



Alaska Encourages Biden Administration to Negotiate Fair Trade Practices

The Biden administration will be meeting with the Chinese government this week to discuss diplomatic relations. Despite its close ties to China, the State of Alaska has not been invited to participate in these discussions. We encourage the Biden administration to include issues related to the trade of seafood and timber in its discussions, which are important economic driver in Alaska.

Seafood is Alaska's #1 export product, accounting for over half of all of Alaska's exports and is our highest value export, totaling over \$5 billion in economic activity annually. The Alaska seafood industry competes in a global market and is a significant economic driver for our state. Exports of seafood account for about two-thirds of our total export value (about \$3 billion) and three-quarters of our total volume annually. In sum, it is one of the most critical elements of Alaska's economy.

Significant investments have been made over the last decade to gain footholds in the rapidly expanding Chinese domestic seafood market. Unfortunately, those investments have been thrown into chaos by retaliatory tariffs imposed beginning in July 2018. For example, wild Alaska pollock now faces a 35-37% tariff when entering China (up from 7% before the recent trade dispute), while Russian pollock only faces a 5-7% tariff when entering China. This has significantly impacted our trade of pollock with China and significantly hurt Alaska businesses who made investments as well as our economy.

Imports of global seafood by China have exploded since 2017. They were 89% above the 2017 baseline in 2019, and despite COVID-19 they remained 35% above the 2017 baseline in 2020. Yet rather than benefit from this incredible growth, U.S. seafood exports declined by 44% from their 2017 levels under the weight of retaliatory tariffs. Alaska's drop in value from 2017 is more than 46%.

In March 2020, China's Tariff Commission opened a tariff exclusion process in which importers can apply for exclusions from Chinese retaliatory tariffs when importing certain goods from the U.S. However, in a recent survey of 20 key importers, nine of the importers that brought in Alaska seafood last year, did not import any Alaska seafood this year, and did not apply for exclusions. Many do not plan to import Alaska seafood, due to the general uncertainty of the situation. This is the time to request a blanket exclusion for U.S. seafood products. U.S. exclusions publicly announce entire product lines and timelines, which helps create the certainty and security needed for business deals. It would be helpful for this administration to convince China to mirror this process and create a public, long-lasting exclusion for all U.S. seafood products.

Key Alaska seafood exports ranging from flatfish to salmon to crab have been heavily impacted by tariffs. Meanwhile, key categories of seafood that compete with Alaska supply, such as pollock, continue to enter the United States from China duty-free.

In addition to seafood, Alaska's timber industry has suffered greatly from unfair trade issues. Twenty percent tariffs imposed by China on imports of Alaska spruce logs has caused Sealaska Timber Corp. to shut down half of its 2019 harvest operations. Alaska's timber industry employs about 500, virtually all in Southeast Alaska. The Biden administration must work towards removal of both tariff and non-tariff barriers for Alaska seafood and timber exports. We must advance fair and reciprocal trade for Alaska (and other U.S.) seafood and timber in U.S. trade policy. Unfair policies and obstacles that restrict or unfairly limit exports must be removed. We also ask that consideration be given to extending the provisions of the tariff relief program within the Department of Agriculture that was implemented last year. This program provided much needed relief and could provide bridge funding until fair trade negotiations are complete.

Alaska applauds the reopening of dialogue with China and stands ready to assist the Biden administration on these and other important trade issues as dialogue opens.

Doug Vincent-Lang is the Commissioner for the Alaska Department of Fish and Game