PAPER NAME

International Trade.pdf Prafulla Kumar Choubey

AUTHOR

WORD COUNT CHARACTER COUNT

3928 Words 21708 Characters

PAGE FILE SIZE COUNT

470.9KB 15 Pages

SUBMISSION DATE REPORT DATE

Nov 3, 2024 7:23 PM Nov 3, 2024 7:24 PM GMT+5:30

GMT+5:30

6% Overall Similarity

The combined total of all matches, including overlapping sources, for each

database. • 5% Internet database • 0% Publications database

Crossref database
 Crossref Posted Content

database • 3% Submitted Works database

Excluded from Similarity Report

Bibliographic material
 Quoted material

• Cited material • Small Matches (Less then 14 words)



TOPIC: TO UNDERSTAND INDIAN SHRIMP EXPORT MARKET AND ANALYZE THE ANTI DUMPING INVESTIGATION ON INDIA BY THE US

SUBMITTED TO, PROF. JAYANTI KAJALE

SUBMITTED BY,

Prafulla Kumar Choubey – AE2325

List of abbreviation

- 1. White Spot Syndrome Virus-WSSV
- 2. Specific Pathogen Free-SPF
- 3. Early Mortality Syndrome -EMS
- 4. Acute Hepatopancreatic Necrosis Disease-AHPND
- 5. Marine Products Export Development Authority- MPEDA
- 6. Turtle Excluder Devices -TED
- 7. Marine Mammal Protection Act-MMPA
- 8. Central Marine Fisheries Research Institute -CMFRI
- 9. National Oceanic and Atmospheric Administration-NOAA
- 10. Ad Hoc Shrimp Trade Action Committee-ASTAC
- 11. Department of Commerce -DOC
- 12. International Trade Commission -ITC
- 13. Seafoods Exporters Association of India-SEAI
- 14. Pradhan Mantri Matsya Samapada Yojana -PMMSY

INTRODUCTION

Marine sector has been a major source of foreign returns in India, the sector is often described as the sun rise sector under the special focus initiative of the foreign trade policies of GoI. Seafood exports contributed 63% of total exports in dollar terms in India's case. Frozen shrimp is the most exported item from India. Frozen shrimp occupies 40.19% of total export quantity and 66.12% of total earnings in US dollars. The black tiger shrimp is the most traded variety. The US and China are the key buyers of Indian varieties of shrimp. India and other major shrimp exporters had to face several restrictions and quality checks from the importing countries despite being the top exporters. A. Victor Suresh (2020) (Suresh, 2020) discusses India's growth to the position of being No. 1 in shrimp exporting. The entry of the 'vannamei' variety of shrimp took the demand to higher levels. The COVID-19 had a significant impact on the production and export levels of shrimp in India.

The N. Dinesh Singh and N. Sivaramane (2020) (Naorem Dinesh Singh, n.d.) paper provides perspectives on shrimp exports. It explores the importing countries' changes in trade dynamics. There is a huge role of financial institutions in diversifying and strengthening the export market. Geetalakshmi and Nikita Gopal (2010) (V Geethalakshmi, n.d.) discuss the price trends in major shrimp markets. The major competitors of India are Ecuador, Indonesia, Vietnam, and Thailand. The paper presents that the competitiveness of Indian shrimp markets is less compared to other competitors. Joel Trachtman (Trachtman, n.d.) provides a case study on the imposition of US regulations on shrimp imports to protect the sea turtles. The WTO panel ruled against the US decision as they were not complying with the GATT rules. Also, the US decision on banning the products was discriminatory. The Caribbean countries were allowed more time for compliance than Asian countries. The ultimate rule was brought down to using unilateral trade measures. The case showcases the need for a country to achieve dual goals of achieving environmental protection and trade law.

OBJECTIVE

To understand the shrimp export market of the country and to analyze the anti dumping case that occured in the exporting shrimp from India to the US.

METHODOLOGY

The data for the project was collected from various secondary sources including research papers and WTO articles, since the anti dumping investigation invoked widespread attention newspaper articles helped in getting a detailed understanding of the issue.

