



October 11, 2018

Ambassador Robert Lighthizer
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Lighthizer:

The undersigned U.S. seafood harvesters and processors write to request that Chinese exports of the seafood product pollock entering the U.S. under the Harmonized Tariff System (HTS) Codes 0304.75.10, 0304.75.50, and 0304.94.10 be subject to a 10% tariff rate (and any subsequent increase in such tariff rate), consistent with the treatment of most Chinese seafood exports to the U.S. effective September 24th. The Administration's July 17th proposal included applying tariffs to Chinese pollock exports, but those specific tariff codes were exempted, unfortunately, when the final list of Chinese exports subject to tariffs was released September 19th.

This request to include the three HTS Codes identified above among the nearly 6,000 items subject to tariffs is made on behalf of organizations and their member companies that represent *all* the major U.S. Alaska pollock harvesters and processors. The companies that comprise the membership of the At-sea Processors Association (APA), the Pacific Seafood Processors Association (PSPA), and the United Catcher Boats (UCB) employ tens of thousands of men and women in family-wage jobs onboard U.S.-flag fishing and fish processing vessels and at onshore primary and secondary seafood processing plants, including facilities located in Alaska, Washington, Minnesota and Georgia. The seafood harvesters and processors represented by our organizations participate in federally and state managed fisheries occurring in waters off Alaska and the West Coast. These fisheries account for more than 60% of all U.S. seafood landings and 75% of all U.S. seafood exports.

Among the fisheries of greatest importance to these seafood companies is the U.S. Alaska pollock fishery, our Nation's largest fishery. Alaska pollock landings alone account for roughly 30% of all U.S. seafood landings annually by weight. Alaska pollock is the fish species most often used in fish sandwiches served at quick service restaurants, including McDonald's iconic Filet-O-Fish sandwich. Alaska pollock is also used to produce surimi seafood (including

imitation crab product), and it is often the whitefish of choice at retail and food service outlets where it is sold or served in various product forms.

While pollock is one of the top five seafood products consumed in the U.S., Alaska pollock is also one of the most significant U.S. seafood exports. Alaska pollock is the #1 fish species consumed in Germany, and the EU export market is important, overall. Our companies also export significant quantities of surimi and pollock roe to Japan, and to a lesser extent Korea. To fully utilize the resource, fish meal and fish oil are produced from the non-flesh parts of the fish. The fish oil is largely sold domestically to the fish oil supplement market. Fish meal is sold primarily to Chinese aquaculture producers for feed.

The principal competition for Alaska pollock producers both in our domestic sales and in many of our key export markets is Russian pollock harvested in that country's EEZ. Russian pollock landings exceed U.S. landings in most years. Taken together, the Pacific pollock fishery is the world's largest fishery. Most Russian-origin pollock is harvested, frozen, and shipped to China for hand-processing, then refrozen and generally exported to the U.S. and EU markets. To our great frustration, it is common for Russian-origin pollock to be called "Alaska pollock." This misleading, inaccurate nomenclature exists even in the U.S. HTS Code descriptors, so we want to clarify for you that the vast majority of pollock exported from China is Russian-origin product, not U.S.-origin Alaska pollock. Most U.S. Alaska pollock undergoes primary processing either onboard U.S.-flag at-sea processing vessels or at onshore processing plants in Alaska. Value-added processing for the domestic market occurs primarily in the U.S., not in China, as it does with Russian-origin product.

While the Administration did not include seafood in its first round of Chinese exports subject to new tariffs, unfortunately, China's retaliatory tariffs included 25% tariffs on U.S. seafood exports. All Alaska pollock product exports to China, including fillets, surimi, and fish meal, are subject to a 25% tariff on top of the 7-10% tariff previously in effect on such products. As a result of China's action, the export-dependent Alaska pollock industry faces significant challenges in the Chinese market vis-à-vis Russian pollock, which is not subject to the 25% tariff. Also, as a consequence of Ukraine trade sanctions, Russia closed its market to U.S. seafood exports, including Alaska pollock, so Russian pollock enters the U.S. duty-free, while U.S. products are barred from the Russian market.

Overall in the global market, U.S. Alaska pollock producers are challenged to compete with low-cost Russian pollock processed in China. The Russian pollock fishery is heavily subsidized by its government and Russian fisheries conservation standards are hardly on a par with the precautionary conservation requirements under which Alaska pollock products are produced. These factors, and others such as much lower labor costs, can drive down prices for Alaska pollock domestically and abroad.

The Administration's decision to exempt Russian-origin, Chinese processed pollock from tariffs further erodes the competitiveness of Alaska pollock products. This Administration has acted boldly in implementing tariffs on over \$250 million of Chinese exports. There is no rationale for not extending that action to include Chinese pollock exports to the U.S., as well. Therefore, we ask that the list of nearly 6,000 items subject to tariffs be amended to include imported pollock products from China. Such action is consistent with the Administration's overall China trade policy, consistent with the Administration's original July 17th proposal, and will demonstrate support for tens of thousands of American seafood industry workers.

Thank you for considering these views. For additional information, please contact APA's Jim Gilmore at jgilmore@atsea.org or ph. (206) 669-6396; PSPA's Kris Lynch at kristinel@pspafish.net or (202) 431-7220; or UCB's Brent Paine at bpaine@ucba.org or (206) 940-5852.

Sincerely,

Stephanie Madsen
Executive Director, APA

Glenn Reed
President, PSPA

Brent Paine
Executive Director, UCB

cc: Senator Lisa Murkowski
Senator Dan Sullivan
Congresswoman Jaime Herrera Beutler
Congresswoman Cathy McMorris Rodgers
Congressman Dave Reichert