

U.S. SENATOR MARIA CANTWELL WASHINGTON

Sen. Maria Cantwell's Actions to Fight India's Retaliatory Tariffs on Washington State Agricultural Products

In June 2023, India announced a reduction of retaliatory tariffs on American agriculture, including for apples (20%), lentils (20%), and chickpeas (10%). This followed years of action by Sen. Maria Cantwell to directly advocate with presidential administrations of both political parties and the Indian government to lift the retaliatory tariffs. This announcement and the reduced tariffs are welcome news to Washington producers, especially the state's more than 1,400 Washington apple growers and the 68,000-plus workers they support.

Background and Economic Impacts

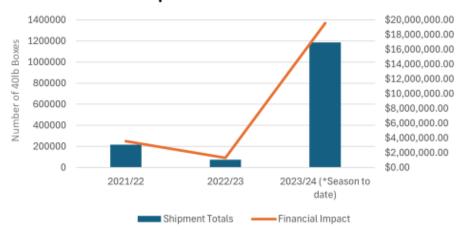
In 2017, India was the second-largest foreign market for Washington apples, with a value of over \$120 million in 2017. However, after the Trump Administration imposed Section 232 tariffs on steel and aluminum, India responded by imposing retaliatory tariffs on American agricultural products.

The retaliatory tariffs were particularly devastating to Washington apple growers: they decimated the market, with sales last year totaling just \$760,000. This meant the near-total loss of a critical foreign market, but also affected prices in the U.S. domestic market, which hurt apple growers across the country. Meanwhile, while U.S. growers were priced out of the Indian market, Iran, Chile, and Turkey substantially increased exports of lower-cost apples to India.

India's domestic growers benefited from U.S. efforts in the market as well. U.S. apples are generally the upper end of pricing in the market, not the bottom. Investments and year-round availability of U.S. apples could also help spur overall domestic consumption and not hurt Indian apples.

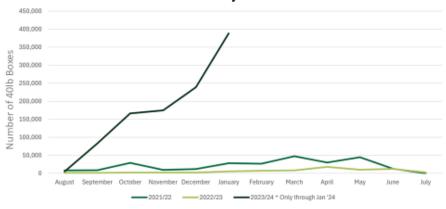
Since the tariffs removal Washington growers have seen an immediate financial impact. As of February, 1.19 million 40lb boxes of apples were shipped to India for the 2023-2024 season. So far, total apple sales from Washington to India are estimated to be \$19.5 million. Previously, the 2022-2023 season totals were capped at 73,000 40lb boxes shipped and \$1.3 million in sales.

Washington Apple Shipments to India



Data provided by the Washington Apple Commission

Washington Apple Shipments to India By Month



Data provided by the Washington Apple Commission

Sen. Cantwell Actions on Apple Retaliatory Tariffs

<u>June 14, 2023</u> – Sen. Cantwell led a letter to President Joe Biden requesting that he raise the issue of retaliatory tariffs and apples with Prime Minister Narendra Modi during his visit to the U.S. and negotiate an end to the retaliatory tariffs.

<u>May and June 2023</u> – Sen. Cantwell had an extended conversation with repeated follow-up with the new U.S. Ambassador to India, Ambassador Eric Garcetti, pressing the issue.

<u>May 2, 2023</u> – Sen. Cantwell raised the issue with U.S. Department of Commerce Secretary Gina Raimondo at a Finance Committee Senate Advisory Group on Negotiations (SAGON) on the Indo-Pacific Economic Framework for Posterity (IPEF).

March 24, 2023 – Sen. Cantwell raised the issue again with Ambassador Katherine Tai, the U.S. Trade Representative (USTR), at a Senate Finance Committee hearing.

<u>February 2023</u> – Sen. Cantwell brought up the issue of retaliatory tariffs directly with Prime Minister Modi during a visit to India as part of a senatorial delegation.

<u>January 11, 2023</u> – Sen. Cantwell led a letter from the entire Washington delegation to Ambassador Tai and Secretary Raimondo requesting an end to the tariffs, during an important trade policy forum with India.

<u>September 28, 2022</u> – Sen. Cantwell again pressed her concerns about apples with Ambassador Tai at the Finance Committee SAGON on IPEF.