HOW INDIA BECAME THE WORLD TOP SHRIMP PRODUCER

Modern shrimp farming in India started in the late 1980s, driven by an increasing global demand for shrimp, favorable government policies aimed at enhancing seafood exports, and investments from various corporate entities. These facilities enabled the establishment of hatcheries, farms, and processing plants. The industry primarily focused on the black tiger shrimp.

A few years later, the WSSV appeared in India, posing serious obstacles to the sector's expansion. In response to the concerns of environmental activists, the Supreme Court banned shrimp aquaculture along the shore. A later expansion phase marked by the establishment of independent hatcheries and farms, frequently less than five hectares, owned or leased by several small farmers, followed by the requirement for an act of the Indian Parliament to revive shrimp aquaculture. Although the major concentration was still on black tiger shrimp, freshwater prawns (Macrobrachium rosenbergii) and, to a lesser extent, Indian white shrimp (Fenneropenaeus indicus) were also produced in significant quantities.

Although volumes increased through the middle of the 2000s, disease issues, slowed animal growth, and size variability caused a stall in the second half of the decade. The industry used wild-caught black tiger shrimp as broodstock, which made it very difficult to exclude pathogens and impossible to breed for performance. India took a decision to introduce a SPF Pacific White Shrimp (*Litopenaeus vannamei*) after considering the experience of major Asian producers in 2008. Only a few selected entities were allowed to perform trials and experimental import. These cautious steps helped to frame and implement rules for further imports.

2010-2019: A PERIOD OF GROWTH

After the introduction of SPF L Vannamei, India's growth in shrimp farming was exceptional. Farmers who had cultured the black tiger shrimp accomplished an uplift in productivity due to high stocking densities, reduced occurrence of diseases and the animal growth rates. All these

benefits prompted the farmers to shift to SPF L Vannamei and now more than 90 percent shrimp production is focused on this species.

EMS disease – also known as AHPND which had destroyed many Asian producers and Mexico, did no harm to India. Contrary to the experience of other producers, India experienced significant gains in production between 2013 to 2016. Fundings were made in new hatcheries, feed mills and manufacturing facilities to promote the expansion of farming areas.

Andhra Pradesh has been the bedrock of aquaculture in India. Over the last three decades it holds the position of number one in freshwater cultivation and marine shrimp production, through its land and water resources and agricultural entrepreneurs. Expansion of shrimp farming spreads to other states such as Odisha and West Bengal.

As per MPEDA, India's seafood export during the FY 2023-2024 touches an all-time high value. In terms of both quantity and value, frozen shrimp continue to be the most important export, making up 40.19% of total US exports and 66.12% of total US\$ earnings. During this period, the quantity of frozen shrimp exported rose from 7,11,099 MT to 7,16,004 MT, a 0.69% increase. In 2023–2024, the quantity of Vannamei shrimp exported grew by 0.33%, from 6,23,432 MT to 6,25,475 MT. The USA is the largest importer of Indian seafood followed by China and Japan.

INDIAN SHRIMP EXPORT TO US: A CASE STUDY ON ANTI DUMPING

Shrimp is one of the main forms of seafood exported by the country leading to large sources of revenue as well as employment for a number of fishermen. The anti-dumping duties imposed on the US protect the domestic shrimp sector from cheaper imports, while environmental regulations mandate the usage of TED and measures for reducing bycatch of protected marine species. The combined impact of the two forms of regulations exerts economic and operational pressures on the shrimp industry of India, which incurs avoidable loss in terms of competitiveness and market access in the US.

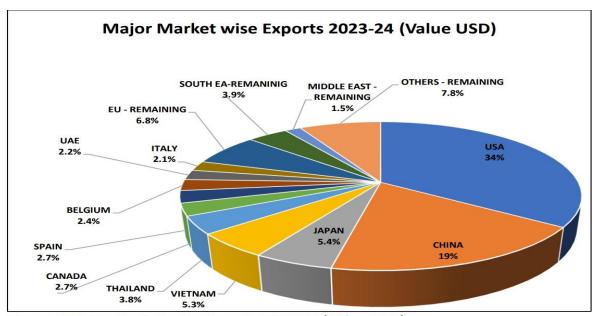


Figure.4 Major Market wise Exports 2023-24 (Value USD)

