

## **SECTION 4: A CASE STUDY OF THE LOCAL IMPACT OF TRADE WITH CHINA: SEAFOOD IMPORTS FROM CHINA INTO LOUISIANA AND THE U.S. GULF COAST, AND RELATED SAFETY ISSUES**

“The Commission shall investigate and report exclusively on—  
...

“ECONOMIC TRANSFERS—The qualitative and quantitative nature of the transfer of United States production activities to the People’s Republic of China, ... the impact of such transfers on United States national security, ... and the effect of such transfers on United States economic security and employment. ...”

### **China’s Dominant Role in Seafood Exports**

Since its 2001 admission to the World Trade Organization (WTO), China has become the world’s largest exporter of seafood and the largest volume supplier of seafood to the U.S. market. This development is due, in large part, to China’s adoption of industrial fish farming and Chinese government policies that support the industry and encourage fish exports. At the same time, the U.S. seafood market has switched from relying on wild-caught fish taken from domestic waters to an overwhelming reliance on imported seafood, particularly in the case of shrimp, the most popular seafood in the United States. China is now the largest supplier of both shrimp and finfish to the U.S. market. China maintains the world’s largest fishing fleet<sup>338</sup> and ranks as the world’s largest purveyor of wild-caught fish. Even more important for the U.S. market, however, China is the world’s largest producer of farmed fish.<sup>339</sup> More than a billion pounds of Chinese seafood, valued at \$1.9 billion, were imported into the United States in 2006, much of the seafood from an estimated 4.5 million fish farmers and one million processors. In 2007, 23 percent of imported fresh and prepared fish came from China. One in five pounds of fish sold in the United States came from China.<sup>340</sup>

The challenge to the United States posed by Chinese fish imports is both economic and health related. The U.S. industry has responded to the increase in Chinese imports by filing formal unfair trade cases against Chinese exporters, with some limited success. Antidumping duties have been levied against imported shrimp and crawfish from China, but they have not stemmed losses in market

share or reductions in employment by the U.S. fishing fleet. Some U.S. producers have entered niche markets for specific species not available from China or East Asia, while others in the United States have switched from capturing or farming fish to simply retailing imported products. Nevertheless, the \$7 billion fishing and onshore industry supported by the Gulf of Mexico fishery has suffered extensive losses in income and employment. The Census Bureau's annual March 12 survey of the number of workers on Gulf Coast fishing boats found 7,477 in 2000 but only 5,472 in 2005, a decline of 27 percent.<sup>341</sup>

The Commission held a public hearing in April 2008 in New Orleans to consider the effects of Chinese fish imports on the Gulf Coast economy and to examine health-related issues stemming from imported fish from China. The Commission also sought to determine whether U.S. regulatory agencies have the resources and procedures to respond adequately to the economic and health challenges posed by imported fish from China.

Americans have greatly increased their consumption of seafood over the past two decades, perhaps persuaded by studies showing that a diet of fish provides health benefits. Per capita consumption of seafood rose 30 percent between 1980 and 2006, to 16.5 pounds annually. This market increase has been entirely satisfied by imports. Indeed, the share of imported seafood has grown even faster than consumer demand and therefore has cut into domestic sales. In 1995, the U.S. market was split about evenly between imports and domestically caught and grown fish. But over the past decade, imports of seafood increased by 74 percent. By 2006, imports composed 83 percent of the nearly 5 billion pounds of edible seafood consumed in the United States.<sup>342</sup>

One of the primary determinants of China's growing dominance of the U.S. market is price. China's fish farming is supported by local and national government aid to fish farmers and processors, including subsidies for docks, cages, and fuel. Local and provincial governments arrange for low interest loans for fish farmers, and the national government maintains an undervalued currency that indirectly subsidizes exports. These factors, accompanied by the government's lax environmental and health controls on fish farming practices, have provided China's industry with considerable cost advantages over the American fishing fleet. While fish farming is more labor intensive than harvesting many wild-caught fish species, the Chinese method is less capital intensive and cheaper, after accounting for Chinese government subsidies for gasoline and diesel fuel. In addition, Chinese governments at local levels provide fish farmers a variety of other subsidies ranging from free access to reservoirs to low-cost loans for boats and engines.

All the subsidies, direct and indirect, had a considerable effect on the U.S. market. For example, catfish from Chinese fish farms began arriving in the United States in 2004, often selling for \$1.00 per pound less than the U.S.-farmed fish.<sup>343</sup> As a consequence, the volume produced by U.S. growers quickly declined and hit the lowest level in 10 years with the 2007 harvest, according to Carole Engle, director of the Aquaculture Fisheries Center at the University of Arkansas, who testified at the Commission's April 2008 hearing.

The rise of industrial fish farming rather than any sudden expansion of fishing fleets accounts for most of the increase in U.S. imports, particularly from China. In just 25 years, world aquaculture production climbed from two billion pounds to 130 billion pounds in 2006.<sup>344</sup> This production is centered in Asia, which accounts for 90 percent of the global aquaculture production, 70 percent of which is from China, according to United Nations (UN) figures.<sup>345</sup> In 2006, the United States imported 1.2 billion pounds of seafood from China valued at \$1.9 billion and exported 500 million pounds of seafood to China valued at \$450 million.<sup>346</sup> Some of the fish counted as U.S. exports to China, such as pollock and salmon that is wild caught in the Pacific Ocean, is processed in China and returned to the United States for sale.

When China's capture industry is added to its aquaculture output, it ranks as the world's largest producer of fish by far, accounting for a third of all fish production worldwide in 2001.<sup>347</sup> The next largest producers, Peru and the European Union (EU), accounted for just 6 percent each. By contrast, the majority of fish sourced from domestic waters in the United States is wild caught with hooks or nets. U.S. commercial fishermen caught and delivered to the dock 4.14 million metric tons in 2000 and 4.3 million metric tons in 2006.<sup>348</sup> The total U.S. fish harvest from all methods peaked in 1995 at nearly 5 million metric tons; it is projected to remain flat at around 4.5 million metric tons through 2025.<sup>349</sup>

### **The Economic Challenge from China's Seafood Industry**

China's fish exports to the United States skyrocketed after China's admission to the WTO in 2001, as China's membership resulted in relaxed U.S. quota limits and lower tariffs. Exports of seafood from China had been growing over the previous decade at slightly less than 5 percent a year. After 2000, seafood exports from China to the United States grew at nearly a 21 percent annual rate. Data from the National Marine Fisheries Service show China exported \$2 billion of seafood to the United States in 2007, up from \$600 million in 2000, which represents a 233 percent increase.<sup>350</sup> At the same time, China's share of the U.S. market for fish approximately doubled, from a 13 percent to a 25 percent share.<sup>351</sup>