<u>July 28, 2022</u> – In connection with a Finance Committee hearing on the nomination of Douglas McKalip to be Chief Agricultural Negotiator for the Office of the United States Trade Representative, Sen. Cantwell questioned McKalip about his efforts if confirmed, to address India's retaliatory tariffs on apples, as well as trade barriers for dairy products in Southeast Asia, in written questions for the hearing record.

March 31, 2022 – During a Finance Committee hearing on the President's 2022 Trade Policy Agenda, Sen. Cantwell raised concerns with Ambassador Tai about India's retaliatory tariffs hurting Washington apples and potatoes. In addition, in follow-up written questions for the hearing record, Sen. Cantwell asked for solutions to India's retaliatory tariffs hurting Washington apples and lentils (as well as opening Mexico's market to Washington potatoes) and secured an agreement to work together on the issue.

<u>February 25, 2021</u> – At a Senate Finance Committee hearing to consider the nomination of Katherine Tai to be United States Trade Representative, Sen. Cantwell questioned Tai on what actions the Biden Administration would take to open up markets and increase exports for Washington state apples.

<u>June 20, 2018</u> – Sen. Cantwell pressed Commerce Secretary Wilbur Ross at a Finance Committee hearing on the Trump Administration's trade policies, which had resulted in retaliatory tariffs detrimental to Washington's agriculture industry.

June 11, 2018 – Sen. Cantwell led a bicameral, bipartisan letter to USTR to address retaliation by trading partners in response to the Trump Administration's steel and aluminum tariffs. On May 28, 2018, India notified the World Trade Organization (WTO) that it planned before June 21, 2018, to raise its tariff on apples from the already very high level of 50 percent to 80 percent (in fact, retaliatory tariffs were increased to 70%). The letter noted that India described its increased

tariffs as retaliation for the U.S. Section 232 tariffs on aluminum and steel and expressed the Members' view that India – like China and other countries – was abusing WTO rules by unilaterally retaliating in this way without authorization and urged USTR to confront such abuses.

Sen. Cantwell's opposition to tariffs in general

<u>November 12, 2019</u> – Sen. Cantwell sent a letter to U.S. Department of Agriculture (USDA) Secretary Sonny Perdue asking for trade assistance to help U.S. farmers impacted by the Trump administration's trade policies.

October 2, 2019 – Sen. Cantwell criticized the Trump Administration's tariff-first approach and called on President Trump to support American manufacturing.

<u>July 30, 2019</u> – Sen. Cantwell emphasized the importance of trade with Mexico in a Finance Committee hearing.

<u>July 25, 2019</u> – Sen. Cantwell applauded USDA's announcement of a \$16 billion package aimed at helping American agricultural producers impacted by China's retaliatory tariffs.

<u>June 18, 2019</u> – Sen. Cantwell pressed USTR in a Finance Committee hearing to include trade enforcement in the United States-Mexico-Canada Agreement (USMCA).

<u>June 12, 2019</u> – Sen. Cantwell sent a bicameral letter to USTR calling on the Trump Administration to ensure any new trade agreements with China or Japan removed tariffs on U.S. wine.

<u>June 3, 2019</u> – Sen. Cantwell's provision to increase access to aid for cherry growers hurt by China's retaliatory tariffs passed the House of Representatives, by a vote of 354-58.

May 23, 2019 – Sen. Cantwell secured a win for cherry growers hurt by China's retaliatory tariffs.

<u>September 21, 2018</u> – Sen. Cantwell reacted to USDA's decision to include sweet cherries in the agency's trade relief plan, after she requested that USDA do so.

<u>September 21, 2018</u> – Sen. Cantwell joined a bipartisan, bicameral letter of Members from the Washington congressional delegation to President Trump urging the administration to resolve trade disputes with China, specifically on the U.S. polysilicon manufacturing industry.

<u>August 24, 2018</u> – Sen. Cantwell led a bipartisan, bicameral letter of Members from the Washington congressional delegation to USDA to provide sweet cherries equal access to the relief measures being developed for U.S. agricultural commodities that have been negatively impacted by retaliatory tariffs.