a dumping margin of zero, rather than a negative figure that could offset positive dumping margins found in other imports.

The WTO ruled the practice of zeroing illegal in a case involving dumping margins on imported softwood lumber from Canada.

"Had the Commerce Department not used zeroing, there would be no margins of dumping for Ecuador," said Warren Connelly, a lawyer with Akin Gump Strauss Hauer & Feld LLP, which represents shrimpers from Ecuador.

Commerce's Assistant Secretary of Commerce for Import Administration, James Jochum, told reporters that zeroing is a long-standing practice at Commerce and that "the decision of the WTO in the case of softwood lumber was limited to that case."

Nonetheless, Jochum said U.S. trade officials are prepared to consult with officials from Thailand at the WTO.

U.S. shrimp distributors denounced the government's decision, saying it will force them to raise prices and ultimately hurt the market.

"American families need to stop being penalized and taxed by their government when a tiny industry refuses to compete or restructure," said Wally Stevens, chairman of the Shrimp Task Force, a coalition of restaurants and other shrimp consumers. "This new federal tax on America's No. 1 seafood; a tax that, thanks to the Byrd Amendment, will go right into the pockets of the petitioners; will only harm U.S. consumers and the thousands of businesses that have come to rely on affordable, high-quality imported shrimp."

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