Shrimp represents a special case—and an instructive one—because a penalty tariff was imposed on shrimp from China and five other countries beginning in 2005, but for a variety of reasons it had relatively little positive long-term effect on the U.S. shrimp fleet. (These reasons are addressed in greater detail later in this section.) Figures show that volume imports of Chinese shrimp rose after 2000 but fell after penalty tariffs were imposed in 2005. The initial increase in Chinese imports from 2001 through 2004 had caused the wholesale price of shrimp received by U.S. shrimpers within the United States to fall. In the Gulf region, the inflation-adjusted dockside price fell 40 percent, from \$2.10 per pound for raw shrimp to \$1.26 per pound.<sup>352</sup> But after the penalty tariffs were imposed, Louisiana shrimpers did not see a wholesale price rise for raw, unprocessed shrimp, as they expected. The U.S. industry attributes this to cheating by foreign exporters and to faulty tariff collection procedures by U.S. authorities, among other issues.

At first, the penalty tariffs seemed to be working to the benefit of U.S. shrimpers. Frozen shrimp imports from China dropped from about 120 million pounds in 2004 to 25 million pounds in 2005, according to Harlon Pearce, chairman of the Louisiana Seafood Promotion and Marketing Board. The value of Chinese shrimp imports dropped from \$300 million to \$60 million in 2005. However, the average value per pound of Chinese frozen, peeled, and processed shrimp stayed flat, at below \$2.60 a pound, down from about \$3.10 a pound in 2001.

Meanwhile, Louisiana dockside prices of wild-caught shrimp—with the head still attached and the shell still on—stayed relatively flat, at \$1.20 a pound. Imported shrimp's major effect on the U.S. market was to drive the price lower and then to help keep it there, despite the tariff. The U.S. industry, particularly the Florida-based Southern Shrimp Alliance, the plaintiff in the antidumping case, has blamed this, in part, on the Chinese practice of transshipping shrimp through ports in other countries to escape the penalty tariff. For example, shrimp exports suddenly began arriving in the United States from Papua New Guinea, a country that had not previously exported any shrimp. Shrimp exports from Indonesia and Malaysia also showed large increases. Cambodia, which had exported no shrimp to the United States and had imported none from China, suddenly imported nearly 2 million pounds from China and exported more than 3.5 million pounds to the United States in the weeks after the preliminary Department of Commerce antidumping ruling against China in July 2004.<sup>353</sup>

Another factor in China's dominance in supplying farmed seafood to the world market is the government's policy to encourage production by providing subsidies to aquaculture operations. Dr. Engle, who recently returned from a fact-finding trip to Jiangsu and Hubei provinces in China, told the Commission that both the central government and local governments in China provide extensive grants to aquaculture operations. Jiangsu Province spent 1 billion renminbi (RMB) in 2006 in subsidies to fish farmers, while crawfish farmers received 6 million to 8 million RMB of that in construction grants, Dr. Engle said she was told. (Crawfish and catfish can be raised in the same ponds in sequential six-month periods.)

Fish farmers in China are eligible for a variety of grants reserved to promote "new technology," production of goods meant for export, and aquaculture. Some grants are directed specifically to support shrimp, tilapia, and catfish production for export. Some industrial fish farms that are state owned are leased or provided at no cost to tenant farmers. Farmers also are allowed to raise caged fish in rivers and reservoirs at no cost, Dr. Engle found. Hatcheries are all state owned and funded by the central and local governments. (Fish hatcheries in the United States are often owned or under contract to government to produce eggs or fingerlings, but they are intended to restock ponds and rivers for sport fishermen rather than for commercial operations.) In China, fish haulers are exempted from paying tolls on highways. In some cases, pharmaceutical companies, from which fish farmers obtain antibiotics and other chemicals, are located in nearby industrial parks established by the government.<sup>354</sup>

According to the Southern Shrimp Alliance, a Florida-based organization of Gulf and Atlantic Coast shrimpers, the Chinese government at all levels spent more than \$652 million from 2000 to 2005 in subsidies to fish farmers in an effort to achieve an annual growth rate of 9.3 percent for exports of farmed fish.<sup>355</sup> China lately has begun to subsidize fish processing operations as well, according to the alliance.

### **Creating a Niche Market in Wild-caught American Shrimp**

U.S. fishermen and processors have struggled to compete with subsidized imports from China in various ways. Kim Chauvin, who co-owns the Mariah Jade Shrimp Company in Chauvin, Louisiana, tied up one of her three steel-hulled shrimp boats and entered the retail shrimp business. Through the company's Web site, she sells the wild-caught shrimp harvested from the Gulf by her remaining two boats.

For Ms. Chauvin, the vertical integration strategy has been a qualified success. As news accounts proliferate about safety problems with Chinese imports, she has joined some Gulf region shrimpers who have created a niche market for higher-quality, higher-priced shrimp, sometimes emphasizing shrimp variants predominantly found in the Gulf.\*

Unfortunately, said Ms. Chauvin, some restaurants and stores are fraudulently entering into the niche market by falsely implying that their foreign, farm-raised shrimp is actually from the Gulf. For example, this sometimes is done by putting a large photo of an American shrimp trawler on the package. Ms. Chauvin also insists that Chinese fish are unfairly priced. "We are not against imports coming into this country," she said. "It is not fair for our U.S. fishermen to have to adhere to so many explicit laws [on wages and environmental safeguards] and for [foreign fish] to be coming into this country when it's being subsidized."

Wild American Shrimp, Inc., an industry marketing association through which Mariah Jade sells its shrimp, also received a \$3.6 million start-up grant in 2004 from the National Oceanic and Atmospheric Administration (NOAA). Despite Hurricanes Rita and Katrina in 2005, which reduced Mariah Jade's customer base, "We have gone from almost losing everything we had to staying afloat and helping other people now stay afloat with us," Ms. Chauvin told the Commission.

