

THE WALL STREET JOURNAL.

A Catfish Trade Ambush

The U.S. breaks a promise to Vietnam and opts for protectionism.

Nov. 26, 2015 5:02 p.m. ET

When Washington bureaucrats drop news on the day before America's Thanksgiving holiday, they're probably hoping no one notices. So it is with Wednesday's announcement of a harmful regulatory scheme that would raise prices for U.S. consumers and contradicts specific language in the recently signed Trans-Pacific Partnership (TPP) trade accord.

At issue are imports of so-called Asian catfish, also known as pangasius, basa or swai. This whiskered creature, common in fish sticks, is now America's sixth most-popular fish, ahead of cod and crab. Its popularity has grown on the strength of cheap imports, mainly from Vietnam but also China and elsewhere, which account for 75% of U.S. catfish sales. Sales of U.S.-farmed catfish are down 60% from their peak a decade ago, much to the distress of fish farmers in the Mississippi Delta.

Trying to shield those farmers from foreign competition has been a longtime goal of lawmakers led by Mississippi Republican Senator Thad Cochran. In 2002 they pushed Congress to bar Asian exporters from labeling their product "catfish," and in 2003 they got regulators to slap antidumping tariffs on imports. Neither measure kept Asian fish out of the market.

So Mr. Cochran wrote a measure into the 2008 farm bill to transfer the regulation of catfish, and only catfish, to the U.S. Department of Agriculture from the Food and Drug Administration. He claims the transfer is required to ensure food safety. But USDA's expertise is meat and poultry, not fish, and Asian catfish imports aren't a health risk. The true aim is to raise inspection costs so high that foreign firms will be unable to compete.



Farm-raised catfish sit inside a net while being transferred from a pond to a delivery truck during harvesting on an aquaculture farm in Uniontown, Alabama, in July 2015. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

The U.S. Government Accountability Office has slammed this duplicative and wasteful program nine times. The previous inspections cost \$700,000 a year, but the USDA program has cost an estimated \$30 million to establish—before inspecting a single fish—and would cost \$14 million a year once operational.

Bipartisan groups of lawmakers have tried and failed repeatedly to head that off via repeal.

Vietnam and other Asian trade partners

threaten to sue at the World Trade Organization if the program takes effect. They'd likely win.

Hence the significance of Wednesday's news: After years of planning, the USDA program will launch in March and phase in over 18 months. Such an announcement was bound to come, but the timing is a big surprise.

That's because this month the U.S. released the text of the 12-nation TPP accord, including a promise to Vietnam that U.S. catfish inspections would "not [be] inconsistent with its obligations under the WTO agreement." Implementing the USDA program as written likely violates that promise by singling out one product for uniquely difficult regulatory treatment without a compelling scientific reason.

The U.S. thus appears to have broken its word to Vietnam—an increasingly important strategic partner—and invited a WTO lawsuit. A loss at the WTO would give any exporter of Asian catfish the right to retaliate against a range of U.S. exports such as beef and soybeans.

Heading off this outcome should now be a priority for anyone in Washington who understands the centrality of trade to U.S. economic strength. If President Obama is serious about working with new House Speaker [Paul Ryan](#), they can begin by repealing the reckless USDA catfish program.