The United States SPS and TBT Measures on Catfish: Arguments on the side of Vietnam

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Abstract
The “catfish conflict” between Vietnam and the US was a crucial case for unbalanced relations between developing and developed countries. The conflict comprised two principal parts: (i) safety and phytosanitary (environmental and sanitary) measures; and (ii) technological trade barriers (catfish labelling regulations). This paper deals with and discusses the above two parts. The statements in this paper are based on WTO regulations, empirical evidence and personal data collected from 25 people in the Thot Not District of Can Tho City, Vietnam (i.e. fish farmers, producers and local authorities). The main purpose of this survey is to collect accurate information from relevant people on the side of Vietnam and verify data from other scientists on feed, fingerlings, methods for farming, catfish processing and so forth. By evaluating the facts and arguments on the two sides, the paper will strive for two purposes: (i) deciding whether or not the U.S rules are consistent with World Trade Organization law; and ii) investigating whether Vietnam can carry the issue into the WTO dispute settlement mechanism and benefit.

Keywords: catfish dispute, sanitary and phytosanitary (SPS), technical barriers to trade (TBT), the United States, Vietnam

1. INTRODUCTION
In 1986, Vietnam became a new chapter in economic and political renovation (Doi Moi). By doing so, Vietnam became one of the world's biggest exporters of rice from a food importer (Workman, 2020). In February 1994, President Clinton lifted the US trade embargo on Vietnam. After this case, Vietnam joined the Association of South-East Asian Nations (ASEAN) in 1995 and Asia-Pacific Economic Cooperation (APEC) in 1998 and so on. In addition, in December 2001, the United States and Vietnam signed a bilateral trade agreement (BTA) awarding Vietnam the status of the most favoured country (MFN) (Irene Brambilla, 2008). The signing of this BTA opened the door for Vietnam’s agricultural and aquaculture goods to reach the U.S market. However, there are still many obstacles to the expansion of Vietnamese exports to this market (Nam, 2005), in particular technological barriers to trade and the US government's policy of protectionism.
Catfish farming is a main activity in Vietnam in the cultivation of freshwater, cultivated in swamps and floating areas. Catfish farming is a traditional occupation and livelihood of farmers in the Mekong Delta of southern Vietnam ("Tra"-Pangasius Hypophthalmus, "Basa"-Pangasius Bocourti). Thanks to the Government's trade liberalisation reforms, catfish production has increased significantly in recent years in order to cater to increased international demand and market opportunities. Vietnamese catfish have become a popular commodity on the U.S market due to its consistency, taste and competitive price. In addition, many Americans have emigrated from Asian countries, and even though they live in the U.S, they still have their typical favourite food and taste. This is not only Vietnamese catfish, but also other Asian catfish, such as Thailand, Bangladesh, Indonesia, etc., that are not difficult to popularise in the U.S.

Catfish farming in the south of the USA (mainly in Mississippi, Arkansas, Alabama and Louisiana) is also a leading industry. The Catfish Farmers Association of America (CFA) has faced an increasing competition from cheaper Vietnamese catfish, believes that such competition is unfair and causes material damage to its business, thus stopping imports of Vietnam’s catfish. First of all, The CFA has initiated an environmental and safety program aimed at catfish in Vietnam (Aya Suzuki, 2013). In 2001, the CFA called for a ban on imported catfish from Vietnam on the cultivation of pesticide, waste and contaminated food, etc., water on the Mekong River under non-hygienic conditions. The so-called “catfish trade name” was subsequently pushed into the second campaign. The CFA said that Tra and Basa fish were not “catfish” and could not be identified with the word “catfish”. The name Catfish can only be used in the Southern United States of the Ictaluridae family (Tung, 2004). Therefore, the U.S replied in 2003, Congress approved Farm Bill of 2002 and controlled the non-catfish Vietnamese catfish, to be branded as “Tra”, “Basa” (Phan, 2002). The CFA and the United States have initiated dumping charges because of the absence of the anticipated effects of the sanitary steps and the catfish trading initiative. The Department of Commerce (DOC) ruled in favor of the CFA's dumping claims and set tariffs ranging from 37% to 64% for imports from Vietnam of frozen catfish fillets in 2003 (ITC, 2003). In July 2003, the ITC upheld the DOC decision, which resulted in a substantial decline in Vietnamese catfish shipments to the United States (Brambilla, 2008). To date, the anti-dumping duty on some Vietnamese frozen fish fillets has passed the Government's 14th assessment and the Administration's current analysis concluded that the anti-dumping duty remains in place until further notice (ITC, 2019).