The U.S. catfish industry, the largest aquaculture industry in the United States, centered in Mississippi, Arkansas, and Alabama,

\*Ms. Chauvin, who is a member of the official Louisiana Shrimp Task Force, has been among those advocating increased funding for the U.S. Food and Drug Administration (FDA), which under law is responsible for ensuring seafood is healthy for human consumption, so that the FDA can expand its inspection and testing system. As a member of the Southern Shrimp Alliance, she supported the successful antidumping case against imports of Chinese shrimp in 2005. Much of the penalty tariffs levied against Chinese shrimp were distributed to the alliance, as the official plaintiff in the case. Finally, Ms. Chauvin also is a member of Wild American Shrimp, Inc., a marketing organization associated with the alliance.

also has struggled to compete with subsidized imports from China. Since 2003, production has dropped 25 percent, as Chinese catfish began entering the U.S. market.<sup>356</sup> Said Dr. Engle:

*Chinese catfish are being sold for about a dollar a pound less than U.S. catfish fillets of the same size. However, feed costs in China are two to three times higher than feed costs in the United States. And so these lower costs of [Chinese] fillets in the United States are not due to lower costs of production in China. I've spent time developing budgets and costs of production, and I cannot see how it is profitable for the Chinese farmers to raise catfish even before their price declines of last year ... unless you account for the subsidies.*

On the other hand, some Americans who have adapted to the dramatic influx of imported fish have seen their business increase. Matthew Fass, a fourth-generation waterman-fish seller from Newport News, Virginia, is an example. Mr. Fass, president of Maritime Products International, told the Commission that he has taken an entirely different path toward profitability. While his great-grandfather began the business as an oysterman in Virginia's Tidewater area, Mr. Fass now is a distributor of imported fish, which he insists is of high quality. "As the industry has changed, so too has our business," he said. "Imports from China specifically have played an essential role in helping American consumers at all income levels enjoy the health benefits of a variety of seafood."<sup>357</sup> Mr. Fass estimated that more than 95 percent of the fish he sells is imported. He also noted the large quantity of seafood caught in U.S. waters, including pollock, flounder, perch, and salmon, "brought to China for further processing into filets or other forms and then sent to the U.S. and other places for consumption."

This competition between imports and exports is being played out across America and in many industries in a process some economists have labeled "creative destruction."<sup>358</sup> Some efforts fail. Others succeed. In free enterprise, the market decides. But what the Chinese government practices is not free enterprise. The Gulf Coast fishing industry is but "a drop in the bucket," when compared to the overall economy, Walter R. Keithly, a professor at the Center for Natural Resource Economics and Policy at Louisiana State University in Baton Rouge, told the Commission. But Dr. Keithly went on:

*Having said that, though, we have local communities that are highly dependent on the seafood industry and it is a way of life that is quickly being lost by many of our commercial fishermen. The financial viability of the Gulf of Mexico seafood industry has been on the decline for more than a decade now. ... And there are no signs that there's going to be a reversal in that trend anytime soon. ... While the increasing import base is not the sole reason for this decline, it is a contributing factor. Furthermore, China is a large exporter to the United States of certain seafood products that compete with the harvest from the Gulf of Mexico. ... Of all the Gulf of Mexico commercial fisheries, the shrimp industry has been the most severely impacted from*

*the increasing import base. The impact is wide in scope, ranging from a significant decline in the number of harvesters, probably in excess of 50 percent, to a large consolidation in the processing industry.*<sup>359</sup>

### **The Safety Challenge from China's Seafood**

For American consumers and some retailers, the benefits of imported seafood—increased availability at a lower price—compete with its health risk. Abundant and inexpensive seafood from China, particularly frozen shrimp, has helped expand consumption of fish in restaurants and at dinner tables around the country. Consumers, who may have passed by the grocery store seafood case because of high prices, are now lining up to take a number. But as several witnesses explained at the Commission's New Orleans hearing, there is a downside to importing fish from China: Consumers of fish imported from China may be jeopardizing their health.

Farming methods in China include the use of certain chemicals and pharmaceuticals that are banned in the United States because they are carcinogenic or otherwise endanger the health of people who eat them. (Greater detail on these substances is provided later in this section.) Often these chemicals are used by farmers in China to fight outbreaks of disease among fish that are grown in close proximity to one another, an unsafe industry practice that very quickly can spread such bacteria as salmonella and listeria as well as fungal, viral, and parasitic infections.

Water used to grow farmed fish also poses a potential problem. A third of the length of all China's rivers and three-fourths of its lakes are "severely polluted," according to a 2007 study by the Organization for Economic Cooperation and Development (OECD), undertaken at China's request. The report says that "a majority of the water flowing through China's urban areas is unsuitable for drinking or fishing."<sup>360</sup>

Food & Water Watch, a Washington, DC-based environmental organization, quotes World Health Organization figures showing that only 48 percent of Asia has access to sewage treatment plants and that fish farmed in waters containing untreated sewage pose a special danger to consumers.

*In China, the global leader in aquaculture, 3.7 billion tons of sewage is discharged daily. As of 2005, only 45 percent of China had access to sewage treatment plants. The untreated sewage runs freely into rivers, lakes, and coastal water, some of which are used for aquaculture production. Furthermore, producers tightly cram thousands of finfish and shellfish into their facilities to maximize production. This generates large amounts of waste, contaminates the water, and spreads disease, which can kill off entire crops of fish if left untreated. Even if a disease does not kill off all the fish in an aquaculture facility, remaining bacteria, such as Vibrio, Listeria, or Salmonella, can sicken people who eat the fish.*<sup>361</sup>

Heavy metals in the water used to raise fish also pose a significant problem.\*

*Heavy metals persist in all meat (in China) but particularly in fish. Mercury from China's coal-fired power plants is a high-profile example of how water pollution links to food safety. Consuming fish is the most common way to ingest mercury because it accumulates in the flesh of the animal. Mercury exposure can cause miscarriages, harm brain development, and damage the endocrine system, kidneys, and other organs. Statistics on mercury in Chinese fish are scarce, but Chinese coal is believed to be responsible for mercury contamination in fish as far away as the western United States, pointing to a strong possibility of mercury contaminated fish within China.*<sup>362</sup>

The responsible solution for the problems caused by overcrowding would be to reduce the concentration of fish in a particular area and clean fish waste and uneaten fish feed from the water. However, China's 4.5 million fish farmers<sup>363</sup> often take a less responsible approach, according to the testimony at the Commission hearing. Typically, Chinese farms crowd as many fish as possible into ponds, holding pens, or cages. To forestall epidemic diseases due to overcrowding and to compensate for the use of water often polluted by agricultural fertilizers, industrial wastes, and partially treated sewage, the Chinese farmers, often with little knowledge of safe fish farming practices or the downstream effects of various chemicals, and with even less expertise in treating sick fish or forestalling epidemics, simply toss into their ponds handfuls of chemicals on the unscientific advice of other fish farmers. They add antibacterial, antiviral, and antifungal agents, including malachite green, gentian violet, and chloramphenicol, all considered potential carcinogens. Antibiotics difloxacin and ciprofloxacin, both approved for human use, also are frequently used to treat the fish, which scientists warn will reduce the effectiveness of these antibiotics in fighting diseases in humans.