THE SEA TURTLE ISSUE AND RELATED BAN

India's shrimp exports to the US have faced many regulatory hurdles over the years, the first being the 1976 ban on shrimp imports from countries like India due to concerns over harm to sea turtles from mechanized trawling (commercial fishing vessels), India had challenged this issue at the WTO. Once plentiful, sea turtles had been severely harmed by human activities like hunting, habitat destruction, and bycatch, all this led to the US enactment of the Endangered Species Act in 1973. This law mandated that TEDs(Turtle Excluder Devices) be used in US shrimp fishing operations to allow turtles to escape nets, and by 1989, the US extended this TED requirement to all shrimp imports and importing nations, causing disputes with nations like India, who argued the policy favored Caribbean countries receiving more US support. India raised the issue in WTO which made a judgment that environmental protection is the requirement at a given time but it requires the US to apply these measures identically, which thereby led to an urge towards policy revisions.

The US MMPA aims at ensuring protection of marine mammals through the regulation of bycatch in fishing. Since 2019, the US has demanded countries whose seafood is exported to the American market to employ TED on trawlers among others and has banned imports failing these standards. This regulation affects India, which is a major exporter of seafood to the US,

especially wild-caught shrimp, resulting in heavy revenue losses and creating problems for the fishing industry. However, this change is difficult for India's fishing sector, where most operations are small-scale and financially weak, making it hard to implement TEDs and other compliance measures. The U.S. shrimp import restrictions set an especially tricky precedent for environmental compliance in the context of two decades of affecting Indian fishers and exporters. However, in so doing it reiterated the importance of fairness, flexibility, and international cooperation in implementing such measures.

The Indian government has started the awareness and support programs along with MPEDA and CMFRI for the fishermen, which economically are necessary to attain the sustainable fishing culture of the country and is also contributing towards global goals of conservation. The importance of cooperation in the region for fulfillment of U.S. trade conditions under the MMPA and sea turtle conservation orders was highlighted by Indian efforts that were pushing for a South Asia network of research institutes as part of stronger management toward sustainable fisheries in the South Asia region. During the 2023 Global Forum, Indian officials even consulted the Bay of Bengal regional stakeholders to understand the progress made toward implementing TED.

Parallel to this, the Byrd Amendment in early 2000 created further complications in that anti-dumping duties on low-priced imports could be passed on to US companies filing complaints, an incident India contested at the WTO as an unfair incentive. The Byrd Amendment, also referred to as CDSOA, 2000 allowed the US to pass on anti-dumping and countervailing duties collected on foreign imports to US companies competing with those imports thereby indirectly helping American producers and penalizing foreign exporters such as India. The law increased the price of imported goods, such as Indian shrimp, which decreased demand and shifted consumer preference to US products, some of whom perceived this as a form of protectionism. Indian authorities criticized such practice as it appeared to play favorites with American manufacturers, treating those from a country such as India less favorably than others by artificially making Indian imports costlier through artificially inflated charges, particularly against shrimp imported from such countries. India, along with other affected counterparts, appealed at the WTO level, and the act was declared illegal in 2003 for violating fair trade practices.

THE ANTI DUMPING INVESTIGATION

On December 31 2003, ASTAC representing shrimp farmers from eight southern US states, filed an anti-dumping petition against six countries: Brazil, China, Ecuador, India, Thailand, and Vietnam. An anti-dumping duty is a domestic government's protectionist tax on foreign goods that it considers to be priced below fair market value. Many nations apply tariffs on goods that they suspect are being dumped in their domestic markets in an effort to protect their domestic economies, quoting the possibility that these imports could harm the local domestic economy. After an initial petition by ASTAC, anti-dumping duties were imposed upon Indian shrimp exports to the US in 2004. In June 2003, India had been informed that the potential for an anti-dumping petition against its exports of shrimp to the United States was being considered by American producers.

TABLE 3 PERCENTAGE SHARE OF SHRIMP EXPORTS TO USA COMPARED TO OVERALL EXPORTS 2004-2014.(Q: QUANTITY IN MT. V: VALUE IN RS.CRORE, \$: US DOLLAR MILLION).

