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## *Fast Track and Agriculture*

# What's at Stake for Fishery Products?

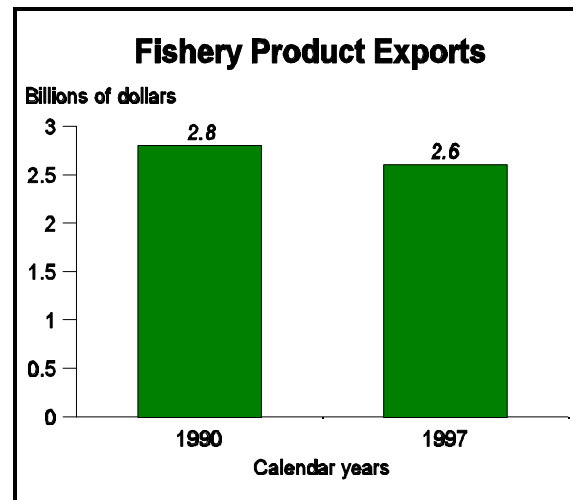
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Future export prospects for fishery products depend, to a significant degree, on the U.S. ability to maintain and expand market access, ensure fair competition, and further level the international playing field for U.S. producers and exporters. Fast track legislation under consideration by Congress would renew the President's authority to negotiate comprehensive new trade agreements aimed at achieving these objectives. Any trade agreement reached under fast track would still require congressional approval. Fast track authority is viewed as essential for U.S. negotiating credibility and success on several major trade fronts in the WTO, Asia, Latin America, and elsewhere.

## Why Trade Matters for U.S. Fishery Products

Although the United States is a net importer of fishery products, export markets are important for the industry. The United States exports around 36% of its salmon production and 24% of its crab production. Since 1990, U.S. fishery product exports have fluctuated with varying harvest and market conditions, but decreased in value from \$2.8 billion to \$2.6 billion over the 7-year period ending in 1997.

Exports of salmon to Japan--the largest export market for U.S. salmon--fell 44 percent from \$771 million in 1990 to \$434 million in 1997. Much of this decrease is due to increased competition from farm-raised salmon from Chile and Norway, a 30-percent reduction in the 1997 Alaska sockeye salmon harvest when compared to the 1996 harvest, and the recent economic slump in Japan.



## How Trade Agreements Expand Market Opportunities

Trade agreements have opened markets and added some new discipline to sanitary-phytosanitary regulations. For example:

- # The 1988 U.S.-Canada Free Trade Agreement all but eliminated tariffs for fishery products. Since then U.S. fishery product exports to Canada more than doubled to \$427, up from \$196 million.
- # NAFTA has helped enable the United States to maintain its position as the leading supplier to the Mexican market, even during Mexico's economic recession.

- # In the Uruguay Round, Japan reduced its tariffs on fish and seafood products by a third. This will help increase the profitability of sales to our most important export market.
- # New Zealand is in the final stages of a review that should soon allow imports of U.S. salmon. The expected lifting of this import prohibition might not have been undertaken without the Uruguay Round Agreement on Sanitary and Phytosanitary measures.

### **Why Further Trade Negotiations Are Needed**

U.S. fish and seafood producers continue to face an array of tariff and nontariff barriers, unfair trading practices, sanitary restrictions, and preferential trading arrangements in key markets around the world. Further trade negotiations are needed to address these issues. A few examples follow:

- # Australia maintains a prohibition on imports of fresh/frozen unprocessed Pacific-caught salmon, citing the perceived risk of transmitting certain pathogens found in wild salmon to Tasmanian-farmed salmon. A WTO panel brought by Canada (the U.S. is a third party) recently ruled that Australia's ban is unjustified under the SPS agreement.
- # The Norwegian salmon industry receives subsidies at all levels, including transportation, products and processing technology, integrated sea/land production, and cultivation of new species.
- # High tariffs in various Asian markets (e.g. Taiwan, China, Korea) limit access for a wide range of U.S. fishery products. An early sectoral liberalization initiative that includes elimination of all fishery tariffs by the year 2005 is currently under discussion in the Asia Pacific Economic Cooperation (APEC) negotiating forum.
- # High tariffs on processed products in the European Union result in U.S. products being uncompetitively priced in this market.
- # Japan maintains import quotas on a number of fishery products. If these restrictions were eliminated, U.S. exports could increase to this top market.