Some of the chemicals used are banned in China; in other cases, they are allowed in China but banned in the United States. Dr. Engle testified that on a research trip to China in late 2007, she found evidence that Chinese pharmaceutical companies provided and labeled for aquaculture use various antibiotics not approved for use in the United States. "It is clear that there is little understanding that ensuring a safe food supply requires zero tolerance for these types of antibiotics and compounds in our food supply," Dr. Engle said.<sup>†</sup><sup>364</sup>

Several other peculiarities of Chinese fish farming, coupled with the Chinese government's lax methods of inspection and deficiencies in the American import inspection and verification regimes, have left U.S. consumers vulnerable to harm from contamination and unauthorized chemicals. For example, even if contami-

\* Mercury contamination in China was also addressed in the Commission's August 13, 2008, hearing and is covered in chapter 3, section 1. Some 10 percent to 30 percent of the mercury contamination in the United States is attributed to Chinese sources, according to one estimate.

<sup>†</sup> In the United States, the Food and Drug Administration (FDA) regulates veterinary drugs used in aquaculture. Among the approved drugs are Formalin, hydrogen peroxide, Oxytetracycline hydrochloride, Oxytetracycline HCL, and Florfenicol.

nated fish are discovered after processing and inspection, Chinese authorities have little ability to trace the tainted fish back to their origin. Many of the fish grown in China are from small ponds or tidal pools on farms or along rivers, lakes, or reservoirs. China's one million processors, 70 percent of whom employ fewer than 10 workers, then aggregate those fish without documenting their origin, which makes it difficult for authorities to trace contamination back to a single source.<sup>365</sup>

The Chinese central government has placed some regulatory controls on fish farming practices but expends little effort on testing fish at wholesale or retail stages. Nor does the government in China disseminate information on safe fish-handling practices to Chinese farmers. Local governments, in particular, emphasize promotion over regulation. The U.S. government does not require fish farmers and processors in other countries to adhere to standards of safety equivalent to those in effect in the United States.

### **U.S. Seafood Inspections Inadequate**

Congress, the Food and Drug Administration, and the Consumer Product Safety Commission have been struggling throughout 2007 and 2008 to determine the proper regulatory response to a series of dangerous and adulterated imports from China, including, among others, wooden toys contaminated with lead, tainted pharmaceuticals such as the blood-thinner Heparin, pet food laced with fire retardant, faulty automobile tires, and toothpaste contaminated with poisonous antifreeze. Most recently, Chinese dairy products have been discovered to be adulterated with melamine, an industrial solvent. Some of the melamine-contaminated milk and milk powder has been exported and discovered in processed food products. Candy, flavored drinks, instant coffee, tea, and powdered instant coffee creamers sold in the United States under certain brands have been identified by the FDA as having been contaminated with melamine from China as of the date this Report was completed.<sup>366</sup>

The FDA also has been working with the National Oceanic and Atmospheric Administration (NOAA), an agency of the U.S. Department of Commerce that shares some responsibility with the FDA for fish safety. The agencies recognize that an inspection regime that will better serve U.S. consumers is needed now that imported seafood raised in Asian fish farms has come to dominate the U.S. market, largely displacing wild-caught domestic varieties. The challenge just from China is enormous: Nearly a billion pounds of Chinese fish were imported in 2007.

The FDA physically inspected less than 2 percent of all imported fish shipments to the United States between 2003 and 2006 and refused entry to just one of every 476 shipments in 2006.<sup>367</sup> (Refusals of Chinese fish imports averaged 75 a year between 2002 and 2006; in 2006 the number of refusals was 309.)<sup>368</sup> In 2006, 1.3 percent of imported fish shipments received a sensory examination—typically by sight and smell—and just 0.59 percent were laboratory tested, a 33 percent decline from three years before.<sup>369</sup> In 2007, the FDA processed 868,000 “entries of imported seafood,” performed 14,000 physical examinations, and collected somewhat more than

6,000 samples of domestic and imported seafood for analysis at FDA field laboratories (a rate of physical examination of imports of just 1.6 percent).<sup>370</sup>

In one contrast to those figures, the meat and poultry system of the U.S. Department of Agriculture (USDA) requires that all imports of meat, poultry, and eggs be inspected when they enter the United States. The USDA allows only 34 countries to export meat and poultry to the United States, and those countries first must institute a meat and poultry inspection system USDA adjudges to be equivalent to its system in the United States.<sup>371</sup> (The USDA has not certified China to export meat to the United States. Congress by law has directly blocked imports of poultry from China. The FDA has no similar certification authority for fish that would allow it to block all seafood imports from a particular country.)

The European Union's inspection rate for seafood is nearly 10 times higher, and Japan's rate is more than five times higher, than the U.S. inspection rate. The European Union inspects 20 percent of fish imports, while Japan tested 12 percent of all seafood in 2005, according to figures compiled by Food & Water Watch.<sup>372</sup> Europe banned imports of Chinese shrimp entirely from January 2002 to July 2004 after detecting one prohibited antibiotic, chloramphenicol, which also is prohibited by the United States, Japan, Australia, and Canada.<sup>373</sup> The United States did not test Chinese shrimp imports during this period for chloramphenicol contamination and therefore did not ban any shrimp for violating the prohibition.

Hong Kong's seafood import procedures also starkly contrast with those of the United States. Hong Kong, with seven million inhabitants, imports almost all its food. In 2006, it sampled 64,000 food imports for chemical and microbial contamination. Hong Kong also sends inspectors to Chinese farms and factories to certify their procedures. Only mainland fish farms certified safe by Hong Kong inspectors can export to Hong Kong. The fish farms also must certify that no antibiotics or fungicides are present in the fish and ship the fish in sealed containers to prevent mixing with unregistered fish.<sup>374</sup>

By most accounts, the FDA's import inspection regime for fish was instituted in an era that predated the globalization of the food supply. "The FDA . . . is heavily reliant on self regulation amongst U.S. processors and importers," according to Drew Thompson, director of China studies at the Washington, DC-based Nixon Center. "Primarily focused on a domestic agenda, the FDA and USDA are ill-equipped to police international food exporters. While the USDA has some staff posted abroad, the FDA has no staff stationed overseas and few staff with the necessary language skills and cultural knowledge to effectively inspect overseas factories and their shipments destined for U.S. ports."<sup>375</sup> The FDA readily admitted in Congressional testimony that it often has "very limited information regarding conditions under which most food is produced in foreign countries."

