

**ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE SPECIAL COMMITTEE ON WORLD TRADE
SENATE RESOURCES STANDING COMMITTEE**

April 21, 2021

3:31 p.m.

MEMBERS PRESENT

SENATE RESOURCES

Senator Joshua Revak, Chair
Senator Peter Micciche, Vice Chair
Senator Gary Stevens
Senator Natasha von Imhof
Senator Jesse Kiehl
Senator Scott Kawasaki

SENATE SPECIAL COMMITTEE ON WORLD TRADE

Senator Gary Stevens, Chair
Senator Lyman Hoffman
Senator Shelley Hughes
Senator Peter Micciche
Senator Tom Begich

MEMBERS ABSENT

SENATE RESOURCES

Senator Click Bishop

SENATE SPECIAL COMMITTEE ON WORLD TRADE

Senator Click Bishop
Senator Bert Stedman

OTHER LEGISLATORS PRESENT

Senator David Wilson

COMMITTEE CALENDAR

PRESENTATION: BARRIERS TO GLOBAL SEAFOOD TRADE BY AT-SEA
PROCESSORS ASSOCIATION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

STEPHANIE MADSEN, Executive Director
At-Sea Processors Association
Juneau, Alaska

POSITION STATEMENT: Co-presented a PowerPoint on the barriers to the global seafood trade.

MATT TINNING, Director of Sustainability and Public Affairs
At-Sea Processors Association
Washington, D.C.

POSITION STATEMENT: Co-presented a PowerPoint on the barriers to the global seafood trade.

ACTION NARRATIVE

[3:31:52 PM](#)

CHAIR GARY STEVENS called the joint meeting of the Senate Special Committee on World Trade and the Senate Resources Standing Committee to order at 3:31 p.m. Present at the call to order from the Senate Special Committee on World Trade were Senators Begich, Hoffman, Hughes, Micciche, and Chair Stevens; and present from the Senate Resources Standing Committee were Senators Micciche, Stevens, von Imhof, Kiehl, Kawasaki, and Chair Revak.

PRESENTATION: Barriers to Global Seafood Trade by At-Sea Processors Association

[3:33:06 PM](#)

CHAIR STEVENS announced the business before the committees would be a presentation from the At-Sea Processors Association about Alaska seafood and the U.S. trade policy. He introduced the presenters, Stephanie Madsen and Matt Tinning.

[3:35:28 PM](#)

STEPHANIE MADSEN, Executive Director, At-Sea Processors Association, Juneau, Alaska, shared that she came to Alaska about 50 years ago to work for her aunt and uncle in their air taxi service in Cordova. She met her late husband who was a

pilot born and raised in Kodiak, so it was not a surprise that they moved to Kodiak. She taught school and her husband was a fish spotter looking for hearing. After several years an opportunity came up in Unalaska Dutch Harbor to fly Grumman goose airplanes. Over the next 19 years they watched the foreign fleets and the development of a fully domesticated federal fishery. She reminded members that the Magnuson Stevens Act allows the U.S. to manage fisheries from 3-200 miles offshore.

MS. MADSEN deferred to Mr. Tinning to talk about his history.

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MATT TINNING, Director of Sustainability and Public Affairs, At-Sea Processors Association, Washington, D.C., stated that for the last two years he has been privileged to work with the Alaska seafood industry. Coming from Australia, he quickly learned that there is nothing like Alaska seafood anywhere else in the world. He said he works at both the federal level and globally to ensure that Alaska's global leadership on sustainable seafood is recognized and rewarded.

3:40:38 PM

MS. MADSEN displayed the image on slide 3 of Senator Stevens and two others showing affection for a larger than life Alaska Pollock. She described Alaska Pollack in terms of the three "S's," the first of which is size. She directed attention to the pie chart on slide 4 that shows Wild Alaska Pollack represents just more than one-third of the fish landed in federal waters that extend from Hawaii to the Pacific coast to New England to the Caribbean. At 1.3 metric tons, it is the largest seafood fishery in the world. Only the Peruvian anchoveta reduction fishery is larger. She said it is this scale that makes Alaska an international powerhouse. This single fishery accounts for about 20 percent of global wild caught white fish production.