The paper focuses on two goals: (i) whether or not American rules comply with World Trade Organization laws and ii) whether Vietnam should use the WTO Process for Dispute Settlement (DSM) to address and win the dispute.

2. LITERATURE REVIEW

As this was a major case in the international trade dispute in the form of imbalance relations between developing and developed countries. Many scholars have studied this subject and some works can be described as follows:

Regarding sanitary measure, (Abrams, 2016) strongly argued that the shift of the inspection program from FDA to FSIS (USDA) is duplication and waste. Such a program
could cause U.S citizens to pay more tax and receive no higher food safety for catfish. In addition, (FDA, 2016) also reported that it had a full capacity to ensure food safety, including catfish products, in the U.S, and therefore it was not appropriate to shift this function to FSIS. The latest paper on catfish (Keller, 2020) indicated that the FSIS Catfish Inspection Program failed to demonstrate the safety of catfish products, in particular imported products.

(Nam, 2005) examined the impact of these TBT interventions on Vietnamese seafood exported to the U.S market on U.S technical trade obstacles (TBTs). This article is primarily concerned with TBT interventions and has been extensively researched in Vietnamese seafood, not catfish. More specifically than (Nam, 2005), (Binh, 2003) provided an overview of the catfish dispute and emphasized the economic side of the dispute, particularly Vietnam – the United States. The WTO regime and the Bilateral Trade Agreement. Likewise, in the anti-dumping cases discussed in the Report (Thanh, 2010), the problems faced by Vietnamese exporters were explored and the problem under the WTO anti-dumping rules discussed. Toohey (2012) dealt with the conflict in a new aspect-legal culture; her research indicated the importance of international trade legal culture and Vietnam's drawbacks in participating in trade disputes with Western countries such as common law vs. civil law, Western culture versus Eastern culture. It also referred to the dispute over the trade description of Sardinia between the European Communities and Peru and suggested that Vietnam could use the WTO dispute settlement mechanism (WTO, 2001).

In terms of catfish labeling (Kobbeman, 2004), with several US parliamentarians arguing in favor of legislation restricting catfish naming, i.e. “calling Basa fish is catfish is similar to allowing Buffalo water to be imported under the ‘beef’ name”. Nevertheless, other US Congressmen and Senators including John McCain and Phil Gramm said “it's not only like a catfish, it's a catfish” (Brasher, 2001). However some researchers (i.e. Jondeung (2007), Lundberg (2003), etc.) argued that while the pangasidae is different from the Ictaluridae (North American freshwater catfish), they are generally referred to as the “catfish” and are of the Siluriform order. (Kobbeman 2004) also argued that if Vietnam or any other Ictaluridae family nation would export, market and sell its Ictaluridae “catfish” and not violate the U.S. catfish labeling laws. It also proposed a solution for the US catfish industry insofar as its campaign did not produce a successful result. In 2011 (Singh, 2011) Thailand, China and other catfish exporting countries, not the US catfish, benefited the most.

3. METHODOLOGIES OF RESEARCH

Two key methodologies for this study are used: (i) the analysis and comparison of applicable legislation, papers and studies; and (ii) the in-depth interviews and questionnaires. The author analyzes the related laws of the United States and WTO legislation using the first approach. However, numerous related articles, books, cases and research are referenced and analysed to give readers a wide variety of views.

The second technique is a survey of 25 samples in Thot Not District, Can Tho, Vietnam (i.e. catfish farmers (twenty samples), processors (three samples) and local authorities (two). Since the District of Thot Not is one of the regions with the highest volume of Tra and Basa fish in Vietnam, a survey is conducted in that district to examine and evaluate catfish farming, feed and fingerling techniques, farmers' knowledge of the United
States laws and the impact of the dispute on its lives, as well as processor and local authorities. The other main objective of this study is to check the data quoted but collected by other academics in this research.