Since signing a preliminary memorandum of agreement with China in December 2007, the U.S. Department of Health and Human Services has been seeking authorization from Beijing and funding from Congress to place eight FDA inspectors in China.<sup>376</sup>

At the time this Report was completed, funds were available and the FDA was proceeding with preparations to place the eight FDA inspectors in China, one of whom has been hired. According to the FDA, the U.S. embassy in Beijing still is negotiating with Chinese officials to determine the authority the U.S. inspectors will have, but their responsibilities likely will include training Chinese fish inspectors.

While meat inspectors from the U.S. Department of Agriculture have travelled to many countries to document foreign regulatory controls on farm herds, slaughterhouses, and distribution and transportation facilities, the FDA, which has primary jurisdiction over seafood, has few similar procedures. Yet, even placing inspectors in China is not the answer, FDA Deputy Director of Food Safety Donald Kraemer told the Commission.

*We have recognized that our present system of looking at entries at the time that they're offered for entry into the United States is, in essence, the little Dutch boy with his finger in the dike. We can't do enough at that point. So our effort and the people that we would put in China would be to audit their system as a much more efficient way of having control over the entries . . . we couldn't possibly inspect all of the food producers. China has something on the order of half a million food producers. Even if we put eight people in China, we couldn't get to [all the food producers] for hundreds of years. So we have to rely on the Chinese system. But we have to verify the adequacy of their system by auditing it, which is what our purpose would be.<sup>377</sup>*

Nevertheless, placing U.S. seafood inspectors in China is one of the U.S. goals in implementing the memorandum of agreement between the governments of the United States and China. The agreement initially was a product of the Strategic Economic Dialogue, a continuing biannual, ministerial-level exchange between the United States and the People's Republic of China governments, and of follow-up talks between the U.S. embassy in Beijing and the PRC Ministry of Foreign Affairs. In the case of seafood exports, the preliminary agreement would create a verification and electronic certification program allowing the FDA to monitor the Chinese fish inspection system rather than allowing FDA inspectors free rein to visit fish farms and production facilities, the methodology employed by the USDA in its meat inspection program in the 34 countries authorized to export meat and poultry to the United States.

The FDA would continue to monitor, inspect, and test Chinese seafood entering the United States and could opt out of the memorandum of agreement if inspections in the United States showed that China's domestic inspection system failed to improve the safety of Chinese fish exports.<sup>378</sup>

The memorandum of agreement provides for information sharing and contains promises by the Chinese government to inspect Chinese plants more closely and to report within 48 hours on possible violations that could pose a health or safety risk. In addition, it requires Chinese producers to submit to yearly inspections by Chinese authorities. The agreement also promises FDA inspectors better access to Chinese facilities. (FDA inspectors were denied visas

in 2007 when they initially sought to inspect Chinese pet food factories for the presence of melamine, a fire retardant that can be added to some foods to falsely boost tested protein levels.) However, under the terms of the agreement, Chinese authorities will control the movements of FDA inspectors, whose access will be at the discretion of the Chinese government.

For ensuring seafood safety within the United States, the FDA relies on a system of risk prevention controls it has labeled the Hazard Analysis and Critical Control Points. This program requires domestic fish processors to prepare site- and product-specific safety plans, determine where potential safety hazards are likely to occur, and describe how the expected hazards will be controlled. Importers need only verify to the FDA that suppliers of their foreign products are in compliance—that they have the required safety plans.<sup>379</sup> The FDA essentially must rely on a system of self-monitoring and self-regulation by Chinese producers and processors. Only when the FDA determines an exporter repeatedly has violated standards can the agency require a higher level of certification. But that step requires inspection of fish imports, something that occurs in less than 2 percent of shipments from abroad.

Press coverage of safety and health problems from a variety of imported consumer goods from China in 2007 led to heightened public awareness and action by state authorities and the FDA. In April, Alabama banned Chinese catfish sales after state inspectors found banned antibiotics. Wal-Mart subsequently removed all frozen catfish fillets from its shelves. In May, Mississippi took similar action against Chinese catfish. By June 2007, the problem of contaminated fish from China was considered so grave that the FDA instituted an “import alert” affecting all Chinese shrimp, catfish, dace, basa, and eel, based on tests of multiple shipments of these species showing they had been treated with veterinary medicines.

Under the import alert program, importers must demonstrate by third-party testing that their shipments are free of banned chemicals and spoilage. An importer able to demonstrate that five consecutive shipments are clean can apply to be exempted from the import alert, and its product can be imported under normal rules. While the FDA had applied import alerts against individual Chinese shippers in the past, an import alert on shipments of five species from all Chinese shippers marked a large increase in the surveillance effort.<sup>380</sup> However, it is important to note that instituting an import alert does not mean that the FDA has tested the seafood for chemicals that typically pollute China’s rivers, such as heavy metals other than mercury and organic wastes.

Even at U.S. borders and within the United States, the FDA lacks the authority to take actions necessary to protect consumers from contaminated seafood. For example, the FDA in some cases is unable to seize and destroy diseased or contaminated seafood imports even when they are discovered at the border. Current regulations require that seafood determined to be hazardous to humans be returned to the importer, if requested. This can lead to the shipment’s eventual reimportation to and sale within the United States.<sup>381</sup> Several witnesses at the Commission’s New Orleans hearing described the practice of “port shopping,” whereby a shipment of seafood rejected at one port is resubmitted at another U.S.

port with the hope it will be admitted as a result of inadequate inspection. The lengthy amount of time it often takes the FDA to post rejection notices on its Web site and to notify other U.S. ports—348 days on average—contributes to the port shopping problem.<sup>382</sup>

Consumers Union Food Policy Initiatives Director Jean Halloran told the Commission that

*FDA or another federal agency with appropriate expertise, such as NOAA, should establish a federally-supervised system of independent third-party certification, similar to the Underwriters laboratory [sic] certification. . . . The FDA should have exclusive authority to recall contaminated food. . . . And FDA should be able to condemn and destroy food that poses a serious safety hazard at the border, not just send it back for reconditioning and possibly coming through a border where they might miss the shipment or have less vigilant oversight.*