MS. MADSEN said sustainability is the second "S." She characterized the North Pacific fishery management as the envy of the world, and expressed pride in the decades-long sustainability story. She said features of the management system include: precautionary science based catching limits set by the North Pacific Fishery Management Council; two independent observers on every vessel in the fleet monitoring operations and recording everything that is caught on scales and cameras; one of the lowest bycatch rates of any large-scale fishery in the world. More than 98 percent of what comes up in the nets is pollack. It is one of the lowest carbon footprints of that any protein. An independent lifecycle analysis is forthcoming that

will show eating Pollack it is less carbon intensive then eating vegan. The fish is used 100 percent. Most of the vessels produce fishmeal and fish oil with the parts of the fish not used for core products. Nothing goes to waste. She said there is more to the story, but it is sufficient to say she would put Alaska's sustainability record up against any other fishery in the world. That record has been consistently recognized by independent certifiers, including the Marine Stewardship Council and the sustainability certification by the Alaska Responsible Fishing Management team.

[3:44:36 PM](#)

SENATOR KAWASAKI asked if the sustainable certificate applied only to Alaska Pollack.

MS. MADSEN answered no; a lot of Alaska seafood is certified as sustainably managed by both entities. This includes but is not exclusive to crab, cod, halibut, and sablefish.

SENATOR KAWASAKI asked if the certifications applied specifically to fisheries in the Bering Sea that operate in the same regions as the trawler fleet.

MS. MADSEN answered no; the certifications apply to pollack and a number of other fisheries in both the Bering Sea and the Gulf of Alaska.

SENATOR KAWASAKI cited a 2020 article on sablefish bycatch that said that for the second year in a row, the Bering Sea trawl fishery caught more sablefish as bycatch than their allocation allowed - by 484 percent in 2020 and 356 percent the year before. Together, the over catch was 11 million pounds. He asked her to speak to mitigation efforts to prevent that type of bycatch.

MS. MADSEN answered their fleet had not encountered excess sablefish, but they had seen a change in the distribution of species across the shelf and in the deep. Changes in encounter rates can be expected when distribution changes. She added that the stock was healthy in the Bering Sea and the fishery was expanding. She suggested members look for the forthcoming discussion paper on the overages from the North Pacific Council.

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SENATOR KAWASAKI mentioned a program that allows bycatch Chinook and chum salmon headed up the Yukon from the Bering Sea to be

used during times of emergency. He asked if the sablefish fishery had a similar program.

MS. MADSEN answered no. Bycatch salmon and halibut are the only species that are permitted to be used in the Food Bank Program, although the rules are different depending on the fleet. She noted that their fleet participates in the program for the incidental catch of Chinook and chum but not halibut. There is no program for sablefish because it is not a prohibited species catch. It goes on discard if too much is caught but it is not prohibited. Salmon, herring, halibut, and crab in some cases are prohibited species and just salmon and halibut are eligible for the Food Bank Program.

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CHAIR STEVENS asked her to talk about the efforts to decrease bycatch.

MS. MADSEN replied that their fleet has incidental catch of Chinook and chum salmon. There are caps for Chinook and if those are exceeded, the fleet is shut down. In order to incentivize a performance standard and prevent, they developed a data driven program of rolling hotspot closure to prevent the fleet from having to move out of an area entirely. She offered to share the information they recently presented to the North Pacific Council that talks about the program. She added that if they exceed the threshold for herring, they are excluded from certain areas. For example, the catcher processor (CP) fleet lost an area the size of Maryland in the northern Bering Sea. She offered to provide more information or meet one-on-one if anyone wanted more detailed information.

CHAIR STEVENS expressed satisfaction with the answer.

[3:52:52 PM](#)

MS. MADSEN returned to the presentation and explained that the third S stands for scrumptious. She advised that an Alaska pollock sandwich could be found in a number of fast food establishments. In an effort to expand the range of consumer products that incorporate Alaska pollock, ASPA's sister organization, Genuine Alaska Pollock Producers (GAPP), has developed partnerships with consumer brands to build markets for products such as pollock noodles, pollock wild wings, pollock jerky, and snackable pollock surimi. She encouraged the members to try them all.

MS. MADSEN stated that Alaska pollock is just one of the many Alaska and North Pacific fisheries that feed people in the U.S. and globally. She reported that approximately 25 percent of Alaska seafood is purchased by U.S. consumers. According to the Alaska Seafood Marketing Institute (ASMI), 75 percent of Alaska seafood production is exported annually to 100 countries, and 80 percent of Alaska pollock goes to export markets. She said ASMI is doing a terrific job of building a brand for Alaska seafood in U.S. markets. However, the potential benefit from those marketing efforts pale in comparison to the importance of access to export markets. Because 75 percent of Alaska seafood is not consumed domestically, the Alaska seafood industry lives and dies based on whether it can export the catch to consumers outside the U.S. Unfortunately, despite best efforts to secure good outcomes from federal trade policy and negotiations, the current state of affairs remains extremely challenging.

