HIGH TARIFFS FAILING TO STOP
CRAWFISH FLOOD

Peelers work the line Wednesday at Bayouland Seafood in Grand Anse. The crew of 40 cleaned 1,100 pounds of tail meat bound for hungry consumers.

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Officials can’t keep up with glut of foreign crustaceans

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With tariffs of up to 223 percent imposed to slow the flood of Chinese crawfish tail meat to the U.S. market, one might wonder why, per pound, the imports sell for $3 to $4 below the price of local mudbugs.

“Indeed, little of the tariff is being collected,” said Gabe LeBlanc, president of Acadiana Fisherman’s Cooperative, a crawfish processor in Henderson.

During the past three years, U.S. Customs and Border Protection has collected only $25.4 million in crawfish tariffs out of total of $337.4 million owed — a collection rate of 7.5 percent, according to figures from the Louisiana Department of Agriculture and Forestry.

Crawfish processors and state officials say the problem is largely the procedure used for setting and collecting the tariff, which passed after local processors beseeched to U.S. International Trade Commission. With tariffs of up to 223 percent imposed to slow the flood of Chinese crawfish tail meat to the U.S. market, one might wonder why, per pound, the imports sell for $3 to $4 below the price of local mudbugs.

“There is no way the crawfish would be this cheap if the tariff was being collected,” said Gabe LeBlanc, president of Acadiana Fisherman’s Cooperative, a crawfish processor in Henderson.

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Tariff

Trade Commission for protection from imports they said were destroying the local industry.

Chinese crawfish first began trickling into the area in the early 1990s and have captured as much as 80 percent of the market for packaged tail meat in some years. The imports are blamed for driving dozens of processors out of business, with the total number of processing plants dropping from more than 100 to less than 40 since the imports first hit U.S. shores.

"It's still coming in. It's still being flooded," LeBlanc said.

In written responses to questions about tariff collections, U.S. Customs officials gave a simple answer to questions about their success rate: "Importers have used fraudulent schemes to circumvent paying dumping duties."

Roy Johnson, director of market development for the state Department of Agriculture, has been tracking the issue for years.

He said one of the biggest problems is connected to the way the tariff is calculated.

Tariffs on the Chinese imports can range from zero to 223 percent, depending on how much and at what price a importer ships during a review process.

Johnson said new shippers will often ship a small amount at a high price during the review process to get a low tariff.

Once the tariff rate is set, Johnson said, the company begins flooding the market. By the time the company is set for another review of its shipments, the company has disappeared in the maze of the international market.

"The crawfish is already sold and gone, and then the exporter is gone," Johnson said. "... Only companies that are well established and been in the business awhile are paying the tariffs."

U.S. Customs officials said in a written statement that they have begun monitoring "shifts and patterns" in imports to detect efforts to circumvent the tariff and have stepped up enforcement efforts.

The efforts might be starting to work, said Adam Johnson, who runs the Henderson crawfish processor Bayou Land Seafood and heads the Crawfish Processors Alliance.

"The prices have inched up," Johnson said, "but we are still feeling the unfair competition."

He said were Chinese crawfish once sold two pounds for $5 the price is getting closer to the $5 per pound mark.

"I think Customs has pinpointed the problems, but it's going to take time to pinpoint corrections," Johnson said.

Paying the bill: Crawfish tariffs

<table>
<thead>
<tr>
<th>Year</th>
<th>Owed</th>
<th>Collected</th>
<th>Collection Rate</th>
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<tbody>
<tr>
<td>2002</td>
<td>$64.5 million</td>
<td>$7.5 million</td>
<td>11.6 percent</td>
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<tr>
<td>2003</td>
<td>$94.7 million</td>
<td>$9.7 million</td>
<td>10.2 percent</td>
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<tr>
<td>2004-2005</td>
<td>$178.2 million</td>
<td>$8.2 million</td>
<td>4.6 percent</td>
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<tr>
<td>Total</td>
<td>$337.4 million</td>
<td>$25.4 million</td>
<td>7.5 percent</td>
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Tariff money are divided among domestic crawfish processors in an effort to offset the economic effect of Chinese imports.

SOURCE: Louisiana Department of Agriculture.