The FDA began a rule-making procedure in 2002 to address this issue by requiring that seafood rejected for entry into the United States bear a stamp or marking indicating it was rejected before it was returned to the importer. But the FDA later withdrew the rule due to a conflict with a similar rule-making procedure by the Department of Homeland Security. The FDA resumed its attempted rule-making on the issue of marking in September 2008. Importers have suggested that any mark applied to rejected seafood be applied with invisible ink.<sup>383</sup> A Senate bill that would have ended the practice of port shopping by allowing the FDA to seize contaminated or spoiled imported fish was not acted upon in 2008.<sup>384</sup>

The testimony highlighted other deficiencies. For example, the FDA lacks the authority to order a mandatory recall for fish. Nor can the FDA block an import even if it is notified by Chinese authorities that the fish product has violated Chinese certification procedures. The FDA has sought such authority from Congress, but as of the publication of this Report, Congress had not enacted legislation to provide it, despite extensive hearings in the House and legislation introduced in both chambers.<sup>385</sup> In addition, the FDA lacks the authority to inspect and certify the independent laboratories that are testing fish from China under the special import alert. The FDA also has been seeking this authority without success, according to testimony from the FDA representative.<sup>386</sup> While FDA inspectors may visit plants in China at the invitation of Chinese authorities, the FDA cannot certify Chinese plants or even China's inspection regime. FDA deputy director of food safety Donald Kraemer explained to the Commission: "We do not have the authority to require that a system—the Chinese system, for example—be certified before products from that country can come into the U.S., which is the case with USDA with meat and poultry. It is not the case with FDA-regulated products."<sup>387</sup>

The ease with which uninspected seafood from China enters the United States has had a pronounced effect on domestic seafood producers. According to John Williams, executive director of the Southern Shrimp Alliance,

*It is now widely known that the FDA is broken. Worst of all, the FDA does not require foreign producers, including China, to demonstrate equivalence with U.S. food safety standards. Instead, the FDA relies solely on border inspection of imports, which covers about one percent of all FDA-regulated imports. By contrast, Canada, Japan, the EU, and even our own [U.S. Department of Agriculture] all do much more to protect the safety of food for consumers. The mix of [Chinese] shrimp overproduction and lax U.S. enforcement has led to a flood of cheap and contaminated Chinese shrimp imports to the U.S. market. For example, when the EU banned all Chinese shrimp imports in January of 2002 because of contaminated shrimp, exports were diverted from the EU to the United States. In a single year, from 2002 to 2003, Chinese shrimp exports to the United States increased 30 percent. For some more perspective, in 2000, Chinese shrimp imports to the United States totaled around 38 million pounds. By 2003, these imports jumped to a high of 169 million pounds, more than four times the total in 2000. Not surprisingly, import prices plunged.*

### **Country of Origin Labeling**

Congress passed in 2002 a Country of Origin Label (COOL) requirement for beef, lamb, pork, fish, peanuts, and perishable commodities. Under pressure from food processors and retailers, Congress delayed implementation three times, with the exception of fish, which must be labeled under current law. The fish-labeling requirements, however, contain significant loopholes: First, the requirements only apply to fish sold in supermarkets and other stores that do a large volume of business in vegetables.<sup>388</sup> Fish markets, which sell 10 percent of the fish at retail in the United States, are exempt from the COOL requirements so long as they sell few or no vegetables. “This was, I think, at the time, a drafting error; but it’s now ... a permanent loophole in the [law],” Ms. Halloran told the Commission. Others interpreted the provision differently—as an effort to exempt small retailers from the provisions, for example.<sup>389</sup> The loopholes in the COOL regulations are especially significant given that more than two-thirds of FDA’s inspection refusals from 2003 to 2006 were of fish that were exempt from the COOL requirements, according to a Food & Water Watch analysis of FDA data.<sup>390</sup>

Other loopholes in the law have strange effects. Fish that are processed or “substantially transformed” in the United States can be labeled as being from the United States and sold in a grocery store as such even if they originally were imported from China. For example, fish from Chinese fish farms can be labeled as originating in the United States if smoke flavoring is added within the United States. If shrimp from China is cleaned and breaded in the United States, it need not be labeled as foreign. Shrimp that is cooked in the United States “magically becomes not imported.”<sup>391</sup> So consumers concerned about the use of veterinary medicines, antibiotics, and contamination from unsafe water and fish farming practices in China cannot depend on labeling to help them choose.

Restaurants also are exempted by the federal law and so need not reveal the origin of the fish on the menu. American catfish farmers complain that Chinese exporters sometimes bill their product as “Mississippi channel catfish,” because some fish farms in China raise fingerlings hatched in Mississippi. Adding to the confusion, the law makes USDA responsible for writing and enforcing the COOL regulations on fish sales, even though the FDA is responsible for seafood safety.

There is not unanimity among Americans on these issues. Mr. Fass, the Virginia distributor of imported fish, insists that the use of antibiotics “is part of food production all over the world, including the United States, including the United States seafood industries, such as with domestic catfish production.” In addition, he testified, state testing has been “discriminatory and inconsistent with federal oversight and testing methodologies.” He opposes country of origin labeling because it “fosters more uninformed decisions, rather than informed purchasing decisions by the consumer,” and “emergency health decrees” that cause needless “market volatility.” The antidumping cases on imported fish, he said, resulted in “the formation of cartels, an increase in market volatility, a decrease in new product development, a lack of domestic reinvestment, and incentives for poor quality.”<sup>392</sup>

## **Flaws in Antidumping Penalties Reduced Effectiveness**

### ***Shrimp***

For a variety of reasons, antidumping penalties against imported Chinese shrimp and crawfish have failed to accomplish their purpose: to enable the U.S. industry to compete by compensating its companies for the economic effects of unfair Chinese trading practices, usually defined as selling below the cost of production in order to deprive another competitor of market share.