Market		2004- 05	2005- 06	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14
USA	Q	34020	35745	24697	19531	17499	18383	34243	50571	75415	95927
	V	1358.4	1362.7	1080.8	753.51	683.31	733.42	1688.5	2556	3573.8	7344.1
	\$	301.55	310	237.81	187.27	152.13	154.6	371.75	548.54	663.14	1219.3
Total	Q	138085	145180	137397	136223	126042	130553	151465	189125	228620	301435
	V	4220.7	4271.5	4506.1	3941.6	3779.9	4182.4	5718.1	8175.3	9706.4	19368
	\$	938.41	970.43	997.65	980.62	839.3	883.03	1261.8	1741.2	1803.3	3210.9
% Share	Q	24.63	24.62	17.97	14.33	13.88	14.08	22.6	26.73	32.98	31.82
	V	32.18	31.9	23.98	19.11	18.07	17.53	29.52	31.26	36.8	37.91

Source: MPEDA, Government of India, Kochi.

The petition claimed these countries had sold shrimp in the US market at unfairly low prices. On 21 January 2004 the US DOC announced the beginning of investigations on the charges of anti-dumping against the six countries. The US DOC also notified ITC of its decision on initiation of investigation against the countries. The International Trade Commission declared on February 17, 2004, that there was a reasonable indication that imports from the six nations that were identified, apparently at less than fair value, were causing significant harm to the US shrimp industry or resulting in significant material harm to the domestic shrimp market. The

petitioners argued that the six countries, responsible for 74% of US shrimp imports, had sharply increased exports from 466 million pounds in 2000 to 650 million pounds in 2002, causing import prices to drop by 28%, from \$3.54 to \$2.55 per pound and the subsequent price drop in imports led to a decline in US gulf shrimp prices, harming the domestic shrimp industry. The US was the country with the minimal trade barriers henceforth it became the main target of shrimp exporters, specifically because other large markets brought in measures like high tariffs, also US was often the last option when shipments got rejected due to contaminants from places like the EU, all these leading to further dropping of prices and causing trouble for the US shrimp producers.

INDIAN SHRIMP INDUSTRY AND ITS RESPONSE

MPEDA and SEAI have been pivotal in supporting the Indian shrimp industry, which has created approximately 300,000 direct jobs and over 700,000 indirect jobs in rural coastal areas. The first hint that US was planning an anti-dumping investigation against India was made when the then minister of Commerce and Industry Arun Jaitley visited his counterpart in Washington DC and the reason for this was explained as the rapid increase in shrimp exports from India to US during 2001-2003. Japan was the largest export market for the country with the US importing mainly only small shrimp, later when the latter started importing even the tiger shrimp, the US became the biggest export market for shrimp for India.

MPEDA is a government sponsored organization whose mandate includes expansion of the whole marine industry including export promotion, it comes under the department of commerce and is headed by a senior administrative officer, the state and central government officials as well as officials from the marine industry also form a part of the council. On the other hand SEAI is an export community and is often represented by the MPEDA council and henceforth a close association exists between the two organizations. In response to an anti-dumping investigation initiated by the US ITC, SEAI sent a commission to Washington in September 2003 and retained legal counsel to prepare for potential high anti-dumping duties, which could severely impact the Indian shrimp andustry. The commission also realized the importance of other regulatory provisions for shrimp export to the US.

By January 2004, as the ITC formally initiated the case, SEAI leaders actively defended India's shrimp production methods and highlighted the lower costs of Indian shrimp, the reasons for the low cost being the ready availability of cheap labor and the ease of farming. The plan put forward by MPEDA and SEAI was often comprehensive, it included approaching the central government as the prime solution, their aim was to get political and economical support on the international forefront. The second plan of action included building networks with those counterparts that might be affected by the petition, this move also had a hidden objective of sharing resources inorder to lobby decisions in their favor. The last but not the least way was to enhance credibility by increasing compliance with international standards, improving the funding sources and ensuring that the product met international standards.

Unfortunately, an unfavorable preliminary decision in February 2004 led to a significant decline in Indian shrimp exports, causing economic distress for farmers as prices plummeted. By April 2004, exports were nearly halted, pushing the Indian shrimp industry into a significant crisis, though industry leaders, export farmers and officials remained committed to contesting seeking a favorable outcome by the final determination scheduled for December 2004 as a part of this onsite verifications were also carried out in August. At the end of this import duty was imposed which is revised regularly.

