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## **U.S. Ruling Against Chilean Salmon Producers Could Hurt Exports**

*by LADB Staff*

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In a preliminary ruling on Jan. 8, the US Commerce Department placed anti-dumping duties on exports of dozens of Chilean salmon-fishing companies. However, in a partial victory for Chilean fishers, the Commerce Department rejected the charge that Chile sells its processed salmon in the US at 41% less than "fair market value," compared with prices for salmon sold in Chile. Last November, the Commerce Department rejected charges that the Chilean government is subsidizing salmon exports (see NotiSur, 07/11/97 and 11/21/97).

The latest ruling, however, partially supports accusations of dumping against Chilean producers. Commerce found that the "dumping" discount was 3.3% to 8.27%, much smaller than the 41% US producers claimed. Commerce imposed a penalty of 5.79% on most of the industry. It found that three Chilean salmon producers, representing about one-third of the country's exports to the US, sold their fish for even smaller discounts all less than 2%. For now, their shipments will not be penalized. Both sides will continue to present evidence until a final ruling is issued May 26, which also must be approved by the International Trade Commission.

Mike Coursey, a Washington lawyer for US salmon producers, said he was confident that the final ruling would raise the penalty for Chilean producers. Coursey said the strongest proof of dumping is in salmon prices. Surging Chilean imports lowered average prices for whole salmon in the US to US\$1.91 a pound last year, down from US\$5 a pound in 1991. At stake is about US\$111 million in sales by Chilean producers, which now supply 55% of the fresh salmon consumed in the US.

The head of the Association of Chilean Salmon Farmers, Rodrigo Infante, said the industry was pleased that Commerce rejected the larger penalties requested by US producers and that three of the top five producers were cleared of unfair trading. But he was unhappy with the 5.79% duty imposed against the remainder of the industry. "We've worked hard to build demand for salmon in the US," said Infante. "We've spent US\$1.2 million on a marketing campaign and have pioneered the production of boneless salmon fillets widely used in supermarkets and restaurants. US producers cannot grow enough salmon to meet US demand and most are not equipped to produce salmon fillets. The DOC's decision does not change this."

Duties could not come at a worse time for Chile's salmon industry, headquartered in Puerto Montt in southern Chile. Its best alternative market to the US is Japan and other parts of Asia, but sales there are falling because of the region's economic slump. "We're looking at new markets but it's pretty hard to see where," said Pablo Aguilera, chief executive of Salmopack, which sells half the fish it processes in the US.

### *Salmon decision called US protectionism*

Chile views the salmon war, underway since early 1997, as an example of US protectionism, which will affect dealings with Latin America by President Bill Clinton's administration. And, in many Latin American capitals, the salmon case was considered a litmus test for US commitment to free trade. US producers often resort to accusations of dumping to counteract foreign competition, and they have powerful lobbying mechanisms to help them obtain favorable verdicts, said Chilean Ambassador to the US John Biehl.

"This is as or more important than fast track," said the ambassador, referring to Clinton's unsuccessful attempt to get Congress to approve fast-track authority for negotiating Chilean membership in the North American Free Trade Association (NAFTA) and other international trade agreements. "It is using an absolutely old-fashioned and anti-free trade instrument, a political device dependent on the executive of the US," said Biehl. The preliminary judgement "will be a new message that free trade is threatened from all sides, even by those who state they defend it more openly."

The salmon conflict casts another shadow on the second Summit of the Americas, planned for April in Santiago. The meeting will launch negotiations to create the Free Trade Area of the Americas by the year 2005, proposed by Clinton in the previous summit in Miami in 1994. Clinton's failure to win fast-track authority from Congress sidelined his invitation to Chile to negotiate access to NAFTA and will also cloud the April summit. [Sources: Notimex, 01/08/98; The Miami Herald, 01/08/98, 01/10/98; Inter Press Service, 01/05/98, 01/07/98, 01/12/98]

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