



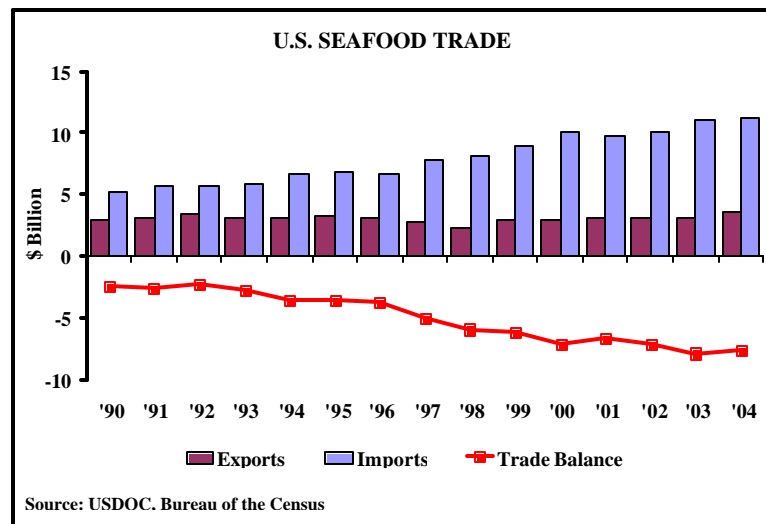
International Trade Report

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U.S. Seafood Imports Continue To Soar

Imports Steadily Outpacing Exports

Currently, the United States is the world's third largest seafood importer behind the European Union and Japan. U.S. seafood imports have been rising over the last decade, from \$5 billion in 1990 to \$11.3 billion in 2004. During the same period, U.S. exports were basically flat. With long-term imports growing faster than exports, the trade deficit has expanded since 1992, reaching a new record of \$7.8 billion in 2003.



The three main import categories - shrimp, salmon, and crabs - accounted for 63 percent of total fishery products import growth from 1990 to 2004. During this period, shrimp imports rose from \$1.6 billion to \$3.7 billion, representing 34 percent of total imports and 25 percent of total seafood consumption in 2004, respectively. However, as a result of anti-dumping actions and the imposition of higher tariffs, U.S. total shrimp imports fell 12 percent during the first four months of 2005. U.S. imports of salmon, the second largest category, rose to \$1.04 billion in 2004. Adding crabs (\$789 million in 2004), the top three categories have significantly contributed to the overall increase in seafood imports as their relative share of total imports rose from 39 percent in 1990 to 51 percent in 2004. Other important import categories include tilapia, tuna, and mollusks. Tilapia has become one of the fastest growing U.S. seafood imports as demand for the mild white fish continues to skyrocket.

The United States imports fishery products from all over the world. Canada and Thailand continue to be the largest sources of U.S. imports, accounting for 20 percent and 15 percent of the total during the past few years, respectively. While Canada mostly supplies processed lobster products, Thailand is the largest supplier of shrimp. Other major suppliers include China (shrimp and tilapia), Chile (salmon), Indonesia (shrimp), Vietnam (shrimp), Ecuador (shrimp), Mexico (shrimp), and India (shrimp). China is ranked third, with its market share increasing from 5 percent in 1995 to 11 percent in 2004. With its rapidly growing aquaculture industries, China may soon surpass Canada and Thailand as the leading supplier of seafood products to the United States.

Future U.S. Seafood Demand

Although U.S. per-capita seafood consumption has remained around 15 pounds through the late 1980s and 1990s, it is expected to increase as farm-raised products become cheaper. Currently, the United States consumes nearly 12 billion pounds of fish a year. By 2025, demand for seafood is projected to grow by another 4.4 billion pounds (2 million metric tons) above what is consumed today. In addition, it is estimated that by 2020, 50 percent of the U.S. seafood supply will come from aquaculture. Presently, more than 70 percent of the seafood consumed in the United States is imported, and at least 40 percent of that is farm-raised.

Major changes in U.S. population, along with shifting demographics and economic growth, will alter the U.S. seafood market over the next decade, affecting the selection of products consumed. According to the National Fisheries Institute, the top five products currently consumed are shrimp, canned tuna, salmon, pollock, and catfish, accounting for 76 percent of total U.S. seafood consumption. It is expected that fresh and frozen fish products will account for a growing share of overall seafood consumption, with shrimp remaining at the top. By 2020, shrimp, salmon, tilapia, and catfish will be the top four seafood products consumed.

Trade Issues

Market access:

Tariffs: After the completion of the Uruguay Round, world import tariffs on fishery products were reduced to 4.5 percent on a trade-weighted basis. Although this may seem quite low, this average hides a number of very high tariffs for selected species and value-added products where duties are a much higher than for most unprocessed products.

In the Doha Round, a proposal to eliminate all import duties on fishery products was submitted. Although many WTO members do not support the proposal, import tariffs are expected to be substantially reduced from present levels as a result of the negotiations. The U.S. proposal would eliminate in two steps all duties on non-agricultural products, including fishery products, by 2015.

Non-Tariff Barriers: Non-tariff barriers are extensively used in the fish trade and sometimes constitute significant impediments to trade. As a result, the WTO is paying particular attention to eliminating or reducing such trade restrictions and distortions. The United States has submitted a proposal addressing non-tariff barriers that impede trade.

Fisheries subsidies: During the Doha Round, members agreed to clarify and improve WTO rules that apply to fisheries subsidies. Although there is no international consensus on the role of subsidies in fisheries, the United States continues to work closely on this initiative with a broad coalition of developed and developing countries. The U.S. position is that WTO Members should eliminate subsidies that lead to overcapacity, over-fishing and trade distorting.

Anti-dumping (AD): Several countries, including the United States, have brought anti-dumping investigations against imports of products that were sold in the import market at less than fair value. Currently, the United States imposes:

- AD duties ranging from 2.35 percent to 112.81 percent on warm water shrimp from Brazil, Ecuador, India, Thailand, China, and Vietnam;
- AD duties ranging from 36.84 percent to 63.88 percent on basa and tra (previously marketed as catfish) from Vietnam;
- AD duties ranging from 2.30 percent to 31.81 percent on Atlantic salmon from Norway; and
- AD duty of 223.01 percent on crawfish from China.

For more information, contact Souleymane Diaby at (202) 205-7763 or Souleymane.Diaby@fas.usda.gov