

US tariffs on Chinese seafood not going away soon, cost \$309.5m to date

US importers of Chinese tilapia, squid and shrimp got hit the hardest, data shows

By [Jason Huffman](#) | March 5, 2020 18:02 GMT

Brace yourself if you never like to see the large check that comes at the end of an extravagant meal, especially one that wasn't all that satisfying and you are being forced to pay for.

The trade war between US president Donald Trump and China has presented US importers of Chinese seafood with a bill as high as \$309.5 million, *Undercurrent News*' analysis of data requested from the National Oceanic and Atmospheric Administration (NOAA) has determined.

That's how much was charged by the US in tariffs over a 15-month period, between October 2018 and December 2019, but the bill continues to get larger. And even though the two countries appear to be making progress toward ending their fight, relief doesn't look to be coming any time soon for the importers of Chinese seafood.

Trade tensions began brewing between the US and China more than two years ago, but they reached a full boil for the seafood industry on September 24, 2018. That's when the Trump administration hit some \$200 billion worth of Chinese goods on its "list 3" of products with a 10% tariff, including such common seafood items as tilapia, squid, shrimp, tuna and red swimming crab. The US upped its tariff amount on the same products to 25% on May 10, 2019.

Who got hit the hardest?



If you go by the tariffs charged between October 2018 and December 2019, NOAA's most recent data, that would be the importers of Chinese tilapia. They paid a combined \$77.1m during the 15-month period, while US importers of squid paid \$33.5m and US importers of shrimp paid \$28.7m, the NOAA data shows.

All US imports of Chinese seafood, 2018-19			
	Volume	Value	Tariffs
2019	430,415t	\$1,939,210,861	\$239,928,396
2018	594,225t	\$2,928,124,709	\$76,991,575
Total	1,024,640t	\$4,867,335,560	\$316,919,971
% change	-27%	-35%	212%

Of course, as much as the higher tariffs hurt, the related loss of sales was even more painful.

The US imported 430,415 metric tons of seafood from China worth \$1.9bn in 2019, down 26% in volume and 34% in value from the 586,288t worth \$2.9bn imported in 2018. In 2017, before the trade war began, the US imported 570,287t of seafood from China, worth \$2.7bn, NOAA's data shows.

Suffering the most from lost business were the US importers of Chinese shrimp, who brought in 20,086t of product worth \$106.3m in 2019, 60% less in volume (50,845t) and 69% less in value (\$339.7m) than was imported in 2018. The US saw similar shrimp import numbers in 2017: 46,030t (56% more than in 2019) worth \$334.4m (68% more).

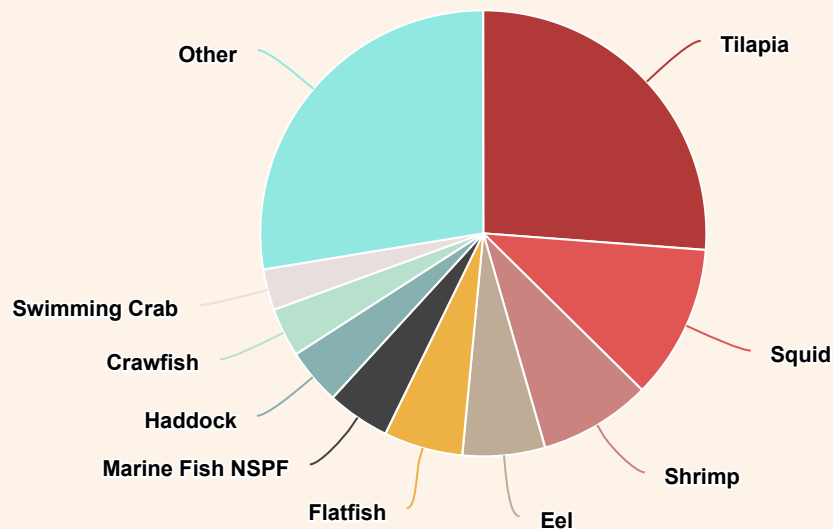
Though *Undercurrent* has yet to obtain the amount of tariffs charged by China on US seafood, NOAA's data confirms that Chinese importers of US seafood also lost business.

