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BUSINESS

U.S. Catfish Fight Expected to Sink a Popular Import

USDA to tighten rules for Vietnamese fish known as basa or swai



Pangasius on display during a Vietnamese trade-show exhibit in Ho Chi Minh City. With a mild flavor and a moderate price tag, the freshwater fish enjoyed a swift rise in popularity in the past decade. On American restaurant menus, it often appears as basa or swai. *PHOTO: XINHUA/ZUMA PRESS*

By **TENNILLE TRACY**

March 23, 2015 1:27 p.m. ET

A white flaky fish that recently overtook cod and crab to become the sixth most popular seafood in the U.S. could soon disappear from American dinner plates.

Depending on whom you ask, the reason stems from either imported food safety concerns or a bureaucratic entanglement designed to protect the shrinking market share of American-produced catfish.

The fish in question—pangasius—is produced in Southeast Asia, mostly in Vietnam, and often appears on restaurant menus as basa or swai.

Pangasius lives in fresh water and has barbels or “whiskers” just like American catfish, which is a closely related cousin. Indeed, it used to be called catfish until Congress prohibited that labeling in 2002.

Pangasius supplies could dry up as early as this year as the Agriculture Department assumes control over catfish and pangasius this spring—a job currently done by the Food and Drug Administration. The USDA is expected to impose tough new standards on Vietnam and other countries that export pangasius to the U.S.

Net Gain

Pangasius, a type of catfish from Vietnam, recently became more popular in the U.S. than domestic catfish. Per-capita seafood consumption:

	2009	2010	2011	2012	2013	RANK
Shrimp	4.1 (lbs.)	4.0	4.2	3.8	3.6	1
Canned tuna	2.5	2.7	2.6	2.4	2.7	2
Salmon	2.0	2.0	2.0	2.0	2.3	3
Pollock	1.5	1.5	1.3	1.5	1.4	4
Tilapia	1.2	1.2	1.3	1.2	1.2	5
Catfish	0.8	0.8	0.6	0.7	0.8	6
Crab	0.6	0.6	0.6	0.5	0.6	7
Cod	0.4	0.5	0.5	0.5	0.6	8
Clams	0.4	0.4	0.5	0.5	0.5	9
Pangasius	0.4	0.3	0.3	0.3	0.4	10

Source: National Fisheries Institute

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There have been no major illnesses linked to pangasius in the U.S., or at least not any more than with other fish. But U.S. catfish farmers, who are mainly in Mississippi and a couple of other Southern states, pressed for tighter import standards. They say they fear a potential health scare related to pangasius would undermine the reputation of the catfish industry.

Despite labeling laws, pangasius is often marketed

and presented as catfish, said Dickie Stevens, chief executive of Consolidated Catfish Producers, a Mississippi company that sells fish under the Delta Pride and Country Select brands.

“There’s a lack of safety controls outside the U.S.,” Mr. Stevens said. “The domestic catfish industry has been tarred with the same brush.”

Others see protectionism at work. The fight over catfish “is not about food safety and never has been,” said Lisa Weddig, a regulatory expert at the National Fisheries Institute, a trade group for the seafood industry. “For years, there has been an ongoing attempt to block imports and thus stifle competition. The food-safety part of the equation is a charade.”

With a mild flavor and a moderate price tag, pangasius enjoyed a swift rise in popularity

in the last decade. The amount of frozen fillets shipped to the U.S. soared to 215 million pounds in 2014, up from 7 million pounds in 2004, according to the National Oceanic and Atmospheric Administration. The imports are now valued at more than \$300 million a year, according to the agency.

In roughly that same time, U.S. farm-raised catfish production fell by nearly 50% from 630 million pounds in 2004 to 340 million pounds in 2012, the latest year for which data are available.

Data on the two species aren't directly comparable because the pangasius numbers track the weight of frozen fillets while the catfish numbers count the weight of the whole fish.

Pangasius, often raised in the Mekong River Delta of Vietnam, is shipped frozen to the U.S. and then offered in restaurants and grocery stores.

Pangasius was the sixth most popular seafood in 2013, just behind pollock and tilapia, according to the most recent data from the National Fisheries Institute. The top three were shrimp, canned tuna and salmon.

Seafood companies are bracing for a yearslong supply disruption as Vietnam works to meet the new USDA rules for export approval.

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'A few [catfish] businesses in the South have a selfish and myopic viewpoint'

—Bill DiMento, High Liner Foods

pause in supplies could stifle the long-term growth of what has been a rising star in the seafood industry.

“A few [catfish] businesses in the South have a selfish and myopic viewpoint,” said Bill DiMento, an executive with High Liner Foods, which makes fish sandwiches for the fast-food restaurants Burger King and Wendy’s. “They don’t care to realize that thousands of jobs here in the U.S. rely mostly on imports.”

In 2008, Congress changed the food-safety laws so that the Agriculture Department would oversee catfish and pangasius, instead of the FDA. The driving force behind the

change was Republican Sen. Thad Cochran of Mississippi, one of the largest catfish-producing states in the U.S.

Sen. Cochran's office declined to comment.

That handoff doesn't become official until the USDA issues a final rule over how it will proceed with its inspection of catfish and pangasius, a move that is expected in April. Generally the USDA requires a country to set up a regulatory system similar to the U.S., a standard that could take years to meet, seafood companies said. The FDA will continue to oversee all other seafood, such as shrimp and salmon.



Pallets of pangasius are loaded at the warehouse of Preferred Freezer Services in Everett, Mass. Pangasius, usually imported from Vietnam, was the sixth most popular seafood in the U.S. in 2013. *PHOTO: M. SCOTT BRAUER FOR THE WALL STREET JOURNAL*

Vietnam isn't ready to cede the business. The issue eventually could make its way to the World Trade Organization, where Vietnam could argue the U.S. is violating treaty obligations, said James Bacchus, a lawyer with Greenberg Traurig who has been hired by the Vietnamese Association of Seafood Exporters and Producers.

"A law is illegal if it has the effect of denying imported products an equal competitive opportunity in the domestic market," Mr. Bacchus said.

Many U.S. seafood companies, meanwhile, will have to comply with requirements from both the FDA and USDA, since the USDA will handle catfish and pangasius while the FDA oversees the rest.

Even if pangasius supplies are blocked, domestic catfish will come under heavier regulation. The USDA is likely to require on-site inspectors in the U.S. and could ask

seafood companies to set aside office space for the inspectors and be responsible for laundering their work clothes, among other new mandates.

The Agriculture Department has estimated its inspection program will cost \$14 million a year. The Government Accountability Office said in February that the catfish program was an “inefficient use of taxpayer funds.”

Kim Gorton, chief executive of the Boston-based seafood company Slade Gorton, said she would consider eliminating catfish altogether to avoid the added regulation.

“It makes absolutely no sense,” Ms. Gorton said. “My costs would go up so much, it would defeat the purpose.”

Write to Tennille Tracy at tennille.tracy@wsj.com

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