



July 22, 2020

Jim Sanford  
Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness  
Office of the United States Trade Representative  
600 17th Street N.W.  
Washington, D.C. 20508

Drew Lawler  
Deputy Assistant Secretary for International Fisheries  
National Oceanic and Atmospheric Administration  
1401 Constitution Avenue N.W.  
Washington, D.C. 20230

Re: Request for Information, RTID 0648-XQ012, Recommendations for a Comprehensive Interagency Seafood Trade Strategy

Dear Mr. Sanford and Mr. Lawler:

On behalf of the members of the Pacific Seafood Processors Association (PSPA), I am pleased to submit our recommendations for shaping a comprehensive, interagency seafood trade strategy. We applaud President Trump's direction to improve access to foreign markets through trade policy and negotiations, resolve technical barriers to U.S. seafood exports, and otherwise support fair market access for U.S. seafood products, as stated in the "Executive Order on Promoting American Seafood Competitiveness and Economic Growth." We request that this strategy be based on three pillars, recognizing that: (1) Alaska seafood exports are in the Nation's interest and should be prioritized by agency leaders, (2) seafood trade objectives should be pursued via outcome-based action plans developed in cooperation with industry, and (3) intergovernmental structures and processes should be improved to ensure effective and efficient resolution of seafood export issues.

#### I. Seafood Exports are in the National Interest

The Alaska seafood industry harvests nearly 6 billion pounds of seafood – roughly sixty percent of America's commercial seafood – annually. The U.S., through the National Oceanic and Atmospheric Administration (NOAA), has made it a priority to ensure that our abundant stocks of wild Alaska pollock, salmon, Pacific cod, crab, hake, and other species are sustainably and responsibly produced, yet the full economic value of our fisheries is not realized until the fish become a globally-traded commodity. Seafood processors operate at the center of the seafood supply chain, buying fish from harvesters and turning it into product for markets around the world. Approximately two-thirds of the value, and four-fifths of the volume, of Alaska seafood is exported, so the price processors can pay fishermen is predominantly determined by global demand and

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access to both domestic and export markets. The success of America's fisheries and seafood production systems, therefore, depends on the success of U.S. trade officials in facilitating fair global seafood market access.

Recommendations: We request that the Administration makes it a national priority to ensure that America's world-class seafood products can compete and thrive in the global seafood marketplace through fair access to key export markets. The seafood trade strategy should advance this goal through a commitment from Administration leaders to ensure that key agencies prioritize seafood export issues. The Department of Commerce (DOC) houses NOAA, which predominantly focuses on sustainable fisheries production, as well as the International Trade Administration (ITA) that has tremendous capacity for advancing global competitiveness through fair and reciprocal trade. On matters related to seafood as a global commodity, NOAA has competent – yet limited – capacity, and ITA must ensure that seafood does not fall through the cracks as it addresses all major commodities in U.S. trade.

The success of any interagency, comprehensive seafood trade strategy requires the DOC to provide leadership to ITA and NOAA, supporting them in working together and with other agencies (as described in Section III, below) to advance the national priority of U.S. seafood export promotion. The benefits of doing so would be far-reaching. The examples below demonstrate how providing this leadership would help return profits and value to America's seafood exporters – but the benefits to the Nation go far beyond that. A robust seafood export economy directly shapes the long term health of our sector, including our ability to maintain and replace aging infrastructure in desperate need of significant and ongoing capital investment. It would also enable our fishermen, fishing communities, and related economies that support seafood production to thrive.

## II. Achieving Trade Objectives in Cooperation with Industry

In recent years, America's seafood industry has struggled under the burden of tariffs on U.S. exports that render our members unable to compete in key global markets, as well as a range of technical and non-tariff issues that add cost, uncertainty, and delay to exporters' work with overseas buyers. We recommend basing the seafood trade strategy on a core commitment to reverse these trends by establishing a goal of increasing the value of U.S. seafood exports by at least 20% annually. Achieving this goal will require agencies to identify and urge other countries to remove the punitive tariffs that leave the U.S. seafood industry at a disadvantage compared to competitor nations, the import quotas that limit U.S. competitiveness in key markets, and the technical and non-tariff barriers that add unnecessary cost, uncertainty, and delay. To do so, agencies should work in cooperation with seafood exporters to identify problems and solutions, and they should develop and carry out interagency action plans (through processes described in Section III) for achieving the objectives of seafood exporters.

The following examples of tariff and non-tariff barriers are provided to illustrate the problems facing Alaska seafood exporters that could be better served through a coherent, interagency seafood trade strategy based on clear objectives developed in cooperation with industry. This list is not exhaustive, but the items show the range and diversity of challenges that the seafood trade strategy should encompass. In the future, other challenges like these will arise and will require a similar interagency, cooperative action plan approach to achieve desired objectives.

