

TESTIMONY BY SENATOR DAN SULLIVAN (R-AK)



Public Hearing of the Interagency Section 301 Committee

U.S. International Trade Commission, 500 E Street, SW

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Good morning, and thank you to Mr. Busis and the rest of the committee for allowing me to offer brief testimony on behalf of an industry vitally important to my state, the tens of thousands of Alaskans it employs and the millions of Americans it feeds nationwide.

I want to start by briefly acknowledging the important work that the office of the U.S. Trade Representative (USTR), the U.S. International Trade Commission, and the other agencies present here today, do. As some may know, I have had the opportunity to work with many of these agencies throughout my career and long before becoming a member of the U.S. Senate: from my time as an intern at USTR, to working at the National Security Council, as an assistant secretary of state under Secretary Condoleezza Rice and as Commissioner of the Alaska Department of Natural Resources.

I want to also begin by saying that I am supportive of the Trump administration's focus on the significant challenges to the American and global trading system we have led for 70 years, presented by China's continued unfair and non-reciprocal trading practices. As a U.S. Senator, I

have been supportive of the administration's overall goal to address this very significant challenge to American families and workers. However, sometimes the tactics are misguided or can have unintended consequences on the very Americans the administration is trying to help. That is what I would like to talk about this morning, particularly as it relates to the seafood industry.

The seafood industry is the lifeblood of many of Alaska's communities. It is the third-largest economic driver in my state and one of the top employers, contributing more than 60,000 jobs to the Alaska economy. Alaska accounts for approximately 60 percent of total U.S. commercial fishery harvest in volume, and we are also the top exporter in the country of fish and seafood products. In 2017, Alaska exported roughly \$2.4 billion in fish and seafood. It is because of this that I like to refer to my state as the "superpower of seafood". However, of the \$2.4 billion of fish and seafood exported annually, the bulk of Alaska's harvests go to China for reprocessing before they are sent to customers for consumption.

What does this mean? Alaskan seafood – including wild Alaska Pollock, Pacific cod, salmon and certain flatfish species – is sustainably harvested from Alaskan waters by hardworking American fishermen on U.S. flagged vessels and sent to domestic processing lines in Alaska to be headed, gutted and frozen. Significant quantities are then shipped to China, where they are deboned and filleted in order to be cost-competitive in a globalized seafood market. This reprocessed fish is then imported by American companies and sold back to American consumers and customers around the world.

The Trump administration's goal to hold countries accountable for unfair trading practices is commendable, especially in the name of protecting American workers, home-grown industries and the greater national security of the United States. I share in that objective and

applaud President Trump's leadership, especially in seeking fair and reciprocal trade with China. However, the administration's (USTR) July 10 proposal to pursue proposed duties of 10% to now 25% on approximately \$200 billion worth products imported from China is problematic for a number of reasons, but let me be more specific as it relates to Alaska seafood.

Of the products targeted by this proposal, over \$900 million is American seafood, caught predominantly by Alaskan fishermen, destined for the American market. If enacted, this proposal will clearly and wrongly target an American product harvested with American labor on American ships – completely counter to the administration's strategy regarding China. If this were Chinese fish, harvested by Chinese fishermen on Chinese vessels, then perhaps I would understand. But it isn't and Alaskan fishermen are the ultimate American small business: they work hard, are family owned and take tremendous risks to produce a great product. The mere proposal of these tariffs have already engendered uncertainty by seafood companies and caused cancellations and delay. Bolstered by this uncertainty and compounded by current duties on certain seafood already headed for consumption in the Chinese market, Russian and other foreign sourced products are becoming increasingly more appealing from a cost perspective – ironic, because Russia continues to have an embargo on U.S. seafood.

Let me provide you with a rough analogy from the manufacturing sector: a car, privately built in the U.S. with American parts, American labor and American energy, is shipped to China for detailing and a final paint job and is then sent back to the U.S. for retail. I'm pretty sure that the Trump administration would not even consider imposing tariffs on such a product, because the vast majority of the total value of the car is "Made in America". Well, Alaskan seafood is entirely analogous.

Mr. Busis and members of the committee, with these facts before you, I ask the administration to consider removing Chapter 3 and Chapter 16 tariff lines from the proposed \$200 billion trade action against products of China. Again, while I know there is much work that needs to be done to remedy deficits and hold countries accountable for unfair trade practices, I compel the administration – in putting “America First” – to put American fishermen first. The current proposal advantages Chinese and Russian fishermen over American fishermen and I am sure that was not the administration’s intent. I respectfully request that you change it.

Thank you for your time and consideration.