The antidumping penalties imposed on frozen or canned warmwater shrimp were first levied in 2004 against six countries: China, Brazil, Ecuador, Vietnam, India, and Thailand. The largest of the exporters, China, received by far the highest penalty tariffs. Imports of shrimp from these six countries declined from 800 million pounds in 2003 to 700 million pounds in 2004. But by 2006, the total imports to the United States from these six countries shot back up to their 2003 levels, a typical pattern in antidumping cases.<sup>393</sup> Shrimp imports from China peaked at 180 million pounds in 2003 and since then have averaged around 125 million pounds, while U.S. shrimp imports from several of the other five nations, on which extremely low tariffs were imposed—notably Ecuador and Thailand—actually increased.<sup>394 395</sup>

One reason the penalty tariffs largely failed to accomplish their objectives is that many of the penalty tariffs on Chinese shrimp simply went uncollected. Senator David Vitter of Louisiana, who testified at the Commission’s April 2008 hearing in New Orleans, cited figures from U.S. Customs and Border Protection of the Department of Homeland Security: in 2007, \$200 million in duties on imported shrimp and \$80 million in duties on imported crawfish went uncollected. Between 2002 and 2004, Customs collected only \$25.5 million of about \$195.5 million in antidumping duties owed on crawfish, with about 90 percent of these duties owed on mer-

chandise imported from China.<sup>396</sup> Because the added duties are meant to raise the price at retail of the target import, not collecting the duties increases the likelihood that the price of the import will remain artificially low. This may be the case with shrimp and crawfish. Figures cited above for the market price of shrimp before and after imposition of antidumping duties show little variance.<sup>397</sup>

In addition, as noted above, transshipment may have been used by Chinese shrimp exporters to evade duties—the shrimp may have been sent through ports in other countries and therefore may have been permitted to enter the United States duty free. Said Dr. Keithly: “The increase in U.S. imports from non-named sources [in the anti-dumping complaint] was widespread and included many of the Asian countries not included in the investigation. Evidence suggests, furthermore, that much of the increase reflects trade diversion rather than other factors, such as increased cultured shrimp production in these countries.” John Williams, executive director of the Southern Shrimp Alliance (SSA), noted that Papua New Guinea had never exported shrimp to the United States before January 2006 and then exported three million pounds in six months. Citing U.S. Customs and Border Protection figures, Mr. Williams noted that 54 different importers brought in over \$58 million in Chinese shrimp intentionally mislabeled as Indonesian-caught shrimp in order to avoid \$65 million in antidumping duties. When this subterfuge was halted, much of that traffic then switched to transit through Malaysia, Mr. Williams said.

Some Chinese shrimp products may have escaped penalty tariffs because they were excluded from the dumping order. For example, “dusted shrimp” was excluded from penalty tariffs. Dusted shrimp is shrimp that is beheaded, deveined, washed, and dusted with rice powder or wheat powder as a preparation for breading. But, according to Mr. Williams, the dusted shrimp, after duty-free entry into the United States, is sometimes mislabeled and sold as packaged shrimp. For example, 5.5 million pounds of dusted shrimp were imported from China in the four years ending with 2004. After the antidumping duties took effect on undusted shrimp, dusted shrimp imports jumped to 45.2 million pounds in the three years between 2005 and 2007.<sup>398</sup>

Dr. Keithly told the Commission:

*Prior to 2000, U.S. imports of breaded shrimp were negligible, or generally less than one-million [sic] pounds annually. From 2000 to 2003, U.S. imports of this product increased from about four million pounds to 19 million pounds. This increase suggests that imports of this product would have continued to increase even in the absence of antidumping duties. However, there is little doubt that antidumping duties accelerated the growth of U.S. imports of breaded product. Specifically, by 2005 U.S. imports of breaded shrimp had increased to 98 million pounds and approached the 110 million pound mark in 2006. The overwhelming majority of increased imports of this product are of Chinese origin which now account for about 80 percent of the total. Imports of dusted shrimp, according to SSA estimates, have increased from less than 100,000 pounds in 2003 to more than 26 million pounds in 2006. Virtually the*

*entire dusted product is from China and it is the contention of the Southern Shrimp Alliance that much of the product is imported in this form simply to circumvent duties.*<sup>399</sup>

In any event, the future for the Gulf Coast shrimpers looks grim. “In essence, we are now back to where we were prior to the [dumping] investigation,” said Dr. Keithly. “Duties appear to have provided only marginal and probably only short-term relief to the domestic shrimp industry. In the absence of significant income growth in Asia, further increases in cultured shrimp production will result in additional product being sent to the U.S. and a further suppression in the Gulf of Mexico dockside shrimp price.”\*

### **Crawfish**

The U.S. antidumping penalty tariffs on crawfish date back to the late 1990s, when tariffs on frozen crawfish tail meat from China were set at an average of 125 percent, a relatively high penalty. But even that level was not high enough, according to Schuyler Richard Porche, a political economist at Louisiana State University who has studied the crawfish case. “In any industry, whether we’re talking about shrimp or crawfish or if it was steel imports in the 1980’s, if we look at some of the older cases, the reality is that foreign producers are still able to export to the United States their products and dominate the domestic industry,” he told the Commission. The reason, added Dr. Keithly, is simple: “Importers have been able to evade the duty.”

China managed very quickly to dominate the market for frozen crawfish tail meat—the product commonly used in restaurant etouffée, gumbo, and jambalaya. Shipments from China appeared first in 1994, and by 1997 China had captured 87 percent of the import market. Sixty-four percent of imports over the 1994 to 1996 period had first-sale destinations within Louisiana or its border states. Imported product wholesale prices were approximately half the price of domestic tail meat. Louisiana crawfish farmers and trappers responded with an antidumping complaint, and the U.S. International Trade Commission and the Department of Commerce imposed the penalty tariffs in March 1997.

Stephen Minvielle, director of the 2,000-member Louisiana Crawfish Farmers Association, criticized the efforts to collect penalty tariffs on imported Chinese crawfish, estimating that less than 15 percent of the tariffs due were collected. Mr. Minvielle also criticized the distribution of the penalty tariffs among the plaintiffs in the case.† He told the Commission that he believed many of the payments should have gone to crawfish farmers, who tend to operate independently on a small scale. Instead, the payments went to

\* Efforts to improve collection of antidumping duties on imported shrimp were set back in 2007 when the World Trade Organization ruled against the United States regarding a regulation requiring that bonds be posted to cover future tariff collections on shrimp. The ruling invalidated U.S. attempts to require 100 percent bonds be posted by U.S. importers, pending the determination of final dumping penalties on specific shipments of shrimp.

† Under “The Continued Dumping and Subsidy Offset Act of 2000,” also known as the “Byrd Amendment” after its sponsor, Senator Robert Byrd (D-W.Va.), the plaintiffs in a successful antidumping case are eligible to receive a portion of the penalty tariffs collected. This law was repealed in 2006 following a ruling by the dispute settlement panel of the World Trade Organization that the provision was in violation WTO rules. The U.S. program is being phased out as the remaining tariffs collected in previous years are distributed.

processors, many of them from outside Louisiana, who used the funds to expand capacity and to import and process other fish species that compete, in part, with crawfish. This kept the price of crawfish so low that many farmers chose not to harvest their crop simply because they could not make a profit.<sup>400</sup> Louisiana crawfish farmers left 20 million pounds unharvested, a third of the potential harvest, he said.

