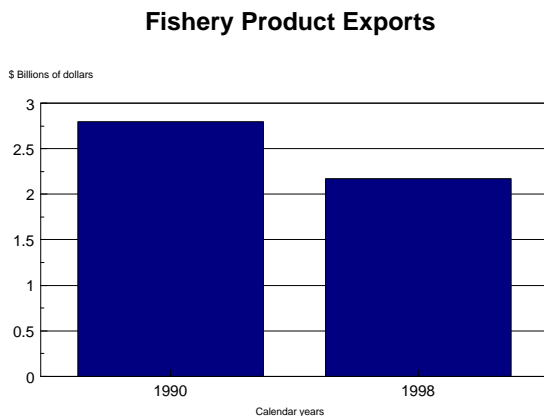

WTO and Agriculture

What's at Stake for Fishery Products?

Future export prospects for fishery products depend, to a significant degree, on the United States' ability to maintain and expand market access, ensure fair competition, and further level the international playing field for U.S. producers and exporters. The World Trade Organization (WTO) and trade negotiations offer comprehensive new trade agreements aimed at achieving these objectives.

Why Trade Matters for U.S. Seafood Products

Although the United States is a net importer of fishery products, export markets are important for the industry. The United States exports around 38 percent of its salmon production and 21 percent 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 \$2.2 billion over the 8-year period ending in 1998.



Exports of salmon to Japan--the largest export market for U.S. salmon--fell 49 percent from \$771 million in 1990 to \$390 million in 1998. Much of this decrease is due to increased competition from farm-raised salmon from Norway, farm-raised salmon and trout from Chile, a 30-percent reduction in the 1997 and 1998 Alaska sockeye salmon harvests when compared to the 1996 and 1997 harvests, and weaker economic conditions 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 \$435 million, up from \$196 million.
- # Tariff reductions under North American Free Trade Agreement 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. While U.S. exports to Japan have fallen due to other factors described above, these reductions help increase the profitability of sales to one of our most important export markets.
- # In late 1998, New Zealand lifted its 15-year ban on the importation of uncooked, headless, gilled and gutted salmon, trout, and char from the United States, as well as other countries. The U.S. government pressed for access based on a science-based risk analysis in keeping with the Uruguay Round Sanitary-Phytosanitary Agreement.

Why Further Trade Negotiations Are Needed

U.S. fish and seafood producers continue to face 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:

- # The Norwegian salmon industry receives subsidies at all levels, including transportation, 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. At the Asia Pacific Economic Cooperation Ministerial Meeting in Kuala Lumpur, Malaysia, in November 1998, ministers agreed to move the tariff portion of the forest/fish products trade liberalization initiative (along with those of seven other sectors) to the WTO with the goal of finalizing the initiative in 1999.
- # The European Union maintains high tariffs on various processed seafood products, which reduce the competitiveness of U.S. products in the market.
- # Japan maintains import quotas on a number of fishery products. If these restrictions were eliminated, U.S. exports could increase to this already important market.