IMPORT DUTIES IMPOSED

On July 28, 2004, the DOC preliminarily determined the duty from three Indian shrimp exporters that would range from 3.56% to 27.49% on an average weighted duty of 14.2%. Since 2007, the DOC has carried out review periods for the anti-dumping duty on the Indian shrimp exporting industry. Reviews have amended duties based upon compliance and competitive situations. During the DOC's 15th administrative review that was in 2019-2020, duties have been levied upon the 152 Indian exporters. In the 16th review of the period from 2020-21, this rate was upheld for 161 Indian exporting units and LNSK Green House Agro Products LLP retained the zero-duty rate. This review period had some of the best duty conditions that Indian exporters experienced in years.

The duty was raised to 3.76% on 185 Indian exporters for 17th administrative review from February 1, 2021, through January 31, 2022, with preliminary margins of two mandatory respondents being Megaa Moda Pvt. Ltd. and NK Marine Exports LLP at 7.92% and 1.43%, respectively while all other companies were mandated to pay a tariff of 3.76 percent, this rate being the fourth-highest rate ever assigned to Indian shrimp exporters, this tariff could lead to increased prices of 6 to 10 percent for Indian shrimp in the US market, potentially reducing procurement and adversely affecting local fishermen. The DOC initiated its 18th administrative review on April 11, 2023, as it received requests from relevant stakeholders involved. The current review comprises 198 producers/exporters of Indian shrimp, and among them, it has chosen NK Marine Exports LLP and RSA Marines/Royal Oceans to be the mandatory respondent of the review. The ongoing review results are expected for 2024.

POLICIES AND SUGGESTIONS

India with its vast coastline of 8000 km and water resources stands at an advantageous position for marine exports. Natural lakes, reservoirs, paddy fields and irrigation canals are some of the water resources in possession. Cycles of shrimp production typically run 100–120 days. The wastewater is released into the environment following each cycle. The pond sediment is then flushed using clean water.

5345 to 7157 m3 of brackish wastewater effluent are created for every ton of shrimp produced. Investing in closed-containment indoor facilities and implementing indoor shrimp farming could revolutionize the domestic shrimp and prawn industry's sustainability. By lowering contamination, this could allow production to be increased and even reduce the impact on the environment. Post larval SPF black tiger shrimp are already on the market, and the government of India just authorized the importation of these shrimp. The ability of India to remain competitive in value addition, market expansion, and the use of production methods that can manage diseases and support industry growth will determine the country's future in shrimp production. India has been actively engaging in trade agreements to gain better market access. The government has worked with organizations like MPEDA to tap into new markets and negotiate favorable terms for Indian shrimp exports in major markets like the United States, Europe, and Japan. Through MPEDA, the government enforces strict quality checks to meet

international standards. Programs for testing residues and traceability have been strengthened to comply with importing countries' standards, helping to ensure that Indian shrimp is accepted globally.

The government of India introduced a set of reforms and schemes to improve the shrimp exports and strengthen the aquaculture sector. The cold chain and processing infrastructure facilities have been made to ensure that quality standards are met. To control diseases like White Spot Syndrome Virus, early disease detection, quality seed production are ensured. The government introduced schemes such as PMMSY to provide financial support to farmers. It includes subsidies for shrimp farming infrastructure, loans for farmers etc.

The potential of small-scale fishermen and aquaculturists must be fully utilized in order to increase production and connect it to export markets. Small-scale fishermen need to be assisted by reasonably priced technologies that are less capital-intensive. Organizing them is a crucial step to make use of economies of scale, especially in acquiring inputs and promoting the results. Self-help organizations, organizations that produce fish (of fishers and fish farmers) and among the choices are contract farming. Additionally, motivating Use of water sources for fish farming by smallholders would boost the production of fish. But it would need strengthened institutional backing for technology and inputs (agrochemicals, fish feed, and seed) and extension of support (training and information). The shrimp exporting must be diversified by tapping in unexplored markets. The government financial institutions must broaden their outlook and identify it as a priority sector. Adoption of the latest technology that helps in processing is necessary.

