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U.S. BUSINESS NEWS

Trade and Aid Clash Over Shrimp Tariffs

**Tsunami-Relief Emissary
Jeb Bush Leads Fight to Continue
U.S. Duties on India, Thailand**

By GREG HITT

Staff Reporter of THE WALL STREET JOURNAL

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U.S. support for victims of the Dec. 26 tsunami is coming into conflict with a trade quarrel involving two of the countries hit by the disaster: India and Thailand.


The International Trade Commission is expected to rule today on whether the tsunami, which left more than 200,000 dead in 11 countries, might warrant an easing of tariffs previously imposed on shrimp from India and Thailand. That prospect is raising a ruckus among shrimpers along the Gulf Coast, where those opposing such breaks for their Asian competitors include Florida Gov. Jeb Bush -- who three months ago traveled to Asia to reinforce the U.S. pledge to help victims.

The decision before the ITC is narrow: whether "changed circumstances" merit a review of duties that were levied this year after U.S. regulators determined that low-price shipments were harming the domestic market. If the ITC decides to go forward, a final decision still would be months away.

The debate underscores the difficulty of using trade preferences as disaster relief, especially at a time of heightened concern in the U.S. about rising imports. On Capitol Hill, trade tensions are frustrating President Bush's push for passage of the Central American Free Trade Agreement and are forcing the White House to talk tougher about blunting China's rising economic clout.

When Gov. Bush, the president's brother, made a tour of Southeast Asia in January, he put a Bush family commitment behind the U.S. promise to aid victims of the massive waves. "Our hearts are with you," he said at the time.

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Now, he is lobbying the ITC to stand pat on the tariffs imposed on Thailand and India. In a written appeal to the commission, Gov. Bush said the Florida shrimp industry, hit hard by four hurricanes in the summer of 2004, shouldn't be forced to make concessions that might help low-cost competitors in Asia. "Assisting in the economic recovery of this region is the responsibility of the nation as a whole, and should not fall upon a single U.S. industry," Mr. Bush wrote.

The ITC is a six-member quasi-independent body within the Commerce Department that rules on whether low-price foreign imports are harming the U.S. market. If the agency reaches such a conclusion, that clears the way for the Commerce Department to levy antidumping duties, intended to counter the imports.

The tariffs have a history. In 2003, American shrimpers and processors appealed to the federal government for protection, contending that thousands of U.S. jobs were at risk because imports from six Asian and South American countries were unfairly undercutting the domestic market. In early January, the ITC agreed, clearing the way for the U.S. government to impose duties -- formally levied on Feb. 1 -- designed to curb shrimp shipments from those nations.

Amid reports of the devastation throughout the Indian Ocean, the commission said it would explore whether the "changed circumstances" might warrant lifting the tariffs on India and Thailand. The other nations currently subject to the duties are Brazil, China, Ecuador and Vietnam.

The ITC proposal hasn't gone over well. Besides Gov. Bush's opposition, the governors of Mississippi, South Carolina, Georgia, Louisiana and Texas have asked the ITC not to revisit the issue. The governor of Alabama issued a proclamation urging the commission not to be moved by the "perhaps well-intentioned" goal of aiding tsunami victims, and the state's House and Senate both "resolved" against any action by the ITC.

Several Congressional lawmakers from shrimp-producing states have chimed in. Among them are Republican Sen. Trent Lott of Mississippi and Democratic Sen. Mary Landrieu of Louisiana. They argue in a letter to the ITC that "the mere initiation" of a review would "require the U.S. shrimp industry to relitigate at tremendous expense the case already proven -- that it has been injured by dumped imports."

For their part, India and Thailand are playing to longstanding trade concerns as well. They were fighting against the duties before the tsunami, and the catastrophe offered a new argument for them in that dispute. In recent weeks, both governments have responded to the ITC overture by appealing for help. They contend the damage inflicted on local shrimp producers makes them little threat anymore to U.S. rivals. "We need U.S. help," said S.N. Menon, India's commerce secretary, who led an Indian delegation to Washington in March. Mr. Menon said the assistance would produce benefits beyond helping Indian fishermen rebuild. "It will create tremendous goodwill for the United States in the long run," he said.

The chairman of the House Ways and Means Committee, Republican Rep. Bill Thomas of California, is pressing the ITC to be open to the concerns of India and Thailand. But U.S. shrimpers, struggling to stay competitive, contend it is way too early to lift the duties. "We should not have to demonstrate again that dumped imports from India and Thailand are still injuring us," said Deborah Long, a spokeswoman for the Southern Shrimp Alliance, a group representing shrimpers in eight Southern states.

A spokeswoman for the ITC declined to comment.

In his filing with the agency, Gov. Bush recalled that he "traveled to the devastated areas and saw firsthand the tragedy that befell citizens of those nations."

Even so, he said, lifting the tariffs would "create an undue burden" on Florida shrimpers, exposing them to unfair competition just as "the industry is finally able to compete in a fair market."

The governor's press secretary declined to comment further.

Write to Greg Hitt at greg.hitt@wsj.com¹

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(1) <mailto:greg.hitt@wsj.com>

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