**China's Retaliatory Tariffs:** Since July 2018, China's retaliatory tariffs in response to U.S. Section 301 investigations have had a devastating impact on Alaska's seafood exporters. China is a vital, emerging market for premium quality seafood and is a hub of global seafood processing and distribution; therefore, our seafood processing companies have been working over the last decade to expand outlets for Alaska seafood products in China. We are losing our foothold in this market, however, because China maintains retaliatory tariffs of 30% (total tariffs are 32% to 42%, depending on species) on our seafood exports. U.S. exporters have tremendous difficulty finding buyers in China willing to pay this duty or go through China's process of seeking month-by-month exclusions, as our competitors in other nations send product to China without comparable tariffs and burdens. Additionally, the seafood purchases China agreed to in the Phase One agreement with the U.S. have not materialized. Given the difficulty of re-entering a market against well-established competitors, the U.S. presence in China's seafood market is facing long-term destabilization.

China's seafood demand has increased as expected, with seafood imports nearly doubling between 2017 and 2019 from \$8 billion to \$15.4 billion – to the benefit of our competitors from other nations. Before China's retaliatory tariffs, Alaska exporters were on track for wild Alaska pollock exports to be worth more than \$231.3 million in 2019. Instead, it was \$69.2 million – representing a 70% decrease from pre-tariff projected targets. Other Alaska species have seen similar declines, such as the value of Alaska herring exports dropping by 72% between 2017 and 2019, and the value of Alaska wild salmon exports nearly cut in half in that time. At the same time, the U.S. has granted exclusions for certain whitefish imports from China that directly compete with pollock from Alaska, allowing those products to come from China duty-free. This is the antithesis of fair and reciprocal trade. The Alaska seafood industry has sought solutions to these problems with the Administration, as more reciprocal outcomes could be identified through better consultation with industry and better interagency understanding of global seafood trade dynamics.

Recommendation: We request that the seafood trade strategy facilitates an action plan for addressing and resolving inequities in the seafood trade relationship with China, based on a thorough analysis of tariff impacts on Alaska producers and competing nations, consultation with industry, and a commitment to implement actions that would restore fair and reciprocal trade with China. Doing so would have tremendous benefits to the U.S. and our fisheries-dependent economies, allowing U.S. seafood exporters to eventually regain billions in value in China's growing seafood market and facilitating greater economic health and stability throughout America's fisheries and seafood communities.

**U.S.-Japan Trade Agreement:** The Phase One agreement with Japan, concluded in September 2019, effectively advanced the goals of the U.S. agriculture industry. Despite our communications seeking and justifying inclusion of seafood in U.S. trade agreement negotiating objectives, however, seafood was omitted entirely from this U.S.-Japan agreement. U.S. seafood products continue to be subject to tariffs and quotas entering the Japanese market, yet the seafood products of parties to the Comprehensive and Progressive Trans Pacific Partnership enter Japan tariff-free. Moreover, Japan's seafood products enter the U.S. duty-free, which undercuts any attempt at reciprocal trade. Clearly, Japan's tariffs limit our potential for profit and growth in this vital market, and the U.S. should prioritize outcomes in which Japan removes these tariffs, to enable Alaska exporters to compete in the important Japanese seafood market.

Additionally, non-tariff barriers imposed by Japan include its Import Quota ("IQ") system. Under this system, U.S. exporters of Alaska pollock, Pacific cod, and other seafood products are required to

obtain quota in order to export products. This is time consuming and expensive, and it creates an additional layer of business uncertainty. Exempting U.S. products from the IQ system would foster predictability and help U.S. exporters avoid unnecessary costs and delays from bureaucratic processes.

Recommendation: We request that the seafood trade strategy facilitates an action plan for addressing and resolving the inequities in this trade relationship with Japan, based on a thorough analysis of tariff impacts on U.S. producers and our competitors, consultation with industry, and a commitment to implement actions that would restore fair and reciprocal trade with Japan. The elimination of tariff barriers for U.S. products exported to Japan would provide a critical boost to U.S. competitiveness (and therefore, boost the vitality of our export-dependent fishing communities) in the Japanese market, not only in relation to domestic Japanese product but also vis-à-vis Russia, which is a very large and direct competitor for our industry in Japan. The anticipated outcomes of the Trans-Pacific Partnership with respect to U.S. seafood exporters' access to market in Japan represent a reasonable and achievable set of objectives going forward.

**European Union and United Kingdom:** The U.S. is in the process of exploring potential trade agreements with the European Union and the United Kingdom; while these are clearly separate, they have certain commonalities from a seafood competitiveness point of view.

