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Indian warmwater shrimp spared from US' six-country DST-related tariff list

By [Jason Huffman](#)

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📷 India-sourced shrimp. Photograph courtesy of Devi Seafoods.

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As trade actions go, the latest sect. 301-related move being threatened by the president Joe Biden administration could've been much worse for the seafood industry.

The US Trade Representative (USTR) late last month proposed to hit a long list of goods sold by six nations, including Austria, India, Italy, Spain, Turkey and the United Kingdom with tariffs of up to 25% for imposing digital service taxes (DSTs) that add up to as much as \$800 million per year against US companies.

However, just 17 of the items from three of the countries – India, Italy and Spain -- are seafood-related. In total, they accounted for just 6,584 metric tons of imports worth a combined \$64.4m last year, *Undercurrent News* determined in a recent review.

Among the imported seafood items most imperiled by the action are several varieties of octopus from Spain, including: frozen; dried, salted or in brine; and prepared or preserved

(HTS codes 0307.52.00, 0307.59.01 and 1605.55.60). The US imported a combined 5,414t of the three categories worth \$49.4m in 2020.

Also in trouble is "other shrimps and prawns, shell-on or peeled" from India (HTS 0306.95.00). The US imported 5,704t of this item worth \$5.7m in 2020. Additionally caught in the tariff list are "anchovies, whole or in pieces but not minced, in oil or in airtight containers" from Italy (HTS 1604.16.20). The US imported 342t worth \$4.5m in 2020.



📷 Credit: TMON/Shutterstock.com

See a full breakdown of the items that could be tariffed and their 2020 value to the seafood industry below.

Importantly spared from the list is one of the US' biggest seafood imports, warm-water shrimp from India, of which the US bought 47,403t worth \$408.5m in 2020.

No seafood items from Austria, Turkey and the UK have been marked for proposed tariffs.



📷 Nathan Rickard.

One likely reason the much larger category of Indian shrimp was left off the list is that it would've raised more than the \$55m per year that India is accused of unfairly charging US companies in DSTs, reasoned Nathan Rickard, a College Park, Maryland-based attorney specializing in shrimp trade-related issues for Picard Kentz & Rowe. But he advised keeping an eye on the situation in the event that the trade conflict escalates.

The USTR has scheduled listening sessions to be held online in early May regarding the proposed tariffs, and has set a deadline of April 21 for anyone who wants to participate. Such sessions are often used by companies to argue to have items taken off or added to tariff lists.

However, Rickard, who often represents the Southern Shrimp Alliance (SSA), a group of domestic US shrimpers that routinely takes on its import competitors, said SSA is not currently planning on asking the administration to expand its tariffs to include warmwater shrimp from India.

Seafood industry still smarting from another sect. 301 fight

USTR began its DST investigation on June 2, 2020, while Donald Trump was still president, focusing on nine countries and the European Union. The agency determined in January that six of the countries' fees were subject to action because they "discriminated against US digital companies" and "were inconsistent with principles of international taxation" while burdening US companies, the agency said in [a statement](#).

Late last month USTR proposed a separate list of items to tariff for each country and also a goal amount of annual tariffs to recover annually from each. Based on the estimated damages, USTR would seek to extract \$325m in tariffs from the UK, \$160m from Turkey and

\$155m from Spain. It would take another \$140m from Italy, \$45m from Austria, and \$55m from India, as mentioned earlier.

The agency has marked a number of items beyond seafood for tariffs, including carpets and textiles from Turkey, shampoo, clothing and air conditioners from the UK, and glassware from Austria.

Brazil, the Czech Republic, Indonesia and the EU have not yet adopted the DSTs they were considering, and thus have had their investigations dropped by the USTR.

"The United States is committed to working with its trading partners to resolve its concerns with digital services taxes, and to addressing broader issues of international taxation," said recently confirmed new USTR Katherine Tai in the statement.

"The United States remains committed to reaching an international consensus through the [Organization for Economic Co-operation and Development] process on international tax issues. However, until such a consensus is reached, we will maintain our options under the Section 301 process, including, if necessary, the imposition of tariffs."

Jessica Rifkin, a Chicago, Illinois-area-based senior attorney specializing in trade for the law firm of Benjamin England & Associates, said none of her seafood-oriented clients are so far expressing much worry. Though the seafood industry is still smarting from the sect. 301 fight started with China by former president Donald Trump over intellectual property, she's hopeful the Biden administration will not take the same course of attack.

"It was a different administration that imposed the sect. 301 tariffs on China," Rifkin said. "Biden said he wants to do things in a more collaborative way, with more multilateral actions. Even before the change in administrations, there was at least some signaling that, unlike the trade war with China, there was some desire to approach the issue with DSTs in a more multilateral, unified way."

She added: "Hopefully, it won't reach the level of unpredictability that was there with the China trade war."

The USTR is likely to follow through with the announcement of retaliatory tariffs by June 2, 2021, satisfying the one-year deadline, however, Rifkin said. It will want to keep its options open.



📷 Jessica Rifkin.

17 seafood items included in USTR's proposed DST-related tariffs			
India			
HTSUS code	Product description	2020 import volume (metric tons)	2020 import value
0306.16.00	Cold-water shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen	24	\$197,477
0306.35.00	Cold-water shrimps and prawns, shell-on or peeled, live, frozen, or chilled	10	\$353,500
0306.95.00	Other shrimps and prawns, shell-on or peeled	259	\$5,703,680
Total		293	\$6,254,657
Italy			
HTSUS code	Product description	2020 import volume (metric tons)	2020 import value
0305.63.60	Anchovies, in brine or salted but not dried or smoked, other than in immediate containers weighing with their contents 6.8 kg or less each.	211	\$923,160
1604.16.20	Anchovies, whole or in pieces but not minced, in oil, in airtight containers.	342	\$4,533,662
1604.16.40	Prepared or preserved anchovies, whole or in pieces, not minced, not in oil, in immediate containers with their contents 6.8 kg or less each.	25	\$224,910
1604.31.00	Caviar.	4	\$224,910
1604.32.40	Caviar substitutes prepared from fish eggs, nesoi.	2	\$89,527
Total		584	\$5,996,169
Spain			
HTSUS code	Product description	2020 import volume (metric tons)	2020 import value
0306.16.00	Cold-water shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen.	13	\$192,115
0306.17.00	Other shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen.	224	\$2,059,602
0307.51.00	Octopus, live, <u>fresh</u> or chilled.	0	0
0307.52.00	Octopus, frozen.	2,553	\$21,380,982
0307.59.01	Octopus, dried, salted or in brine.	2,329	\$19,564,521
1605.21.05	Shrimp & prawns not in airtight containers: fish meat and prepared meals.	0	0
1605.21.10	Shrimp & prawns not in airtight containers: other than fish meat and prepared meals.	47	\$378,983
1605.55.05	Octopus, as containing fish meat or prepared meals.	9	\$112,409
1605.55.60	Octopus, prepared or preserved.	532	\$8,418,266
Total		5,707	\$52,106,878
Source: The National Oceanic and Atmospheric Administration's trade database.			

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