

1. Which seafood products (to include fish, shellfish, and processed fish and seafood products) are you currently exporting? Please provide the Harmonized Tariff System (HTS) codes for these products.

Washington State is a thriving center of the United States' seafood industry. Washington-raised, caught and processed seafood exports consistently exceed \$1 billion each year. More than 1,000 businesses, including primary and secondary processors, aquaculture producers, and international trading companies are based in Washington State.

Washington State is the nation's lead producer of farmed clams, oysters, and geoduck. Commercial shellfish farming has been active in Washington waters for more than 160 years. Pacific oysters, which are grown in the pristine waters of the state's vast coastal tidelands, are the state's leading shellfish product. These oysters are sold in a variety of product forms, including live and as shucked meats. Washington State is also known for its geoduck clam, a large, long-siphoned clam that is exported live to several Asian markets where it is often served raw as sliced sashimi. Dungeness crab is another important shellfish product that is harvested in the region's waters. These crabs are exported live in large quantities to Asian cosmopolitan markets.

Washington State is an important source of salmon, both wild and farmed. Other important fish species harvested from Washington waters include rockfish, Pacific whiting, and sablefish, also known as black cod.

In addition to being a large seafood-producing region, Washington State is also the year-round commercial center for companies that produce seafood in Alaska, where the majority of America's seafood is harvested. Alaska's prodigious seafood harvest includes wild salmon, crab and groundfish species like Alaska Pollock, Pacific cod, and Pacific halibut. Much of this seafood is first shipped to Washington State before it is exported to markets throughout the world.

Washington seafood exports cover hundreds of HTS codes and encompass the following categories: 0301, 0302, 0303, 0304, 0305, 0306, 0307, 0308, 1604 and 1605.

2. To which countries or other trading partners are you currently exporting?

Over the past three years, Washington State exported seafood products to 107 different countries. Asian markets are a major destination, predominantly the countries of Japan, China, and Hong Kong. While exports to these markets remain considerable, they have declined in recent years due to tariffs and non-tariff trade barriers. Other Asian markets such as South Korea, Thailand and Vietnam are increasing imports and becoming more significant trading partners. Europe is also a region of growth for our seafood exports, especially Germany, the United Kingdom, Ukraine and Spain. Canada consistently remains our top single country destination importing approximately 25% of our seafood exports each year. An unknown portion of this is destined for re-export to other countries, a trend that will continue while the U.S. seafood industry remains at a competitive disadvantage to other seafood-producing countries.

3. Are there countries or other trading partners to which you are planning to export, or to which you would like to export? Please specify.

Although Washington seafood exports reached over 100 destinations in recent years, individual products face import prohibitions and other trade barriers that deny them access to certain markets. Examples include Australia (oysters); Brazil (shellfish); Chile (trout eggs); European Union (shellfish); Indonesia

(various seafood products) and Russia (various seafood products). Details are provided in the answers to questions 5 and 7.

4. Are there issues in the markets you currently export to that limit your exports or unnecessarily increase the costs for your exports? Please specify.

Brazil: The lengthy and complicated labeling process requires firms to register and follow an application process for registration involving multiple administrative steps, submission of plant and personnel information, documentation, and reviews before any approval notifications. The process can take over a year, creating significant uncertainty and is a market barrier.

Canada: In 2016, the Canadian Food Inspection Agency (CFIA) began to require a Washington trout egg company to provide Polymerase Chain Reaction (PCR – detailed DNA testing) viral testing methodology results from certified laboratories for the potential detection of Infectious Salmon Anemia virus (ISAv) and Salmonid Alpha Virus in the company’s broodstock. These PCR tests are unnecessary and add additional costs as the World Organization for Animal Health (OIE) does not require such testing for these pathogens. Canada requires the company to conduct PCR testing twice per year, increasing the company’s costs for their live trout eggs by thirty percent and prohibits their pooling of samples which could otherwise result in diagnostic costs savings. On top of this, the company is being placed at an unfair competitive disadvantage because the Government of Canada pays for a “fish pathogen surveillance program” utilizing PCR testing for Canadian producers of live trout and live trout eggs.

China: U.S. seafood products have been prime targets of China’s retaliatory tariffs over the past two years. Combined with MFN rates, tariffs reached as high as 52% on some seafood products. In addition, the government’s tendency to impose new, non-science-based import regulations and processes without warning (and which are applied inconsistently based on the port of entry), have disastrous effects on live and frozen seafood products due the short shelf-life and cold-chain requirements.

European Union: Most EU seafood exports to the United States receive duty-free market access. In contrast, the EU imposes tariffs on Washington seafood as high as 15%.

Japan: Washington seafood exporters are at a competitive disadvantage since the CPTPP eliminates tariffs on seafood exports to Japan from those member countries. Unfortunately, the recent phase-one deal between the United States and Japan did not result in any market access gains for the U.S. seafood industry. In addition, under Japan’s Import Quota (IQ) system, American exporters of Alaska pollock, Pacific cod, and other seafood products must obtain quota in order to move their exports. This system is expensive and time consuming and it creates an additional layer of business uncertainty.

Taiwan: In 2012 Taiwan introduced a zero tolerance policy for vibrio parahaemolyticus and other such microorganism contamination in shellfish that differed significantly from the policy that preceded it. While vibrio parahaemolyticus is a valid concern, Taiwan’s zero tolerance policy is extremely difficult to meet. Washington’s shellfish industry urges the establishment of an export protocol that would address Taiwan’s concerns while allowing trade to continue.