China imported 341,046t of US seafood worth \$889.8m in 2019, down 11% in volume and 23% in value from the 384,932t worth \$1.2bn in 2018. In 2017, China imported 473,638t (28% more than in 2019) of US seafood worth \$1.3bn (33% more).



Chinese seafood items for which importers paid the most in US tariffs in 2019

\$239,928,396 in total tariffs



Failure to show economic harm

The announcement of a "phase one" trade deal between the US and China on Jan. 15 seemed to promise some relief for the seafood industry, but it's not been as positive as hoped.

Less than a month after the deal was announced, China declared that it would cut in half some of the smaller new tariffs it had just [implemented on 173 US seafood items](#). Then on Feb. 24, China delivered the bigger news that it was open to eliminating additional tariffs charged for as many as [44 seafood and aquatic products](#) worth \$300m, including especially live lobsters.

Chinese importers of US lobster are paying as much as 37% in tariffs, compared to the 7% most favored nation rate being charged for Canadian lobster, so the change could be significant. Well, at least as soon as China gets a handle on its coronavirus outbreak and opens up trade again.

China has yet to announce whether it has accepted the requests and actually will remove any of the tariffs on US lobsters.

Meanwhile, it doesn't appear the US will reciprocate any time soon by further striking its tariffs on Chinese seafood. Trade experts consulted by *Undercurrent*, including Jessica Wasserman, a partner

in the Washington, D.C., firm of Greenspoon and Marder, and Jessica Rifkin, a senior attorney at Benjamin L. England & Associates, in Glen Burnie, Maryland, said the US has likely given all that it plans to in the phase one deal.

More broad tariff reduction announcements aren't expected to come until phase two, which Steven Mnuchin, secretary of the US Treasury Department, recently told [Reuters](#) isn't going to happen until after the US election in November.



📷 Credit: AS Food studio/Shutterstock.com

“If we get the right deal after the election, that’s great. We don’t feel any pressure one way or another,” he reportedly told the news service more than a week ago, while traveling in Saudi Arabia.

But there's also another way to have tariffs reduced.

Individuals had until Sept. 30 to apply to the US Trade Representative (USTR) for exclusions to tariffs, and the administration has granted a few of the requests. In a notice of product exclusions dated Jan. 31, the USTR announced that it [waived tariffs for Alaskan sole fillets and both plaice and snow crabmeat frozen in blocks](#) as well as six other items processed in China and imported into the US.

However, many of the US importers’ requests to have their Chinese seafood products exempted from tariffs have also been denied, including those for frozen and breaded shrimp, raw frozen cleaned squid, frozen crawfish tail meat, pasteurized and frozen swimming crabmeat, *Undercurrent* has confirmed.

In one of the most recent rejections, USTR general counsel Joseph Barloon notified Medford, Oregon-based Seafood Doctor on Feb. 14 that the agency was rejecting its request to exclude Chinese frozen bay scallops from their 25% tariff.



"There is no comparable product in the USA on bay scallops," the company had argued in its request to USTR. "Yes, there are SOME Bay Scallop fisheries located here in the US but the quantity, size, target market, and the price have no comparison."

Barloon's response, in a one-page letter, was exactly the same as it is in many other rejection notifications.

"[The] request failed to show that the imposition of additional duties on the particular product would cause severe economic harm to you or other US interests," he wrote.

