



The Impacts to Recreational Fishing by Proposed Tariffs on Chinese Imports

On May 13, 2019, the Office of the U.S. Trade Representative (USTR) released a proposed list of imported Chinese products on which to impose Section 301 tariffs of up to 25 percent.

While the sportfishing industry supports realigning our trade relationship to be fairer with China, we are deeply concerned about the impacts of these proposed tariffs on domestic jobs, fishing participation and conservation funding. **Recreational fishing equipment is already subject to a unique 10 percent excise tax.** Adding additional tariffs of up to 25 percent would be difficult for the industry to withstand.

Recreational Fishing by the Numbers:

- 49 million Americans fish annually
- \$125 billion economic impact
- 800,000 jobs
- \$1.5 billion contribution to conservation

Sixty percent of fishing equipment in the U.S. is imported. Two-thirds of these imports come from China (see Table 1). Therefore, the impacts of these proposed tariffs will be felt by nearly every recreational fisherman looking to make new fishing equipment purchases.

The newly proposed Section 301 [List 4](#) includes many products imported from China by the sportfishing industry, including, but not limited to:

- Fishing rods
- Fish hooks
- Fishing reels
- Fishing line
- Fishing leaders
- Fish landing nets, butterfly nets and similar nets
- Artificial baits and flies

The sportfishing industry has already been impacted by earlier additional tariffs on Chinese products, including on trolling motors, fishing pliers and marine electronics components. Altogether, the existing and recently-proposed additional tariffs pose a serious threat to the \$125 billion American recreational fishing economy.

While the recreational fishing industry shares the same concerns as other industries impacted by these tariffs – namely higher costs that will be passed onto the U.S. consumer – the sportfishing industry would be uniquely burdened by these proposed tariffs given the existing excise tax paid by the industry. Unlike most other industries, the recreational fishing industry is already subject to a 10 percent excise tax for most fishing equipment, which is collected at the first point of sale in the U.S. For an industry with relatively low margins to begin with, this tax is significant for the companies who pay it. However, they do so willingly because of a broad recognition that the taxes are put to good use.

The sportfishing industry excise tax goes into the Sport Fish Restoration and Boating Trust Fund (SFRBTF), which provides funds to the state fish and wildlife agencies for fishery conservation and management projects, boating access and aquatic education. The

sportfishing industry contributes about \$150 million annually to this program, with the knowledge that the improved fisheries conservation and fishing access provided by the program is good for fishing participation and therefore the industry.

There is a high likelihood that the new proposed tariffs will substantially reduce consumer spending. This likely reduction would more than offset proportional increases in excise tax contributions that may come from resulting higher product costs. Recreational fishermen are historically a price-sensitive group. One analysis, for example, showed that a 15 percent increase in Tennessee’s one-day fishing license price will result in a 28 percent decrease in the number of people buying this license annually (24,370 fewer people). When prices go up, many anglers simply look for other, lower cost ways to enjoy their day.

In addition to harming the large number of U.S. businesses who import and sell fishing equipment from China, reduced consumer spending would put conservation funding at risk as well. Fewer fishing equipment purchases means less revenue into SFRBTF, which ultimately means less funding for programs important to the Trump Administration’s priorities to improve public access to the outdoors.

Given the negative impacts these proposed additional tariffs on fishing equipment would have on U.S. jobs and businesses, fishing participation and conservation funding, the recreational fishing industry requests that sport fishing equipment, including products under heading 9507 of the Harmonized Tariff Schedule of the United States and any other products subject to the federal excise tax on fishing equipment, be excluded from the Section 301 Tariff List.

Table 1. Customs value of imported fishing equipment in total, and from China, in 2018

| <u>Category</u> | <u>Total Imports into U.S.</u> | <u>From China</u> | <u>% from China</u> |
|--------------------------|---------------------------------------|--------------------------|----------------------------|
| Artificial baits | \$147,122,131 | \$68,509,556 | 47% |
| Fish hooks | \$32,216,105 | \$16,713,783 | 52% |
| Snelled hooks | \$5,566,205 | \$3,327,066 | 60% |
| Fishing line | \$29,746,160 | \$8,690,792 | 29% |
| Fishing nets | \$10,827,808 | \$9,741,306 | 90% |
| Fishing leaders | \$5,086,664 | \$2,897,226 | 57% |
| Reels < \$2.70 | \$11,286,392 | \$11,247,189 | 100% |
| Reels \$2.70 - \$8.45 | \$47,054,965 | \$44,593,794 | 95% |
| Reels > \$8.45 | \$223,532,214 | \$131,880,159 | 59% |
| Reel parts & accessories | \$4,876,317 | \$2,850,638 | 58% |
| Fishing rods | \$171,809,891 | \$155,084,790 | 90% |
| Rod parts & accessories | \$28,286,170 | \$12,581,606 | 44% |
| TOTAL | \$717,411,022 | \$468,117,905 | 65% |