SENATOR BEGICH asked what the colored circles on the world map represent.

[3:56:28 PM](#)

SENATOR VON IMHOF joined the committee meeting.

MS. MADSEN replied the slide came from ASMI and she didn't know what the colors represent, but the size of the circles seem to represent the size of the market in the different countries.

[3:57:10 PM](#)

MR. TINNING continued the presentation. He related that when he started working with the At-Sea Processors Association in 2018, it was clear that Alaska seafood was not reaching the international markets. This was a problem for all Alaska seafood, not just pollock.

[Audio difficulties from 3:57 to 3:58]

[3:58:08 PM](#)

MR. TINNING continued to say that that despite working on fair access for Alaska seafood over two administrations, trade policy has not changed very much. It is not a level playing field, and the more acute examples of the imbalance are in China and Russia. The crisis became acute in 2018 after the Trump administration imposed a series of tariffs on Chinese imports to the U.S. On July 6, 2018 China retaliated with 25 percent tariffs on a range of U.S. goods that included all U.S. seafood products. Alaska pollock and all other Alaska seafood was immediately disadvantaged by the acutely out of level playing

field. The tariff on Alaska pollock and other U.S. seafood was 30 percent whereas Russian pollock had a 7 percent tariff.

MR. TINNING explained that the Alaska seafood industry's export model and planned growth trajectory was based on the expectation that the increase in sales into China would be massive. That changed overnight when the 25 percent tariff went into effect. Those tariffs increased to 35 percent a few months later, and settled to 30 percent after the conclusion of the phase one deal in January 2020. Today, Alaska pollock goes to China with a 37 percent tariff whereas Russian pollock goes with a 7 percent tariff.

[4:00:43 PM](#)

MR. TINNING directed attention to the line graph that reflects the results of the 30 percent tariffs on U.S. seafood. The blue line at the top of the graph shows the trajectory of seafood exports into China from all countries in the world. By 2019 the exports were 89 percent above the 2017 baseline. That dropped to 35 percent in 2020, largely due to COVID-19. He said this was clearly a massive boost for seafood producers around the globe, but it has been a different story for U.S. seafood exports into China. He pointed to the red line that represents U.S. seafood exports into China. It shows that despite the huge increase in consumption of seafood in China, by 2020 the consumption of seafood from the U.S. dropped to 44 percent below the 2017 baseline. The bottom line shows that Alaska pollock was hit even harder. By 2020 it was 55 percent below the 2017 baseline. He described the situation as dire.

[4:02:25 PM](#)

SENATOR MICCICHE noted that in 2018 exports into China from all countries increased 41 percent whereas exports from the U.S. dropped 14 percent. He asked, "Who was supplying the remainder of the market that was increasing that quickly?"

MR. TINNING replied the decline only started in July 2018 after the tariffs were increased.

[4:03:54 PM](#)

CHAIR STEVENS announced Senator von Imhof joined the committee meeting.

SENATOR KIEHL asked if the seafood exports were all the same type of seafood product or if some was seafood protein.

MR. TINNING answered he was not sure because the data came from ASMI, but he believes it was an apples-to-apples comparison.

[4:04:59 PM](#)

SENATOR MICCICHE asked what countries are represented in the "From All Countries" data.

[4:05:31 PM](#)

MR. TINNING replied all seafood exporting countries except the U.S. have benefitted, but Russia is the big winner for pollock exports into China.

CHAIR STEVENS recalled that at one time Russian pollock was advertised and sold as Alaskan pollock. He said he hoped that had changed.

MR. TINNING said Senator Murkowski was able to get legislation passed that prohibited that practice in the U.S., but Russian pollock continues to be marketed as Alaskan pollock in Europe.

CHAIR STEVENS asked him to continue.

[4:07:02 PM](#)

MR. TINNING displayed a bar graph that shows the steady decline in Alaska seafood exports to China from 2017 through 2020. He opined that if it weren't for the tariffs, the value of the exports in 2018, 2019, and 2020 would register off the chart. He said one other piece of the China puzzle is the chapter 6 commitments of the phase one trade agreement, which was concluded during the Trump administration. In an effort to pause the escalating trade war, chapter 6 committed significant product purchases from the U.S., including food. The At-Sea Processors Association was pleased that seafood was included as one of six categories of agricultural food purchase commitments. However, while China significantly increased purchases of U.S. wheat and soybeans through the second half of 2020, U.S. seafood did not enjoy the same bump. China is out of compliance with its phase one commitments on seafood purchases, and there is no sign that will change.