The nine Chinese seafood items hurt the worst by US tariffs, 2018-19			
TILAPIA			
	Volume	Value	Tariffs
2019	119,410t	\$333,338,937	\$62,832,674
2018	142,085t	\$445,662,031	\$14,287,825
Total	261,495t	\$779,000,968	\$77,120,499
% change	-16%	-25%	340%
SQUID			
	Volume	Value	Tariffs
2019	31,182t	\$142,675,373	\$26,911,266
2018	46,200t	\$227,342,304	\$6,562,092
Total	77,382t	\$370,017,677	\$33,473,358
% change	-33%	-37%	310%
SHRIMP			
	Volume	Value	Tariffs
2019	20,856t	\$106,310,654	\$19,504,004
2018	50,845t	\$339,669,294	\$9,181,993
Total	71,701t	\$445,979,948	\$28,685,997
% change	-60%	-69%	112%
EELS			
	Volume	Value	Tariffs
2019	4,848t	\$66,057,887	\$14,353,900
2018	5,908t	\$78,237,859	\$6,993,178
Total	10,756t	\$144,295,736	\$21,347,078
% change	-18%	-16%	105%
FLATFISH (includes flounder, sole, halibut and turbot)			
	Volume	Value	Tariffs
2019	13,488t	\$66,057,887	\$13,749,927
2018	21,176t	\$78,237,859	\$4,045,684
Total	34,664t	\$144,295,746	\$17,794,611
% change	-36%	-44%	240%



MARINE FISH NSPF			
	Volume	Value	Tariffs
2019	16,658t	\$59,998,825	\$10,972,181
2018	24,134t	\$88,243,763	\$2,872,686
Total	40,792t	\$148,242,588	\$13,845,867
% change	-31%	-32%	282%
HADDOCK			
	Volume	Value	Tariffs
2019	9.662t	\$63,900,145	\$9,747,147
2018	13,838t	\$88,205,961	\$2,758,639
Total	23,500t	\$152,106,106	\$12,505,786
% change	-30%	-28%	253%
CRAWFISH			
	Volume	Value	Tariffs
2019	4,069t	\$36,958,437	\$8,513,682
2018	13,838t	\$84,989,180	\$752,413
Total	17,907t	\$121,947,617	\$9,266,095
% change	-17%	-57%	1,074%
SWIMMING CRAB			
	Volume	Value	Tariffs
2019	2,147t	\$40,678,155	\$7,163,371
2018	4,794t	\$94,400,748	\$4,788,157
Total	6,941t	\$135,078,903	\$11,951,528
% change	-55%	-57%	50%

Taiwan, Indonesia and Honduras help fill the void

The USTR has yet to rule, however, on whether it will grant a tariff exemption for Chinese tilapia as requested by four different companies, including The Fishin' Company, Dagim Tahorim Co., J&J Seafood International USA and Hilo Fish Company. The agency on Thursday listed each of the companies' six combined requests as being in “stage 2” or “stage 3”, meaning they were still in the middle of the USTR's four-stage review process.

“The United States has insufficient tilapia production to meet the demand,” the Munhall, Pennsylvania-based Fishin' Company argued in its request. “The United States only produces approximately one-twentieth the amount of tilapia compared to its imports.”



Also, the US lacks the aquaculture capacity to increase its own production, the company maintained.

But high tariffs have reduced the amount of Chinese tilapia imported by the US, NOAA's data shows. US importers brought in 119,410t of the fish worth \$333.3m in 2019, down 16% from the 142,085t in volume and 25% less than the \$445.7m in value than imported in 2018.



The 2019 imports amounted to 11% less than the 133,747t in volume and 22% less than the \$426.5m in value imported in pre-trade war 2017.

While China owned a dominant 69% of the US tilapia import market in 2019, that was down from 2018 when it owned 75% of the market.

China already had been gradually losing ground in the US market as one of a few species that has suffered as a result of bad press over the last few years. At its height, in 2012, the US imported 173,398t of Chinese tilapia worth \$653.4m – almost twice as much in value as in 2019.