4. ENVIRONMENTAL AND SANITATION GROUNDS

The CFA claimed that catfish from Vietnam were grown in contaminated water and contained illicit antibiotics and hazardous substances, such as pesticides and fungicides. However, Arkansas Representative Marion Berry also pointed to the possibility that Vietnamese catfish may have been contaminated by the US-sprayed residual agent Orange during the war (Davis, 2006). In December 2002, DOC and CFA came to Vietnam to collect accurate data on catfish farming in Vietnam (Can Tho City and An Giang Province), but could not achieve the anticipated result (Greenberg, 2008). Besides, the U.S. embassy has stated in Vietnam that no specific evidence is available that Vietnamese catfish are less quality than U.S. catfish and U.S. consumers who prefer Vietnamese catfish because they have a taste and low prices relative to U.S. domestic catfish. By buying and analyzing 22 Vietnamese exported food samples (Arnold Schecter et al, 2003) it was concluded that “at this time... in Vietnam, no new data are available on food levels TCDD (Tetrachlorodibenzo-p-dioxin)”. In addition, this study showed that in developed countries such as the United States, Germany, and Canada, both dioxins and other congeners are small in the range of normal background pollution. Two other studies have also shown that the levels of dioxin in the recent pooled and individual American fish samples are close to those found in Vietnamese exports (Arnold Schecter et al, 1997), (Boggess et al, 1997) (Arnold Schecter et al., 2001).

According to a survey by (Thuan, 2015), the breeding and processing process for catfish in Vietnam (Can Tho City and An Giang Province) on the side of Vietnam is problematic. First of all, fingerlings' consistency was special and not easy to check and control their sources. While there are many guidelines on the quality of finger products manufacturing and selling, they do not work well in practice. Therefore, farmers who were unable to decide whether the finger is "clean" and up to standards. In reality, almost all of them have intuitively purchased and measured fingerlings' consistency by considering their characteristics and costs. Catfish seed was given from a variety of sources including hatchery, seed firms, free farmers and self-producing farmers at 38.9%, 0.8%, 33.6%, 16% and 10.7% respectively (see Table 1). As a result of the lack of quality control of fingerlings, there were some diseases in that farmers and those farmers, who over-used antibiotics, chemicals and biological products to cure these diseases. Fortunately, processing plants still check the medicine residues in fish at least three times before harvesting to see whether these fish can be exported or not.

<table>
<thead>
<tr>
<th>Fingerling providers</th>
<th>Quantity of samples</th>
<th>Percentage (%)</th>
</tr>
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<tbody>
<tr>
<td>Hatcheries</td>
<td>102</td>
<td>38.9</td>
</tr>
<tr>
<td>Enterprises</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>Free producers</td>
<td>88</td>
<td>33.6</td>
</tr>
</tbody>
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Wetlands and drainage are the second issue. In ponds, floating styles, pen networks and models was born Vietnamese catfish. Nonetheless, as only catfish raised in pond can apply for the Viet GAP Certificate (Vietnam Good Agricultural Products) this Certification ensures that fish has been produced in good condition on water, feed, fingerlings, etc. The number of swimming cages and pen nets and cages has decreased significantly. Catfish ponds located along rivers and canals are easily transported by boats to their processing plants during farming processes and after the harvesting of catfish (FAO, 2020). However, these farming activities have raised the public’s concern that wastewater has also been discharged directly into the waterways without proper treatment. It should be noted that there is no clear scientific evidence that catfish can contain more toxic or drug residues than others under this circumstances.

The third issue concerned is catfish feed. Agricultural feeds and commercial compound feeds are two feed types used to feed catfish. Agricultural foods consist of by-products of the farm including garbage fish, rice bran, soy milk, blood meal, damaged fruits, eggs and vegetables, etc. It is not expensive to process farmed feed, so it was widely used in the late 1990s and early 2000s. The advantages of farmed food are easy to produce and save a lot of money because the Mekong Delta is the region where more than 60% of rice and other agricultural commodities are produced in Vietnam. However, the consistency of this feed is not constant, depending on the experience of the farmers, processed feed is healthy but costly. It contributes 65% – 85% of the rising costs, depending on the breeding intensity of the feed. 79% of farmers interviewed used industrial compound feed while others used farm-made feed or both. Three quarters of the food produced is paid for production of farm feed (Thuan, 2015).

Upon the basis of the above claims, which party would benefit more if they use the World Trade Organization (WTO DSM) for the resolution of this dispute? In order to find an answer to this issue, facts and arguments must be reviewed on both sides based on WTO law and related prior cases.