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MR. TINNING advised that Russia also took restrictive action against U.S. seafood, including Alaska pollock. The U.S. imposed sanctions on Russia after it annexed part of eastern Crimea and Russia retaliated in 2014 by closing its market to almost all U.S. seafood. ASPA saw a key market evaporate and there are no clear prospects for that to change. He said it is particularly

galling that Russian seafood continues to enter the U.S. tariff free.

4:11:04 PM

MR. TINNING directed attention to the line graph on slide 13 that shows the dollar amounts of the U.S. and Russia seafood trade from 2005 to 2018. The blue line shows an increasing amount of U.S./Alaska seafood exports into Russia until the ban in 2014 when they essentially dropped to zero. By comparison, the red line shows the amount of Russian seafood imported into the duty free U.S. seafood market, which is the second largest in the world. Russian seafood imports into the U.S. have increased by more than 60 percent since Russia closed its market to the U.S. in 2014. He described this as perhaps the most acute example of an unlevel playing field.

4:12:18 PM

SENATOR BEGICH asked if he said that in the last administration, Russia prohibited the import of U.S. seafood products while it doubled seafood exports to the U.S., tariff free.

MR. TINNING clarified that the market closure was in President Obama's second term, it continued under President Trump, and it continues today. Further, Russian imports of seafood increased 63 percent since 2013, so it didn't quite double.

4:13:49 PM

SENATOR HUGHES asked if there has been an effort to correct this and if so, the status of the effort.

MR. TINNING replied the Alaska delegation is aware of the problem, ASMI produced a white paper on the matter last year, and ASPA has flagged the issue with the White House in each administration, but there has been no change. "We feel like we are bit players in a large geopolitical tension, and we don't know how to move the needle on that." He welcomed ideas from the committee.

SENATOR HUGHES suggested the legislature send a resolution urging the matter be addressed.

SENATOR MICCICHE commented on the need to take more proactive steps to correct the unfair situation that is disproportionately affecting Alaska.

CHAIR STEVENS committed to pursue the issue with both Ms. Madsen and Mr. Tinning.

4:16:29 PM

SENATOR HOFFMAN referenced slide 10 and asked Mr. Tinning to provide the percentages of the products broken down by species so the committee can get an idea of what products are being sold from Russia into the U.S.

4:17:24 PM

MR. TINNING agreed to provide the information. He noted that the products coming from Russia like pollack and crab disproportionately compete with Alaska seafood in the U.S. market.

MR. TINNING continued the presentation with a discussion of the tariffs on U.S. seafood exports into Japan. He noted that while they are not prohibitive at up to 10.5 percent, it is challenging that Japan has initiated free trade agreements with third country competitors while the U.S. has not increased its market access. That was particularly disappointing in 2019 because the Trump administration had concluded a phase one deal with Japan that focused on agriculture. It gave more market access to an array of food commodities, but nothing in the agreement was about seafood.

4:20:25 PM

MR. TINNING said the European seafood market is critical for Alaska seafood but it has two challenges. The first is that the only way to get tariff-free access is under the archaic autonomous tariff quota (ATQ) system. Under that system, Europe sets a product-by-product quota that it will let into Europe tariff free. Once that quota is met tariffs of up to 17 percent are imposed on further imports of the particular seafood product. ASPA would like that to be addressed in trade with Europe.

The second challenge is that Alaska seafood has been a constant pawn in the trans-Atlantic trade fight. For example, U.S. seafood saw retaliatory tariffs late last year related to the Boeing-Airbus trade dispute, even though the dispute had nothing to do with seafood. Alaska pollock was exempt but salmon was not. He said there is a four month pause but the 25 percent retaliatory tariffs will go back into effect soon unless the Biden administration reaches a deal. He said it is not the kind of crisis U.S. seafood faces in China and Russia, but it is still a concern.

4:23:10 PM

CHAIR STEVENS asked if he would provide a chart for Europe that shows the seafood imports and change in values like the ones he provided for Japan, Russia, and China.

MR. TINNING agreed to provide the information.

[4:23:37 PM](#)

SENATOR MICCICHE asked him to follow up with suggestions about what the legislature could do to help address the fact that Alaska seafood has been so invisible in the consideration of the effects of tariffs.