Overall, strong and steady performance of Indian seafood exports overtime should not lead to complacence

CONCLUSION

Amidst the challenges that resulted from the anti-dumping investigation, the joint efforts of organizations like MPEDA and SEAI remained of utmost importance be it the timely legal concoction or the deliberate visits to Washington. But despite all this the long and uncertain nature of the investigation process possessed considerable risks, particularly for small-scale farmers and fishermen who are ill-equipped to cope with extended market disruptions and this

vulnerability of the producers underlines the need for an urgent safety net to protect them. The Indian shrimp industry's heavy dependence on the US and Japan markets has been an issue for discussion. The anti-dumping issue has highlighted the need to look for different export markets so that the country remains stable even when one or two markets fail. All in all this incident has served as a cornerstone in realizing the importance of market diversification and analyzing the challenges in international trade.

REFERENCES

- WTO | Managing the Challenges of WTO Participation: Case study. (n.d.). https://www.wto.org/english/res_e/booksp_e/casestudies_e/case17_e.htm
- The Hindu Bureau. (2024, September 3). Thanks to U.S. ban on wild-caught shrimps, India lost \$500 million since 2019. The Hindu. <a href="https://www.thehindu.com/news/national/tamil-nadu/thanks-to-us-ban-on-wild-caught-shrimps-india-lost-500-million-since-2019/article68597833.ece#:~:text=The%20U.S.'%20ban%20on%20shrimp,export%20of%20wild%2Dcaught%20shrimps
- WTO | Environment disputes 8. (n.d.). https://www.wto.org/english/tratop_e/envir_e/edis08_e.htm
- Khakhariya, N. (2023, December 9). US alleges Indian shrimp exports are subsidized. The Times of India. https://timesofindia.indiatimes.com/city/rajkot/us-alleges-indian-shrimp-exports-are-subsidized/articleshow/105853191.cms

"How India Became the World's Top Shrimp Producer." Global Seafood Advocate, A. Victor Suresh, 2020.

https://www.globalseafood.org/advocate/how-india-became-the-worlds-top-shrimp-producer/

Marine Products Export Development Authority (MPEDA). (2024). Export performance 2023-24.

https://mpeda.gov.in/wp-content/uploads/2024/06/Export-performance_2023-24-approved_V5.pdf

Stears, E., Smith, Z., O'Connell, K., Uhlemann, S., & DuBois, D. (2021). Indian Fisheries and the U.S. MMPA imports rule. https://www.nrdc.org/sites/default/files/2023-11/india-mmpa-imports-assessment-202112 17.pdft

Suresh, V. (2020, October 5). How India became the world's top shrimp producer - Responsible Seafood Advocate. Global Seafood Alliance. Retrieved November 2, 2024, from https://www.globalseafood.org/advocate/how-india-became-the-worlds-top-shrimp-producer/

Naorem Dinesh Singh. (n.d.). Performance and Perspective Analysis of Indian Shrimp Exports. https://link.springer.com/article/10.1007/s40003-020-00513-z

V Geethalakshmi. (n.d.). Analysis of Indian Shrimp Exports and its Prices in Major International Markets. https://epubs.icar.org.in/ejournal/index.php/FT/article/view/7225

Trachtman, J. P. (n.d.). 1 Shrimp-Turtle INTRODUCTION TO THE SHRIMP-TURTLE CASE Brief Summary and Analysis of the WTO Panel and Appellate Body Decisions. Institute for International Law and Justice. Retrieved November 2, 2024, from https://www.iilj.org/wp-content/uploads/2016/08/Trachtman-Introduction-to-the-Shrimp-Turtle-Case.pdf

6% Overall Similarity

Top sources found in the following databases:

• 5% Internet database

• 0% Publications database

Crossref database

Crossref Posted Content

database • 3% Submitted Works database

TOP SOURCES

The sources with the highest number of matches within the submission. Overlapping sources will not be displayed.

1	globalseafood.org Internet	2%
2	vdoc.pub Internet	1%
3	Institute of Technology Carlow on 2023-10-29 Submitted works	1%
4	University of the Philippines Los Banos on 2023-01-15 Submitted works	<1%
5	vdocuments.site Internet	<1%
6	seafood.media Internet	<1%
7	link.springer.com Internet	<1%
8	mafiadoc.com Internet	<1%