5. Are there issues in other markets that have prevented you from exporting? Please specify.

Australia: Washington State oysters have been seeking market access since 2016, with significant time and resources expended in the process. While initially seeking access for live, fresh, and frozen oysters (all currently allowed for importation from New Zealand), the request was later narrowed to only include

frozen, non-viable product based on feedback from Biosecurity Australia. Delays continue with no valid reasons. While Australia's cautious approach to importing oysters due to concerns over Pacific Oyster Mortality Syndrome (POMS) is understandable, nitrogen-frozen oysters sold for retail sale pose no risk to Australia's marine waters.

Brazil: Imports of all live U.S. shellfish (other than lobster) are restricted. Washington's oyster industry would especially benefit from market access.

Chile: In July 2010, the Government of Chile through its fisheries agency (SERNAPESCA) amended the country's salmonid egg import requirements, which effectively suspended imports of trout eggs from the United States. The new Chilean law requires SERNAPESCA officials to visit egg production sites in the exporting country, which is inconsistent with trade agreements and World Organization for Animal Health ("OIE") standards, and also implemented new regulations requiring a Polymerase Chain Reaction (PCR) testing for Infectious Salmon Anemia, prior to export to Chile. After a Washington company met the testing requirements, which proved negative, SERNAPESCA required a "risk assessment" to determine whether Chile will allow the Washington company's eggs into Chile as it currently maintains the position that the "risk" of pathogen introduction from the company's eggs outweighs the potential "benefit" of importing the company's trout eggs. In short, Chile has effectively prohibited the importation of the firm's eggs even though their eggs are certified as pathogen free under all international standards. Although USDA/APHIS continues to address this issue with their counterparts in Chile there has never been any palpable progress. At the same time, the United States allows over \$1 billion of salmon to be imported from Chile each year. The United States and Chile agreed through an exchange of letters in connection with the signing of the TPP, to work together to further Chile's consideration of a resumption of imports of salmonid products from the states of Washington and Maine. The decision to withdraw the United States from the TPP ended this possible remedy avenue.

European Union: Since 2010, the European Union has prohibited the importation of all forms of U.S. molluscan shellfish (except for scallop adductor meat) after asserting different standards for ensuring the safety of shellfish products. The U.S. shellfish industry believes that the EU is retaliating against the FDA for asserting that the EU's shellfish regulatory system lacks a similar level of control for raw and live molluscan shellfish compared to the U.S. system. (The United States does permit the importation of further EU processed molluscan shellfish products.) In addition, the EU allows the importation of processed or frozen shellfish products from other countries, including Japan, South Korea, and Thailand, countries that have each independently approved the export of U.S. shellfish. The EU's inconsistent application of their sanitary equivalency standards suggests an anti-trade agenda against U.S. shellfish. In 2015, after the long-awaited audits for EU equivalency with shellfish protocols were completed, the states of Massachusetts and Washington along with the Netherlands and Spain were set to be approved for trade. Following a public comment period in 2018, there has been no official notification of progress. This is a critical trade issue for Washington's oyster industry.

Indonesia: In 2014, the Government of Indonesia issued a decree banning the importation of 152 fish species including Pacific oysters because they "can be detrimental and/or harmful for the sustainability of fish resources, the environment and humans." The Government of Indonesia provided no scientific justification for the ban despite the requirements of the WTO SPS Agreement.

Russia: After the United States imposed certain trade sanctions on Russia in 2014, Russia responded by banning the import of many products from numerous countries, including the United States. Washington's seafood exports have been harmed by Russia's ban. Moreover, U.S. sanctions against Russia for the invasion of the Crimea did not impede Russia seafood exports to the United States. Russia's ban has been particularly harmful to the Alaskan salmon roe market as the country accounted for roughly 20% of all U.S. exports of the product.

6. Are there other issues that affect the competitiveness of your product in foreign markets? Please specify.

European Union: Autonomous Tariff Quota (ATQ) system limits imports of several of fish species exported by seafood producers in Washington. The EU's ATQs are set for a number of fish products and limit the amount of the product from all countries that can enter the EU duty-free or at a low tariff level. Above-quota imports face higher tariffs. Although below-quota seafood exports to the EU benefit U.S. exporters, other important seafood exports do not receive any duty-free market access through an ATQ. In other cases, the ATQ does not apply to all product forms that face an ATQ. For example, the EU provides a 320,000 MT ATQ for Alaskan Pollock but the quota does not apply to Individually Quick Frozen Pollock fillets, which means all exports of that product to the EU face a 13.7% tariff. In other cases, ATQs are too small, which means above-quota exports face a tariff. For example, the EU's ATA for Pacific whiting can be filled as early as July, which means imports after the quota is filled face a 6.1% tariff. The entire ATQ system also creates a lot of business uncertainty and leads to market-distorting behavior.

7. Are there barriers that prevent the export of your product to certain markets? Please specify.

Australia: Washington State oysters have been seeking market access since 2016, with significant time and resources expended in the process. While initially seeking access for live, fresh, and frozen oysters (all currently allowed for importation from New Zealand), the request was later narrowed to only include frozen, non-viable product based on feedback from Biosecurity Australia. Delays continue with no valid reasons. While Australia's cautious approach to importing oysters due to concerns over Pacific Oyster Mortality Syndrome (POMS) is understandable, nitrogen-frozen oysters sold for retail sale pose no risk to Australia's marine waters.

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