CHAIR STEVENS committed to pursue the issue.

MR. TINNING said he would conclude the presentation by talking about what he observed about the dynamics of the Trump and Biden administrations to set the stage to collectively engage going forward.

MR. TINNING said the trade policy the Trump administration primarily talked about was for fair and reciprocal trade that helped U.S. producers. That played out in high profile for the steel and aluminum industries with 301 tariffs, which limited imports. The Trump administration went to bat for those industries and seafood got caught in the crossfire. In the case of China, Alaska seafood suffered the impacts of the retaliatory tariffs, but it did not get the same kind of protections in the U.S. market that steel, aluminum, and a number of other industries received. Pollock imports from China are a good example. Most imports from China faced Trump administration tariffs but Russian pollock that is processed in China did not. There was never any kind of tariff on imported seafood so U.S. seafood never had a market advantage at home but it was hit by the tariffs other countries imposed to retaliate against the Trump administration for what it was doing in other areas. It was an ultimate lose-lose.

[4:27:11 PM](#)

MR. TINNING explained that in May 2020, the Trump administration signed an executive order to expand U.S. seafood competitiveness. The policy was that the seafood trade should be fair and reciprocal. A new seafood trade task force worked with seafood processor associations to develop a seafood trade strategy. The first thing they saw was that the U.S. continued to face significant import tariffs in China and Russia while imports from those countries came into the U.S. duty free.

The second thing that happened was that while the seafood strategy was developed and moved up the chain, it was not finalized before January 20, 2020, and it has not been released since then. He said he found it interesting that a seafood strategy that was developed over the course of most of a year with input from the Alaska seafood industry has never seen the light of day.

4:29:08 PM

SENATOR KIEHL asked if he was talking about the same executive order that directed the National Oceanic and Atmospheric Administration (NOAA) to permit finfish farms in all U.S. territorial waters.

MR. TINNING replied there were four distinct elements to the executive order and aquaculture and seafood trade were two of those elements. ASPA engaged heavily on seafood trade but not aquaculture.

SENATOR KIEHL asked if the executive order was still in effect or if it was paused in the new administration.

MR. TINNING offered his understanding that it was in effect but also under review by the new administration.

4:30:27 PM

MR. TINNING directed attention to the picture of Katherine Tai, the Biden administration's U.S. trade representative (USTR), and noted the U.S. Senate confirmed her on a 98:0 vote. He said that while there are marked differences between this and the last administration on many issues, there has been no clear indication that trade policy on seafood will change significantly. The U.S. trade representative's office is organized exactly the same way as the previous administration, which is that seafood is in the industrials office of the USTR when it should be in the agriculture section. The USDA, working with the farm industry, has done considerable work to improve market access for agriculture, but seafood has not benefited at all because it is in with industrials. ASPA believes it would be helpful if a way could be found to move seafood from the industrials section to the agriculture section of the Office of the United States Trade Representative. He said seafood is a national industry, but in D.C. it does not pack the punch of the agricultural sector, and on occasion it falls through the cracks. He invited any ideas the committee might have to change that situation.

4:32:51 PM

CHAIR STEVENS recognized that Senator Wilson was in the audience.

4:33:05 PM

SENATOR BEGICH suggested the committee work aggressively toward moving seafood from the industrial section to the agriculture section in the U.S. trade representative office.

CHAIR STEVENS responded that the World Trade Committee would work closely with the Resources Committee to pursue that issue.

4:34:06 PM

SENATOR HOFFMAN asked what the Alaska Seafood Marketing Institute (ASMI) was recommending to address the issue.

MS. MADSEN responded that ASMI is a valuable partner and has been working alongside ASPA and the Alaska seafood industry generally to effect change in trade policies. She highlighted the relevant letters in the packets.

4:35:09 PM

CHAIR STEVENS confirmed the committee had the letters. He asked Mr. Tinning if he had any final comments.

MR. TINNING echoed the comment that ASMI is a valuable partner. He concluded, "As an Alaska industry, we're doing our best to be heard. There is good coordination and good help from the Alaska delegation in D.C. but it remains an uphill climb."

CHAIR STEVENS commented on the high quality of pollock protein, and predicted that some resolutions likely would result from the hearing.

4:36:50 PM

There being no further business to come before the committees, Chair Stevens adjourned the meeting of the Senate Resources Standing Committee and the Senate Special Committee on World Trade at 4:36 p.m.