In the first place, the SPS Agreement allows that WTO members develop their own specifications, guidelines and recommendations. Nevertheless, Member States shall ensure, based on the scientific evidence, that their regulations are only enforced to protect human, animal or plant life and health (SPS, Article 2.2). Furthermore, these national criteria must comply with international norm and must not result, where equivalent or similar conditions prevail, in unequal or unjust discrimination between WTO members in the trade (SPS, Article 2.3). Therefore, where there is a scientific reason or consequence of a level of SPS security
that such State considers to be acceptable for its current state, the Member can lay down standards higher than international standards (SPS, Article 3.3). In cases of lack of relevant scientific evidence, the WTO members may, on the basis of the available information, provisionally apply SPS measures, but in such circumstances, the WTO member shall seek to obtain additional data necessary for the risk assessment and to review its action on a fair basis within a fair time frame (Article 5.7 of the SPS).

Second, after examining the CFA's claims, it could not provide proof of its arguments that, while the U.S team was on a “field trip” to Vietnam for investigation, the Vietnamese catfish were raised in harmless conditions and polluted dioxins, antibiotics. VASEP has shown that catfish processing methods follow national standards and applicable criteria, and research shows that catfish from Vietnam are very low in dioxin toxicity and lower in US catfish samples (Arnold Schecter et al, 2003).

Finally, the EU-Hormones case (WTO, DS26,29) also called the “beef hormones cases” has to be analyzed. In order to promote quick production, the EU imposed a ban on US imports of animals and meat from hormone-treated animals in January 1989. In January 1996, the United States demanded consultation with the EU. In response to a US appeal in May 1996, the WTO Dispute Resolution Body formed a court to hear the case. The EU ban was explicitly stated not to be based on any of its own requirements or guidelines or other internationally agreed principles (Lowenfeld, 2002). The panel's final report concluded that EU policies were inconsistent with the SPS Agreement, and that the EU ban was not founded on risk assessment (Sutham, 2004). Therefore, this was a case of major importance, which might be instructive in other connected situations where there was a controversy about SPS interventions that could affect foreign trade (Bossche, 2013) and the ultimate result could have been different from the interpretation of this case in a number of other cases (Tuna/Dolphin and the Shrimp/Turtle cases). Likewise, the U.S was not in a position to demonstrate any scientific evidence or advice or even precautionary guidelines for supporting its argument in the event of a conflict between catfish on environment and sanitary grounds, while the other side was able to provide reliable evidence obtained by itself and others such as the Vietnamese embassy report. Independent scholars carried out the findings and studies of the U.S. Congress (Arnold Schecter et al., 1997, 2001, 2003).

To conclude, under the SPS Agreement, governments are required to lay down their necessary measures to protect the safety and life of humans, animals and plants on the basis of sufficient scientific evidence. However, under extraordinary cases, this Agreement merely permits the use of provisional measures on the basis of “existing relevant information” and the need to revisit these measures “within a reasonable period of time” (SPS, Article 5.7). It is worth noting that the adopted measures must be consistent with the terms of this Agreement and do not discriminate unfairly or unjustifiably between WTO members under the same or similar conditions (SPS, Article 2.3). On the basis of the claims examined and mentioned above, Vietnam may use the WTO DSM to settle this conflict with the U.S party (Tran, 2017a).
5. CATFISH LABELING LEGITIMATE

Following the SPS education drive, the outcome was unexpected. The official from the U.S Trade Representative (USTR) went to the FDA to inform the FDA, but the FDA official said that Vietnam was not willing to remove its right to use a catfish label with an alterer, such as a “Vietnamese catfish”. Furthermore, the FDA’s inventory of seafood products in 1993 included 20 specific fish species consisting of Vietnamese Tra-Basa, appropriate for marketing under the “catfish” label (Davis, 2006). The CFA launched a campaign against Vietnamese catfish in order to protect its domestic market and pressurized the Senators to pass the law in favor of the CFA, which prohibited Vietnam from exporting its Tra/Basa fish labeled as “catfish”. The CFA also confirmed that Vietnamese catfish (Tra and Basa species – Pangasiidae genus), which are widely cultivated in southern the USA, are not catfish, and only the Chanel catfish (Ictaluridae genus), are considered catfish. Eventually, in November 2001 Congress passed a catfish naming law that was only permitted to be used for the Ictaluridae family; thus, when selling to the U.S. market, Vietnamese catfish had to choose a new name that was named Tra or Basa or Striped catfish.

