

Congress of the United States
Washington, DC 20510

March 29, 2021

The Honorable Katherine Tai
U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20006

Dear Ambassador Tai:

We are writing to provide background on the Maine lobster industry as it relates to your new role as U.S. Trade Representative. The industry is absolutely integral to the economy of our state, and we have appreciated the opportunity to work closely with the Office of the U.S. Trade Representative on issues that are critical to our constituents.

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, including processors and wholesalers. These owner-operated small businesses help to preserve working waterfronts and have an in-state economic impact of approximately \$1.5 billion each year.

As President Biden's administration reviews the trade actions of the past administration, we urge the United States to hold China accountable to the purchase commitments it made under the Phase One Trade Agreement in January 2020. We appreciated USTR's efforts to include a specific mention of lobster in the agricultural sector purchase agreement.

The Phase One Trade Agreement was a first step toward regaining Chinese market share—and expected growth in market share—that the Maine lobster industry lost after being unfairly harmed by the 25 percent retaliatory tariffs that China first levied on U.S. lobster imports in July 2018. Before the tariff, China was the second-largest importer of U.S. lobster, purchasing \$128.5 million in product in 2017. During the first month under the new tariffs, however, live lobster exports to China dropped by 64 percent. One lobster exporter in Maine saw a 90 percent decrease in its exports to China. As the Maine lobster industry seeks to increase its sales to China, we encourage you to bolster its efforts with additional trade promotion funding and collaborate with USDA as necessary to support trade mitigation assistance initiatives aimed at helping wholesalers.

Additionally, in August 2020, the U.S. and the European Union reached an agreement to eliminate tariffs on live and frozen American lobster, which will help to substantially boost sales of Maine lobster to European markets. We encourage President Biden's administration to ensure that all live and frozen lobsters from the U.S. continue to be exported with no tariffs and encourage the European Union to make this decision permanent. We also ask that USTR work to eliminate tariffs on lobster meat, which was not included in the previous agreement.

In 2017, the Comprehensive Economic and Trade Agreement (CETA) was implemented between Canada and the European Union, reducing tariffs to zero on live Canadian lobsters and eliminating tariffs over a period of several years on frozen and processed Canadian lobsters. Prior to this, the European Union was a top destination for American lobster, accounting for approximately 15 to 20 percent of annual lobster exports. CETA put American lobster exporters at a serious disadvantage because, unlike Canadians, American exporters were facing tariffs of between 8 and 20 percent to sell into the European Union.

The success we have been able to achieve in support of this iconic industry has been critical and we look forward to working with you.

Sincerely,



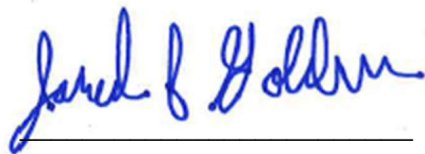
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United States Senator



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