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US trade panel's nod for countervailing duty can hit India's frozen shrimp exports

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The International Trade Commission (ITC) of the US has voted to impose duties on frozen shrimp from India, Ecuador, Vietnam, and Indonesia after determining the US industry is being affected by imports of the products.

This comes after the US Department of Commerce decided to impose higher countervailing duty (CVD).

Nitin Awasthi, analyst, InCred Capital, said Indian shrimp exporters would be affected by the decision as they have to book additional costs related to the increased CVD, especially for sales completed over the past six months, potentially impacting next financial results.

Ecuador holds a competitive advantage over Indian companies over CVD, which may affect market positioning and profitability for Indian exporters, he said.

The US Department of Commerce imposed 5.7 per cent CVD on Indian shrimps, 3.75 per cent for Ecuador and 2.84 per cent for Indonesia and Vietnam.

The decision to impose anti-dumping or CVD duty was taken after the American Shrimp Processors Association filed petitions against India, Ecuador, Indonesia and Vietnam.

ECUADOR VS INDIA

Ecuadorian companies negotiated a much lower CVD, whereas the Indian companies were surprised by an increase over the preliminary rates. Ecuador holds a competitive advantage over Indian companies regarding CVD, which will affect market positioning and profitability for Indian exporters, Awasthi said.

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Highly placed sources in the industry told *businessline* that the rate of 5.7 per cent CVD will place Indian seafood at a comparative disadvantage.

India is a major supplier of seafood to the US and this levy will serve to increase the price of this commodity inside the country.

The US does not have the sources for meeting the demands for shrimp for the domestic market and needs fair priced imports.

This measure will ultimately serve to make this product more expensive for customers in the US and is hence a retrograde measure.

The US is the biggest market for Indian shrimps to the tune of $2.9 billion last year with 40 per cent of the total seafood from the country being shipped.