**Alaska Seafood 2019 US/China Tariff Overview**

*Updated 1/15/2020*

**January 15, 2020** – The Alaska Seafood Marketing Institute continues to advocate for balanced trade and equitable market access for all Alaska seafood products. The Alaska Seafood brand is recognized by consumers worldwide for superior quality from an unrivaled location. The ongoing trade uncertainty in the U.S. and China highlights the importance of maintaining widespread global demand for Alaska seafood. ASMI is working with the Alaska seafood industry to expand opportunity in established markets and develop new markets such as Southeast Asia, South America and Eastern Europe. ASMI continues to invest in opportunities that will return long-term benefits to Alaska’s seafood industry and coastal communities.

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

On July 6, 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 21, 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 were excluded from the final list. Alaska seafood products included in the final list were subject to a tiered tariff schedule with a 10% tariff increase on September 24, 2018 and a 25% tariff increase on January 1, 2019.

On September 28, 2018, the USTR released a further 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 were excluded from this final list. These changes to the September 18 notice were effective on October 1, 2018. The combination of both the September 18 and September 28 action are termed the ‘September 2018 Actions’ in the USTR updates.

In May 2019, the USTR released two notices that effect the import of Alaska seafood products from China to the US. On May 9, 2019, the USTR published a notice of increased tariffs from 10% to 25% on products imported from China (List 3).
On May 17, 2019, the USTR published a notice of increased tariffs up to 25% on additional imports from China. The changes to the May 9 notice went into effect on May 10, 2019. In response, China’s Ministry of Finance announced an increase in import tariffs to previously unlisted products, including some Alaska seafood products. China raised tariff rates 10%, 20%, and 25% for products, as appropriate, which went into effect June 1, 2019.

On August 20, 2019, the USTR published a notice announcing a tariff of 10% on approximately $300 billion in goods imported from China (List 4). The notice contained two lists with separate products and effective dates. List 1 is outlined in Annex A of the notice and effective September 1, 2019. List 2 is outlined in Annex C of the notice and effective December 15, 2019.

On August 23, 2019, China announced an increase in tariff rates ranging from 5% to 25%. Previously affected Alaska seafood products destined for the domestic China market are subject now to an additional 10% tariff, bringing the new tariff rate on these products to 35% effective September 1, 2019.

In response, the USTR published a notice on August 30, 2019 announcing a 5% tariff increase on the approximately $550 billion in imports from China previously outlined in the notices released on August 20, 2019 and May 2019. Following the determined comment period, the products included in the May 2019 and previous notices were to increase from 25% to 30% effective October 15, 2019. Products included in the August 20 notice were to increase from 10% to 15%, effective December 15, 2019.

**UPDATED January 15:** Amid trade talks in October and December 2019, the U.S. informally announced the indefinite delay of the additional tariff increases set to take place on October 15, 2019 and December 15, 2019 (List 4). Suspension of the List 4 tariffs was formalized by the USTR modification released on December 18 in advance of the Phase One trade agreement signed by the U.S. and China on January 15, 2020. The exact impacts of the Phase One trade agreement on Alaska seafood remain unclear. Alaska Seafood Marketing Institute (ASMI) will continue to work with the seafood industry to analyze and determine the potential impacts of the agreement.

### 25% Tariffs on Alaska Seafood Flatfish Imports from China to the U.S.

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

- **Whom it affects:** The primary and immediate impact is on Alaska companies that reprocess U.S.-harvested seafood in China for re-export to the U.S. market.

- **Short-term impacts:** The enacted tariffs are increasing 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. Flatfish species processed in China face a 25% tariff upon return to the U.S. This leading to cancellations, delays and uncertainty among U.S. and Chinese seafood companies.

- **Long-term impacts:** The enacted tariffs are sharply reducing the price paid by Chinese buyers for U.S.- harvested flatfish, hurting U.S. seafood companies. The tariffs are also increasing prices on Alaska seafood flatfish products sold in the U.S. This could slow U.S. consumption of our own seafood because prices could increase.
ASMI/Industry actions: Alaska seafood industry advocates continue to submit 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.

Additional 35% Tariff on Alaska Seafood Exports to China
Punitive tariffs implemented and increased by the Chinese government since July 6, 2018, added to existing tariffs on products for domestic consumption.

What it affects: Most major Alaska seafood products including frozen finfish (salmon, pollock, cod, sablefish, rockfish, flatfish), roe, geoduck, sea cucumber, scallops, crab species including king, snow and Dungeness. Some fresh product is exempt (salmon, herring) as is fish oil and fishmeal (updated 9/11/2019).

Whom it affects: The primary and immediate impact is on fisheries and seafood companies targeting the domestic China market. Broader and indirect impacts are less well known.

Short-term impacts: In most cases companies selling into china have been forced to absorb the cost of tariffs on Alaska seafood products, leading to losses and in many cases reductions in trade volume.

Long-term impacts: For a number of U.S. companies, years of investment to establish a foothold in the rapidly growing China market are being rendered meaningless by the inability to compete in the face of these tariffs. Opportunities in the emerging economy of China’s middle class will now be filled by non-U.S. seafood 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.