

Congress of the United States

Washington, DC 20510

February 26, 2019

The Honorable Robert E. Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20598

Dear Ambassador Lighthizer:

We were encouraged to learn over the weekend about President Trump's extension of the March 1 deadline to complete trade negotiations with the Chinese government. However, the U.S. lobster industry continues to be harmed by the escalating tariffs between the two countries. We write to urge you to ensure that any final agreement involves eliminating the tariff on U.S. lobster exports to China.

Maine's lobster industry is the lifeblood of countless coastal communities, supporting the livelihoods of 4,500 state licensed lobstermen and more than 10,000 additional Mainers who work directly within the industry. These owner-operated small businesses help to preserve precious working waterfronts and have an economic impact of approximately \$1.5 billion each year.

We are grateful that your office sent Deputy United States Trade Representative C.J. Mahoney to Portland, Maine, last June to see firsthand how U.S. trade negotiations were affecting the industry. During the discussion, stakeholders spoke about the economic hardship resulting from lost lobster trade with the E.U. after implementation of its Comprehensive Economic and Trade Agreement (CETA) with Canada, and warned that escalating tariffs on seafood between the U.S. and China would further threaten the industry that is one of Maine's largest economic drivers.

On July 5, 2018, shortly after USTR's visit to Maine, China levied a 25 percent import tariff on U.S. lobster and the industry's concerns were immediately confirmed. Before the tariff, China was the second largest importer of U.S. lobster, purchasing \$128.5 million in product in 2017. According to the Maine International Trade Center, Maine lobster exports to China were up 169 percent for the first six months of 2018 over the previous year. These promising trends gave U.S. lobster dealers every indication that China would continue to be a robust market opportunity. During the first month under the new tariffs, however, live lobster exports to China dropped by 64 percent compared with May and June.

One lobster dealer in Maine has seen a 90 percent decrease in its exports to China – which used to represent 22 percent of its sales – and has watched its Chinese customers forge new business partnerships with Canadian companies who do not face the same 25 percent import tariff. Even when the tariffs are lifted, the detrimental impact on U.S.-China dealer-to-consumer relationships will be difficult to undo.

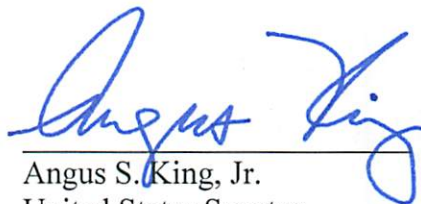
The harm has been severe and sustained. In recent years, U.S. lobster exports to China have surged dramatically during the winter months in correlation with increased demand around Chinese holidays, such as the Lunar New Year. For example, in February 2018 alone, China imported \$23.5 million worth

of U.S. lobster (up from just \$3.8 million in February 2016). While the data for this year is not yet available, Maine's live lobster exporters have reported that exports to China this February have flatlined as the vast majority of the Lunar New Year shipping shifted to Canada.

We cannot allow the future viability of this critical industry to be threatened by prolonged and unpredictable trade negotiations with China. We appreciate your attention to this matter and look forward to working with you towards an expeditious resolution.



Susan M. Collins
United States Senator



Angus S. King, Jr.
United States Senator



Chellie Pingree
Member of Congress



Jared Golden
Member of Congress