As a result of the Farm Bill of 2002 and the FDA, the Vietnamese catfish were not strictly controlled by the FDA in the US catfish culture. The CFA tried to press American lawmakers to reclassify Vietnamese catfish in a group of catfish for these reasons. The United States passed its 2008 Farm Bill amending the Federal Meat Inspection Act (FMIA) in 2008. The object of this Act was to exclude “catfish” as species vulnerable to IMFA, and thus subject to inspection by the Food Safety and Inspection Service, and to add “all fish of an order called Siluriformes” to the jurisdiction and control of FSIS. On 2 June 2014, the Department of Agriculture (USDA) sent the Office of Management and Budget (OMB) proposals for new catfish regulations. The Agricultural act of 2014 authorized the transition to the USDA, including Basa and Tra as catfish in particular (Martin, 2014). The Agricultural Act of 2014 (Farm Bill of 2014) has three new problems: (i) Vietnamese catfish are certainly subject to new technological barriers under USDA surveillance; (ii) Congress approved the transfer of supervisory functions for catfish (including Vietnamese catfish) to FSIS; and iii) the US also regulates fish farming process in Vietnam instead of food quality control (Tran, 2017b).

Catfish is a frequent name for a variety of fish with similar shapes and features such as barbells, slender tactile whisky organs close to the head which give the impression of cat-like whiskers. The catfish with nearly 3,000 recognized species are very diverse and ranked second to third in the order of vertebrates in abundance (Lundberg, 2003). So Ictaluridae and Pangasiidae are actually two kinds of Siluriformes. The species has a range of common names in English, such as sutch, iridescent shark-catfish and stretched catfish. The names are “Pa sooi”, “Pa sooi khao” in Laotian, “Pla Sawai” in Thai, Khmer “Pra” and Vietnamese “Ca Tra” (Bridonneau 2014).

In brief, the FDA approved Vietnamese catfish to use the word catfish market name in 1993 and when the Farm Bill of 2002 came into effect, the FDA removed from the list Vietnamese catfish, but the U.S. once again defined catfish as used for the entire Siluriform class in its Farm Bill of 2008 (as amended in 2014). Furthermore, other similar cases in the WTO must be considered (e.g. EU – Sardines). In 1989 the specific marketing requirements
for preserved sardines were established in the European Union regulation, which included a requirement that only products made from Sardina pilchardus could be sold and branded as conserved sardines. In other words, the EU has not accepted imported Peruvian fish as “Sardine” and only one species of “Sardine pilchardus” found near Europe has been limited to the use of “Sardine”. Therefore the sagax of Sardinops, found in different locations, could not be sold in the EU under the name Sardinia. Following this, Peru filed a lawsuit against the World Trade Organization for Dispute Settlement in order to sue the EU. The appellants eventually revoked the Panel’s conclusion that the European Communities are obliged to demonstrate that the applicable international standard under Article 2.4 of the TBT Agreement is inadequate and inacceptable, whereas Peru’s facts and claims are successful and enough to achieve the valid aims sought by the European Communities through the EC Regulation. Peru then won this case at the WTO and in July 2003, two sides reached a mutually agreed settlement.

Vietnam may claim to be a WTO DSM on at least two grounds: (i) U.S catfish law is inconsistent with their own regulations which have set up trade barriers in Vietnamese catfish and have violated Vietnam – the U.S. Bilateral Trade Agreement; and (ii) the U.S. rules are contrary to scientific evidence and have therefore violated WTO rules (Tran, 2017b).

6. CONCLUSIONS AND FURTHER STUDY

According to the debate above, although this study's limitation does not fully analyze the reasons and arguments from the American side, it has clearly demonstrated that the U.S. Catfish clauses are incompatible with the WTO and Vietnam rules – the U.S. bilateral trade agreement. The laws are criticized as protectionist and create more international exchange restrictions. As WTO DSM provides a structure based on laws, it also offers a forum to open up legal proceedings against more powerful countries for developing countries (i.e. Vietnam, Thailand, Indonesia) (Thanitcul, 2015). This study shows that the provision of the United States is incompatible with WTO law and also provides substantial scientific and legal evidence both for Vietnam and for other catfish exporting countries to be considered for the WTO dispute resolution panel. Further work would analyze the current claim put forward by the United States in depth and test it in the WTO fundamentals. Future work will also discuss anti-dumping controls on some frozen catfish fillets from Vietnam.

7. REFERENCE