It could've been worse, however. Chinese processors willingly agreed to lower prices on tilapia last year in order to help importers deal with the added costs of the tariffs, said Don Kelley, vi ↑

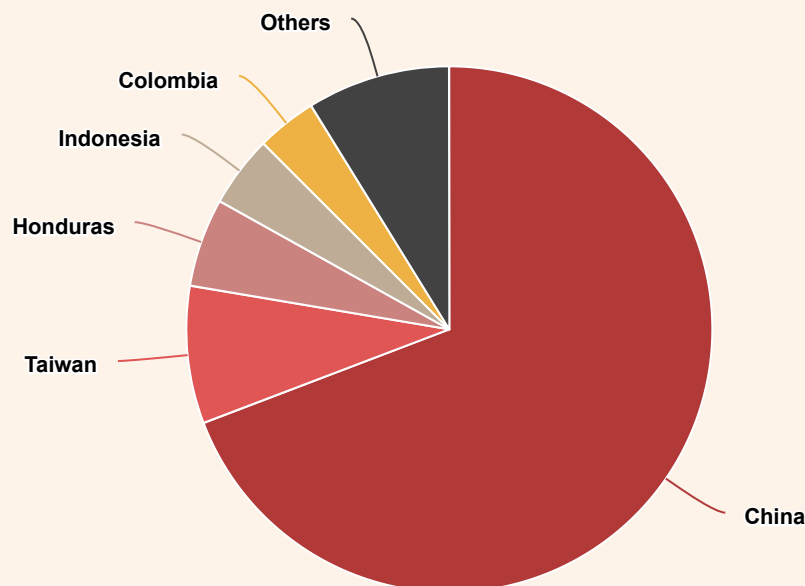
president of US imports for Western Edge Seafood, in Washington, Pennsylvania.

The change is evident in a review of the average price paid per kilo for Chinese tilapia in 2019. It was \$2.79 per kilo in 2019, 11% less than the \$3.14/kilo paid in 2018, based on NOAA data. That price doesn't include the tariffs paid, NOAA confirmed.

Still, the US importers of tilapia from Taiwan, Honduras and Indonesia – the second-, third- and fourth-largest sources of tilapia for the US – all increased their shares of the market during the trade war, while Colombia inexplicably saw its share of the market shrink.

US imports of tilapia in 2019

in metric tons



Like China, Taiwan and Indonesia, which owned 9% and 4% of the market respectively in 2019, send the US almost exclusively frozen tilapia, though Taiwan more often sends the US whole, uncut tilapia. Honduras and Colombia, which owned 5% and 4% of the market in 2019 respectively, ship mostly (77% and 99%) fresh tilapia, the NOAA data confirms.

Despite China's price decrease, tilapia from Taiwan was the cheapest at \$2.53/kilo in 2019, while tilapia from Indonesia went for \$6.81/kilo. Tilapia from Honduras went for \$5.82/kilo, 3% more than the \$5.64/kilo paid in 2018, while tilapia from Colombia went for \$6.17/kilo, down 19% ^ the \$7.63/kilo paid in 2018. ↑

Another thing that has kept Chinese tilapia from losing more of its grip on the US market is that producers in other countries know the trade war is temporary and are nervous about investing large sums of money in infrastructure to support further production, Kelley said.

The COVID-19 outbreak has slowed tilapia production in China and factories are still not at 100%, but they are slowly coming back, he told *Undercurrent* recently. He estimated that production is currently delayed about four weeks, but added that more will be known in about a month. Kelley described his company as taking a “medium position” in the Chinese tilapia market in the meantime.

Contact the author jason.huffman@undercurrentnews.com

Comments (0)

Comments are closed.

© 2022 Undercurrent News. All rights reserved. Use of this site constitutes acceptance of our User Agreement and Privacy Policy and Cookie Statement (updated as of 1/1/21) and Your California Privacy Rights. The material on this site may not be reproduced, distributed, transmitted, cached or otherwise used, except with the prior written permission of Undercurrent News.

