



Wild, Natural & Sustainable®

Alaska Seafood 2018 US/China Tariff Overview

Updated 9/28/2018

Overview

The Alaska Seafood Marketing Institute has continued to monitor the trade issues between China and the U.S. to assess the impact to the Alaska seafood industry. To review, there have been two major trade actions with China that affect Alaska seafood to date.

On July 6th, 2018, China implemented a punitive tariff of an additional 25% for exported products to China destined for the Chinese domestic market. The impact to the Alaska seafood industry will affect companies that are targeting the domestic market in China for products such as black cod, rockfish, flatfish and salmon roe. Alaska seafood that is processed in China and re-exported is exempt from the increased tariff.

On July 10, the U.S. Trade Representatives (USTR) announced a proposed increase to tariffs by 10% for products imported from China to the U.S. This list includes \$2.7 billion in seafood that is processed in China and imported to the U.S., of which Alaska products represent a significant portion. On August 1, the USTR announced it will consider increasing the proposed tariffs to 25%.

On September 18, 2018, the USTR announced a revised list of products subject to the 10 to 25% tariff increase. Specific Alaska seafood products that are processed in China and re-exported to the U.S. market are now excluded from the final list. Alaska seafood products included in the final list will be subject to a tiered tariff schedule with a 10% tariff increase on September 24, 2018 and a 25% tariff increase on January 1, 2019.

A complete list of products can be found here:

https://ustr.gov/sites/default/files/enforcement/301Investigations/Tariff%20List_09.17.18.pdf.

On September 28, 2018, the USTR released a modified list of products subject to the 10 to 25% tariff increase. Specific Alaska seafood products that are processed in China and re-exported to the U.S. market are now excluded from the final list. These changes to the September 18th notice are effective on October 1, 2018.

The modified list of products can be found here:

<https://www.govinfo.gov/content/pkg/FR-2018-09-28/pdf/2018-21303.pdf>

10 to 25% Tariff on Alaska Seafood Imports from China to the U.S.

Tariff implemented by the U.S. Trade Representatives (USTR) of 10%-25% on products imported from China to the U.S.

- **Who it effects:** The primary and immediate impact is on companies processing seafood in China for re-export to the U.S. market.
- **Short-term impacts:** If enacted, the tariffs could increase the cost of Alaska Seafood products to U.S. companies and to U.S. consumers. Depending on the species, the

Alaska Seafood products may not be cost-competitive with the additional tariff. The proposed tariffs have already caused cancellations and delay, as well as uncertainty by U.S. and Chinese seafood companies.

- **Long-term impacts:** If the tariff is enacted, it could increase prices on Alaska Seafood products sold in the U.S. This could slow U.S. consumption of our own seafood because prices could increase. Companies may eventually look elsewhere for reprocessing. There is potential that processing in the U.S. could increase, but not at the capacity that would be needed. Companies may look to Southeast Asia, but this transition could be slow and may still raise prices.
- **ASMI/Industry actions:** ASMI and numerous Alaska seafood industry advocates submitted public comment outlining potential impacts to the industry and American consumers. ASMI will analyze the updated list and work with Alaska seafood industry to determine the impact of the increased tariffs. ASMI will continue to monitor this situation and provide updates as necessary.

ASMI Statements:

September 28, 2018 - The Alaska Seafood Marketing Institute is pleased with the modification and removal of certain product codes representing Alaska seafood from the USTR list subject to increased tariffs. We appreciate the responsiveness of USTR and the acknowledgement of the importance of market access for Alaska seafood. As a representative of the entire Alaska seafood industry, we must continue to work for a list that suits our broad stakeholder base.

September 18, 2018 – The Alaska Seafood Marketing Institute is disappointed by the inclusion of some Alaska seafood products on the final United States Trade Representative list subject to upcoming tariff increases. Seafood is a highly traded global commodity and it is critical that Alaska seafood products continue to be competitive in the global marketplace. ASMI will continue to work with the industry and our overseas offices to assess the impacts to the Alaska seafood industry with regards to the evolving trade issues.

July 11, 2018 - The Alaska Seafood Marketing Institute is discouraged by the recent response from the office of the United States Trade Representative (USTR) that further impedes trade of Alaska seafood products with China. China is the largest trading partner for Alaska seafood and is a major reprocessing sector for U.S. seafood with some product destined for the U.S. domestic market. We will continue to work with the Alaska seafood industry and trade groups to analyze what the latest announcement means for Alaska seafood and evaluate the need to submit comments on the proposed tariffs to the USTR. As an industry familiar with fluctuating wild harvests and an ever changing global market place, we will continue to adapt.

25% Tariff on Alaska Seafood Exports to China

Punitive tariff implemented by the Chinese government on July 6, 2018, added in addition to existing tariffs on products for domestic consumption.

- **What it effects:** Most major Alaska Seafood products including frozen finfish (salmon, pollock, cod, sablefish, rockfish, flatfish), roe, geoduck, sea cucumber, scallops, crab species including king, snow, Dungeness, and **fishmeal** (updated 8/15/2018). Some fresh product is exempt (salmon, herring) as is fish oil.
- **Who it effects:** The primary and immediate impact is on companies targeting the domestic China market. Broader and indirect impacts are less well known.

- **Short-term impacts:** Tariffs will likely increase the cost of Alaska seafood products to Chinese consumers. Depending on the species, the Alaska seafood products may not be cost-competitive with the additional tariff. Implementation of this tariff has already caused hiccups, delays, and order cancellations.
- **Long-term impacts:** If the tariff stays in place, it could impact demand in China for Alaska seafood products. It could impact consumer sentiment toward U.S. products and China may seek other suppliers.
- **ASMI/Industry actions:** ASMI will continue to monitor this issue through our industry, our team in China, and our trade partners. We will continue to evaluate the impact on industry and will adjust our marketing strategies if needed.

ASMI Statements:

June 22, 2018 - ASMI continues to monitor the impacts of the proposed tariff increase for Alaska seafood products shipped to China. Multiple ASMI contacts in China have indicated that China customs officials interpret the June 15, 2018 regulation to exempt seafood products that will be reprocessed in China and then exported. It is not yet clear how products entering China will be differentiated between export and domestic consumption upon entry or at what point a tariff and/or credit will be applied. This is a developing situation and ASMI will continue to provide updates as information becomes available.

June 15, 2018 - The Alaska Seafood Marketing Institute (ASMI) is disappointed in today's decision by China to increase tariffs on US seafood products. China is the largest export market for Alaska seafood and a major reprocessing location. Currently, we do not yet know the full impact these increased tariffs will have on Alaska seafood exports, but we are working with other US seafood industry trade groups and our China ASMI office to evaluate this issue.

ASMI has been active in the Chinese market for over 20 years and has created strong demand in the domestic Chinese market for Alaska seafood products. Alaska seafood companies have also invested in the market and have many Chinese partnerships.

While Alaska seafood enjoys robust demand around the globe, we are aware that the effect of these punitive tariffs will be felt throughout the Alaska fishing community. ASMI will continue to monitor the situation and work towards our goal of increasing the economic value of Alaska seafood overseas and at home.