In stark contrast with the free-market access that EU seafood products are granted when entering the U.S., the EU continues to impose significant tariff and non-tariff barriers on U.S. seafood, limiting our potential for profit and growth in this vital market. EU tariffs apply to Alaska seafood product lines that include salmon, pollock, whiting and flatfish, which are subject to tariffs of up to 15%. Additionally, the EU Common Market Organization, which operates within the Common Fisheries Policy, maintains an Autonomous Tariff Quota (ATQ) system for certain fish imports, including a number of fish species exported by Alaska seafood producers. Once quotas are filled, those seafood products can no longer enter tariff-free, and the quota system make it difficult for our exporters to plan and develop markets – not knowing when tariffs may be triggered. Reliance upon the ATQ system gives rise to business uncertainty and planning difficulties, inflicting damage on the entire sector. Following Brexit, the UK also maintains such tariffs and quota systems that limit the growth of U.S. seafood exports.

The potential growth and development of U.S. seafood in the EU and UK are also constrained by factors unrelated to tariffs and quota systems, as trade negotiator must navigate disputes related to differences in perceived health and safety risks (related to food products) and inconsistencies in the nomenclature used to identify products from Alaska. We must also navigate unrelated disputes surrounding aircraft, automobiles, and digital service taxes – all of which could lead to collateral damage on seafood markets through retaliatory tariffs. Various seafood product lines have been considered to be the subject of retaliatory tariffs on both sides of this trade relationship, and the U.S. seafood industry has asked the Administration to do everything possible to forestall the imposition of any such additional tariffs caused by disputes unrelated to seafood.

Recommendation: We request that the seafood trade strategy facilitates an action plan for addressing and resolving inequities in the seafood trade relationships with the EU and the UK, as well as for de-coupling seafood from unrelated disputes. As in other cases, this plan should be based thorough analysis of EU and UK tariff and non-tariff barriers on America's seafood producers and our competitors, consultation with industry, and a commitment to restore fair and reciprocal

trade. Success in these arenas would enable American seafood exporters to more effectively compete and develop critical markets in these parts of Europe, to the benefit of our seafood producers, businesses in the seafood support sector, and their communities.

**Non-reciprocal Trade with Russia:** Seafood trade between the U.S. and Russia demonstrates stark inequities in seafood trade. First, it directly competes with the Alaska seafood industry globally in key markets like China and Japan, where seafood from Russia enters duty-free – while U.S. seafood exports face significant duties as described above that make us non-competitive. Second, and more stunning, Russia enjoys duty-free access to U.S. seafood markets and the U.S. imports hundreds of millions worth of Russian seafood every year – yet Russia maintains an embargo on foreign food including U.S. seafood products.

Before 2014, Russia was a key market for certain Alaska seafood exports, including hundreds of millions of dollars of Pacific whiting, surimi, and Alaska salmon roe products. Russia’s embargo started in 2014, in response to trade sanctions on Russia related to actions in eastern Ukraine. None of the U.S. sanctions related to seafood products. However, Russia retaliated with sanctions against a host of nations that included banning U.S. seafood exports to Russia. Russia’s embargo has been particularly harmful to U.S. exporters, who have not only lost access to a key important markets; they have also faced increased competition in non-Russia markets from other producers also blocked by Russia sanctions.

Furthermore, the absence of any retaliatory action on seafood by the U.S. has allowed Russia to significantly increase its volume of seafood exports to the U.S. To have large and growing volumes of Russian pollock entering the U.S. market directly or via China tariff-free to compete with domestic seafood producers – even while our member companies are entirely excluded from the Russian market – is the very opposite of the fair and reciprocal trading arrangements this Administration promotes.

Recommendation: The seafood trade strategy should facilitate an action plan for addressing and resolving inequities in the seafood trade relationships with Russia, as well as for de-coupling seafood from unrelated disputes. As in other cases, this plan should be based on thorough analysis of the competitive advantage enjoyed by Russia in other countries and in the U.S., consultation with industry, and a commitment to restore fair and reciprocal trade. Success in overcoming these glaring inequities would enable America’s seafood exporters to more effectively compete on a level playing field in critical markets.

**Other Technical and Non-Tariff Barriers:** In many export markets, U.S. seafood faces additional trade barriers in the form of non-tariff measures that limit access, impose cost, or otherwise reduce U.S. seafood competitiveness. Although we don’t seek to provide comprehensive comments here on the various country-by-country regimes, the comments from the Alaska Seafood Marketing Institute provide some important examples. These issues can escalate quickly due to inconsistencies in various regions’ enforcement practices and ever-evolving requirements upon which trade is conditioned.

Recommendation: We request that the seafood trade strategy facilitates action plans for efficiently addressing and resolving common technical, non-tariff barriers that stifle trade. Key agencies should establish clear points of contact and two-way communication with industry so that such cases can be quickly identified, analyzed, resolved, and monitored in cooperation with industry.

