



Ho Chi Minh City

December 23, 2013

The Honorable Debbie Stabenow  
Chairwoman, Senate Committee on Nutrition, Agriculture & Forestry  
United States Senate  
Washington DC  
Fax: 202 228 0325 and 202 228 2125

Dear Senator Stabenow:

We send this position paper on behalf of the 700 companies of the American Chamber of Commerce in Vietnam. AmCham has been contributing to Vietnam's development since 1994. Our members have invested billions of dollars in Vietnam across many industrial sectors, and have been largely responsible for the rapidly growing bilateral trade.

We are writing to express our serious concerns over the potential implementation of the U.S. Department of Agriculture's (USDA) foreign catfish inspection program, currently included in certain drafts of the Federal Agriculture Reform and Risk Management Act of 2013 (Farm Bill) before the U.S. Congress. The program, if and when fully implemented, would remove responsibility for imported catfish inspections from the Food & Drug Administration (FDA) and place inspections under the jurisdiction of the USDA. This move will have a profoundly negative effect on both the Vietnam-U.S. catfish trade and on U.S. consumers, and will significantly complicate U.S. efforts to establish the landmark Trans-Pacific Partnership (TPP) treaty. As the successful completion of the TPP is of vital interest to our members and to all U.S. businesses, any impact on the implementation of TPP is of paramount importance. AmCham strongly supports a removal of the USDA catfish inspection program from the Farm Bill.

The Farm Bill is now due for renewal, and many in Congress are calling for the USDA's catfish inspection program to be excised. The program has long been a target of fiscal hawks due to its waste. The Vietnamese government has strongly protested the decision to place the USDA in charge of catfish imports, and its inclusion in the current Farm Bill is affecting TPP negotiations at a critical juncture. To this end, several congressmen have noted that a repeal is especially urgent because the catfish inspection program is complicating the U.S.'s TPP negotiations with Vietnam.

Below are the principal reasons AmCham supports a repeal of the proposed USDA catfish inspection program.

- The program is wasteful and duplicative. The USDA's start-up expenditures for the program have already cost taxpayers \$30 million, and not a single catfish has been inspected yet. The Agriculture Department's inspections are estimated to cost about \$14 million per year once the law is in effect.

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- The FDA, which is responsible for inspecting all U.S. seafood imports, is highly experienced in regulating catfish, and able to carry out inspections at a fraction of the estimated USDA cost; i.e., at approximately \$700,000 per year.
- The Government Accountability Office has targeted the USDA catfish program in several reports on wasteful spending. With rising deficits, Congress must cut spending, and the catfish inspection program is an ideal place to start.
- The USDA oversees meat, poultry, and egg imports, and has no experience with fish imports. USDA inspection procedures were designed with land animals in mind (which pose a greater disease threat to humans than do fish), and are consequently more burdensome than FDA seafood inspections. It will take a great deal of time, effort, and expense simply to bring the USDA up to the FDA's level of competence.
- USDA jurisdiction over catfish imports will not improve consumer safety. Unlike meat and poultry, catfish is a low-risk food: out of the 1.8 billion catfish consumed by Americans each year, an average of only two illnesses are documented per year. The USDA's inexperience with fish inspections could actually increase the number of Americans sickened by catfish.
- The USDA program, by design, will severely disrupt the international catfish trade. The USDA has already been very slow in implementing the program, and once the program is implemented, the USDA's burdensome and intrusive inspections will further disrupt catfish imports.
- The USDA program will deprive U.S. consumers of a very popular product. Americans continue buying Vietnamese catfish in spite of Congress' decision to forbid labeling it as "catfish", in spite of a price hike caused by antidumping tariffs, and in spite of a highly-criticized ban on Vietnamese catfish unilaterally imposed by U.S. catfish-producing states. U.S. consumers have benefited from the competition between the U.S. and Vietnamese catfish industries. Even if catfish can still be imported under the USDA protocol, the prices paid by end consumers will skyrocket.
- The USDA program will significantly harm U.S.-Vietnam relations, and will undermine U.S. efforts to complete the TPP. Disputes over catfish imports have caused Vietnam to doubt the U.S.'s commitment to free trade, and this current dispute comes at a time when the U.S. is seeking Vietnam's assistance in expanding free trade and dismantling non-tariff barriers. In short, the xenophobic lobbying by a small special interest group should not derail a potentially landmark trade agreement. The United States must demonstrate that it will adhere to the same trade rules demanded of TPP countries such as Vietnam.
- The catfish dispute is an especially sensitive issue for Vietnam. The United States is Vietnam's second largest export market for catfish, with a turnover of more than \$358 million and accounting for about 20 percent of the country's total export market for catfish. Vietnamese companies have invested heavily in catfish farming to meet U.S. demand. Catfish farming has played a major role in Vietnam's successful effort to lift millions of rural Vietnamese out of poverty. If the U.S. allows the catfish inspection

program to go forward, it will pose a serious setback to the progress the two countries have made in establishing a trusting, mutually beneficial economic relationship.

- Vietnam has threatened to sue the U.S. at the World Trade Organization over the catfish program, and Hanoi will almost certainly win; WTO rules prohibit “safety” barriers such as this that lack any discernible basis in sound science. U.S. farmers or manufacturers could then face retaliatory tariffs; U.S. exports of soybeans, beef, and other products could be targeted.
- Finally, should the USDA program not be removed from the Farm Bill, it should clearly be limited to *ictaluridae* catfish. The U.S. government, at the direction of Congress, has three times clearly and unambiguously defined “catfish” to including only the species *ictaluridae*. Over the past nine years, not once has Congress defined catfish to include Vietnamese *pangasius*. An attempt to define catfish for inspection purposes differently than for labeling purpose will be seen as hypocritical and contrary to fair and transparent trade rules embraced by the U.S. It also runs counter to the recent commitment by the G-20 to refrain from raising new barriers to trade in goods and services in the interest of restoring global growth.

AmCham strongly urges Congress to cut the USDA’s catfish inspection program from the Farm Bill. While AmCham understands the pressures U.S. catfish farmers are facing, which include not only foreign competition but also high fuel costs and rising feed costs, trade barriers and protectionism are not the right solution. The catfish inspection program, by compromising the U.S.’s bargaining power in TPP negotiations and alienating our trading partners, has the potential to leave U.S. businesses at home, in Vietnam, and across Asia in a weaker competitive position than they would otherwise be in. Furthermore, the Vietnamese people are already sensitive towards any hint of unfair trade advantages being sought by foreign governments or foreign companies, and if the catfish inspection program is retained, the reputation of the U.S.—and by extension, U.S. businesses—will be tarnished. U.S. businesses in Vietnam could easily bear the brunt of the backlash, as Vietnamese consumers will be outraged over the situation of its rural catfish farmers.

For the sake of the U.S.’s international reputation, for the sake of U.S. businesses at home and abroad affected by TPP negotiations, for the sake of American consumers, and for the sake of U.S. businesses in Vietnam, Congress must repeal the USDA catfish inspection program.

Respectfully,



Mark G. Gillin  
Chairman

Cc:

Secretary Tom Vilsack, United States Department of Agriculture  
Secretary Kathleen Sebelius, United States Department of Health and Human Services  
Director Sylvia Mathews Burwell, White House Office of Management and Budget  
Senator Thad Cochran, Ranking Member, Senate Committee on Agriculture, Nutrition, & Forestry  
Representative Frank D. Lucas, Chairman, House of Representatives Committee on Agriculture  
Representative Collin C. Peterson, Ranking Member, House of Representatives Committee on Agriculture