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U.S. Recommends Duties for Some Chilean Salmon Producers

by LADB Staff

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After an 11-month investigation, on June 2 the US Department of Commerce (DOC) recommended duties on imports from three Chilean salmon producers accused of selling fresh salmon on the US market at below-cost prices. The department, however, rejected imposing countervailing duties on all fresh salmon imports from Chile, rejecting claims from American producers that Chile's government illegally subsidizes its producers.

"Chilean salmon farmers are not, as the petitioners have alleged, subsidized by the government," said Rodrigo Infante, general manager of the Association of Chilean Salmon Farmers, based in Santiago, Chile. "Our success in the US market is the result of developing, perfecting, and marketing a product that consumers want to buy boneless salmon fillets." The case, which now goes to the US International Trade Commission, followed a complaint by the Coalition for Fair Atlantic Salmon Trade, made up of salmon farmers in Maine and Washington states.

The coalition filed the complaint with the Commerce Department in June 1997 alleging that unfair trading practices by Chile were driving US salmon farmers out of business. They accused Chile, the largest foreign supplier of salmon to US restaurants and supermarkets, of illegally subsidizing its salmon producers so Chilean salmon could enter the US market at prices 42% below the cost of US domestic production (see NotiSur, 01/16/98).

The DOC's final report said its investigation had verified that Chilean producers were dumping salmon on the US market, and it consequently recommended setting tariffs that ranged up to 10.9% of import value. The department estimated the 1996 value of the salmon imports affected by the investigation at more than US\$111 million. The investigation covered five major Chilean salmon producers. The department recommended no duties against two producers, while duties of 2.24%, 8.27%, and 10.9% were proposed for the other three. The department proposed a 5.19% duty rate for the rest of the Chilean salmon industry.

The US International Trade Commission is expected to rule by mid-July on whether the Chilean exports have unfairly injured US producers. If the commission determines that domestic salmon producers have been hurt by the dumping practices of Chilean producers, the Commerce Department will issue an anti-dumping order and start collecting the duties. Recommendation receives mixed reactions While US salmon producers said they have been hurt by Chilean imports, other US interests oppose any restrictions to curtail the product's availability.

The Salmon Trade Alliance, a group of 80 US businesses that lobbied against import duties, said it was relieved that the proposed tariffs were low enough that they would not eliminate Chilean imports. Chilean industry officials called the proposed duties "unfortunate" but they also

considered it a victory that the recommended duties were far below the 42% that US salmon farmers sought a year ago. And lawyers for the Chilean salmon producers saw the decision as positive.

"The results of the DOC's full investigation and the facts presented to the International Trade Commission show clearly that no material injury to the US industry was caused by subsidized or less-than-fair-value salmon imports from Chile," said Richard A. Johnson, a US lawyer for the Chilean salmon industry with the law firm of Arnold & Porter. "These low dumping margins and the absence of countervailable subsidies make it difficult for US producers to back their inflated claims for injury."

The threat of even modest US tariffs was condemned by the Chilean government, however. Chile has developed its salmon industry as a highly profitable export, and sales to US restaurants, supermarkets, and airlines account for almost one-third of Chile's salmon production. "It is a wrong and negative precedent," said Foreign Minister Jose Miguel Insulza. "I hope that Chilean salmon farmers continue exporting to the US despite the sanction." He said the Chilean government has not decided whether it will appeal the decision. "Our lawyers will evaluate whether they will pursue the matter with the International Trade Commission," he said. (Sources: Associated Press, Business Wire, Notimex, Reuters, 06/02/98)

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