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## Vietnam and the United States

### Case of the ghostly catfish

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#### Threat to a lucrative trade

IN ESSENCE, the dispute is simple: cheap imports of Vietnamese catfish threaten to put United States' producers with higher costs out of business. Americans bought 17m lb (7.7m kilos) of Vietnamese catfish last year, up from 0.6m lb in 1998. Over the same period, the price of catfish has almost halved. A trade agreement between the two countries, which eliminated tariffs on catfish a year ago, will presumably exacerbate the trend. But instead of submitting to the free-market principles aired while pushing the trade pact, America's lobbyists and lawmakers are seeking to crush the Vietnamese producers.

Last year, the Catfish Farmers of America (CFA) helped to persuade Congress to pass a law restricting the use of the word "catfish" to American varieties. The Vietnamese sort, claimed the CFA, was raised in third-world rivers, eating anything it could get its fins on, and was as different from well-bred, pond-raised American catfish as a camel is from a cow.

And yet not that different, apparently. When the new law failed to dent sales of the import formerly known as catfish, American farmers decided to launch an anti-dumping suit, despite their claim that imported fish were not even comparable to home-grown ones. Their petition contends that companies in Vietnam, where the average income per person is about a fiftieth of America's, are subsidising rich Americans' taste for catfish. The Vietnamese government meddles in its economy so much, they claim, that it is impossible to make a true assessment of the local producers' costs. So they asked the Department of Commerce to work out how much it would cost to raise hypothetical catfish in India, fillet and freeze them in imaginary factories, and ship them in phantom boats to America. If these spectral confections turn out to cost more than the fleshier Vietnamese sort, it will be proof, the Americans say, that Vietnamese producers are unfairly subsidised and should pay a tariff of up to 190%.



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**The culprit**

The argument is not entirely ludicrous. The Vietnamese government does have a stake in several of the main catfish exporters, and its influence must help them secure financing from state-owned banks, for example. Vietnam does not have competitive markets for land, electricity, transport or other costs of processing catfish. But that, it is argued, makes production more expensive than it need be, not less. Even the ghostly catfish farmers of India doubtless benefit from a fair number of non-existent subsidies. Anyway, quibbles about distortions of the market are beside the point: abundant cheap labour would make Vietnamese catfish competitive under almost any conditions.

Nevertheless, the commerce department will rule in January, based on concocted costs of production in some surrogate third country. The Vietnamese government is indignant. It points out that its booming catfish industry benefits America, by cutting costs for consumers and boosting demand for American exports such as grain for catfish feed. It is threatening to launch a suit of its own, against subsidised imports of American soya beans. Vietnam may be picking up protectionist tricks from the capitalists.

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