### **NOAA Inspections: A Model for Imports?**

The National Oceanic and Atmospheric Administration of the U.S. Department of Commerce runs a 52-year-old, voluntary fee-based inspection program for seafood sold in the United States. The program may serve as a market-based model for handling imported seafood, eventually benefitting U.S. consumers, foreign seafood exporters to the United States, and even the U.S. seafood industry. Even if the voluntary fee-based model is not adopted, the long-established inspection system, with some modifications, could serve as a starting point for a more comprehensive inspection program.

NOAA's program offers added layers of inspections and certification that exceed the rigor of the FDA's Hazard Analysis and Critical Control Points regimen. NOAA's laboratories and technicians offer continuous, on-site inspections during all production hours, certification of plant or vessel sanitation, quality inspections of individual shipments, fish meal inspection, and laboratory testing for contaminants as well as for species verification. NOAA's program also provides training and consultation to U.S. and foreign production facilities.

These services are provided by NOAA for a fee, generally \$70 per hour for a 40-hour week for its involved employees, an amount calculated to cover the cost of the program. NOAA estimates that the fee amounts to about a penny per pound of seafood.<sup>401</sup> The process allows the seafood to bear an official inspection label certifying its grade. Participants can use the inspection program as a marketing tool and advertise the enhanced safety of inspected seafood. In 2006, NOAA had contracts with 377 companies, including 50 that were foreign based. Although these participant numbers are small, the companies are among the largest seafood retailers, such as the restaurant franchise Red Lobster and the Marriott Hotel chain. The domestic companies participating in the program accounted for a third of all seafood consumed in the United States in 2006, or 1.9 billion pounds.<sup>402, 403</sup> In addition, 23 companies from China have signed up to participate voluntarily in the program, in apparent response to the FDA's import alert on seafood from China.<sup>404, 405</sup>

This more comprehensive NOAA inspection and certification method for fish approximates the USDA's treatment of meat and poultry. The USDA's Food Safety and Inspection Service is required to inspect all livestock and poultry before slaughter and to inspect meat and poultry as they are being processed.

Another option to enhance the safety of imported fish is the approach contained in the 2008 farm bill that places domestic and imported catfish under the jurisdiction of the USDA's Food Safety and Inspection Service. Implementation of this system in the United States is only in the planning stages. Once new regulations can be

written and approved, which is scheduled for December 2009, imported and domestic catfish may join meat and poultry as products subject to the USDA's inspection program. At that time, imports of catfish from China will be prohibited unless the USDA determines that catfish handling procedures used by Chinese farmers and processors are equivalent to those in the U.S. system. Presumably, catfish slaughtered in China would be monitored by Chinese health inspectors using criteria equivalent to those that will be required in the United States. In addition, each shipment of catfish imported into the United States, of any origin, would be inspected once again by the USDA, as is the current case with meat and poultry. At present, however, meat from China has not been cleared by the USDA for import into the United States.

### **Conclusions**

- Many fish imports from Chinese aquaculture pose a health risk because of the unsanitary conditions of some Chinese fish farms, including water polluted by untreated sewage; fish contaminated by bacteria, viruses, and parasites; and fish treated with antibiotics and other veterinary medicines that are banned in the United States as dangerous to human health.
- Since 2001, China has become the world's dominant seafood exporter, due in large part to the government's promotion of industrial fish farming and the application of extensive government subsidies to the industry, including cheap fuel, outright construction grants, and free use of reservoirs and rivers.
- China is building an industrialized aquaculture sector through the use of extensive subsidies. In addition to producing food for domestic consumption, China has succeeded in creating a large aquaculture export industry as part of the government's overall industrial policy. As a result, China now is the largest volume exporter of fish to the United States, shipping more than one billion pounds annually, or one in five pounds of seafood eaten by Americans.
- Import-sensitive seafood product lines in the Gulf of Mexico region of the United States, such as shrimp, crawfish, and catfish, have suffered significant declines as a result of Chinese imports. Predicted long-term trends for the Gulf seafood industry are for flat or lower sales.
- Antidumping penalties imposed by the United States on Chinese shrimp and crawfish exports sold at below market value accomplished little of their intended effect. This appears to be due in part to transshipment by China through ports of other Asian nations in order to avoid the penalty tariffs and in part to the failure to collect the penalty tariffs.
- The U.S. Food and Drug Administration (FDA), with responsibility for monitoring imports of fish, does not yet have the authority or the personnel to inspect fish farms or processors in China nor to require and enforce regulation of Chinese aquaculture by the Chinese government equivalent to U.S. Department of Agriculture requirements for foreign meat and poultry

producers. The European Union, Japan, Canada, and even Hong Kong have more rigorous inspection regimes.

- The FDA lacks the authority to seize and destroy seafood shipments it has rejected for import into the United States. In some cases, the FDA must relinquish the fish to the shipper, which has led to a practice known as “port shopping” in which importers try to bring seafood rejected at one U.S. port through another one. The situation is exacerbated by the fact that it takes the FDA, on average, a year to notify U.S. ports of the potential for a banned shipment to attempt to enter at another port. The FDA also lacks the authority to order a mandatory recall of seafood or even to block imports of Chinese seafood at the request of Chinese officials.
- In an effort to forestall epidemic diseases due to overcrowding and to compensate for the use of water polluted by agricultural fertilizers, industrial wastes, and partially treated sewage, Chinese fish farmers, acting on unscientific advice, often add chemicals and pharmaceuticals to the water of their farms.
- The challenge of assuring that Chinese-produced seafood meets minimal quality standards is exacerbated by the fact that there is little traceability or accountability of the products of China’s 4.5 million fish farms and one million processors, most of them small operations whose products are aggregated by wholesalers and processors.
- The current form of a memorandum of agreement addressing seafood safety and related procedures that is being negotiated by the U.S. and People’s Republic of China governments would allow the U.S. Food and Drug Administration to monitor the performance of various Chinese government agencies in ensuring the safety of China’s seafood exports but would not provide the FDA with the authority to conduct its own inspections in China.
- The current Country of Origin Label regulations pertaining to imported fish are ineffective because of the many exemptions the law provides.