Success in overcoming these problems would benefit the U.S. by reducing and removing those bureaucratic barriers that can generate cost, uncertainty, and delay – or even stop trade mid-shipment. Efficient, streamlined commerce would enhance our ability to compete in key markets and generate additional benefits for seafood economies and communities.

### III. Improve Intergovernmental Coordination on Seafood Trade

The problems facing America's seafood exporters described above demonstrate significant range and diversity, and they inherently involve several different agencies across the Administration. In addition to the key roles of NOAA and ITA already described, the Office of the United States Trade Representative (USTR) is at the forefront of negotiating tariffs and other key objectives with our trading partners. The Food and Drug Administration (FDA) is tasked with ensuring the safety of seafood products in trade, facilitating certifications that are necessary to meet sanitary and phytosanitary requirements and working with NOAA and USTR in doing so. The Department of Homeland Security and its Customs and Border Patrol, along with FDA, are the gatekeepers that carry out seafood inspection and other monitoring and enforcement actions for seafood products crossing our border. The Department of Agriculture maintains trade and market access facilitation programs that provide support to seafood exporters seeking to expand our footprint overseas, as well as programs that should provide relief to seafood exporters facing economic loss in the face of retaliatory tariffs. The International Trade Commission provides important investigative and administrative functions, and the State Department manages international relations that can lead to collateral impacts on seafood trade.

Recommendations: Meeting the goals of improving market access through trade policy and negotiations, resolving technical barriers to U.S. seafood exports, and otherwise supporting fair market access requires effective contributions from each of the above agencies. Consistent with their authorities, we request that each agency listed above have an office, or executive-level staff, clearly charged with directions to: (1) maintain detailed awareness of global seafood trade dynamics, constraints, and opportunities; (2) build technical expertise and capacities with sufficient funding and resources; (3) collaborate with other seafood trade technical experts through a robust interagency network, and (4) facilitate engagement with seafood industry representatives by clearly identifying staff dedicated to seafood trade and conducting frequent consultations.

To advance these directions, we request that the Administration improves the structure and processes through which this interagency network operates. It could establish a formal interagency working group to address the issues described above as well as future challenges, and charge this group with developing outcome-driven action plans. This group should also have an official, perhaps in ITA, dedicated to overseeing and implementing effective and efficient interagency actions, ensuring that seafood issues do not fall through the cracks or proceed without meaningful consultation with industry. As needed, structures and procedures can be adapted to ensure that information and expertise is appropriately housed and supported by agencies, and to facilitate the fast flow of seafood trade-related information through the network.

We also offer recommendations specific to USTR. Seafood currently sits within different portfolios, depending on the seafood-related issues in question (e.g., fisheries subsidies and conservation aspects of trade agreements are handled in the environment group, industrial and manufacturing offices address seafood in multilateral negotiations, and the agriculture group includes seafood as it addresses phytosanitary and other issues in food-related negotiations). As a result, there is no

single office with clear and sustained responsibility to ensure seafood industry objectives are understood and prioritized. Lack of attention to seafood was evident in USTR's website<sup>1</sup> as of July 21, 2020 when seafood – which accounts for more than half of Alaska's exports – was excluded from USTR Alaska export summaries covering both agricultural exports and manufacturing exports. We request that USTR not only re-write this summary, but that it also establishes clear accountabilities for addressing seafood throughout its programs.

We recommend that USTR review its intra-agency structure and processes to improve accountability in delivering on seafood-focused objectives, overseen by a sufficiently high-ranking official that can look across all units. When opportunities arise to advance seafood objectives through bilateral negotiations, that official should also ensure that seafood experts at ITA and NOAA are part of the negotiating delegation providing additional information and support on seafood objectives. By supporting and reinforcing seafood accountabilities within USTR and among agencies, America's seafood industry will benefit at all stages of the seafood supply chain.

In closing, we again express our appreciation for this opportunity to help shape the Administration's seafood trade strategy, which should lead to fundamental improvements in resolving current disparities in seafood trade – and in prevent new disparities from emerging. We look forward to working with you as this effort proceeds, and we stand ready to answer any questions and provide additional information.

Sincerely,



Chris Barrows  
President

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<sup>1</sup> [https://ustr.gov/map/state-benefits/ak?fbclid=IwAR3uWuhZpFFv5vVbS3\\_sRmg-jrmrAg4wwZtaJET7TYqbwdGQMncNVxlKRg](https://ustr.gov/map/state-benefits/ak?fbclid=IwAR3uWuhZpFFv5vVbS3_sRmg-jrmrAg4wwZtaJET7TYqbwdGQMncNVxlKRg)