Trade War at Home: How Tariffs Impact Washington's Products & People

The escalating trade war, pitting the U.S. against the world, has an outsized impact on Washington state, where 40% of all jobs are trade-related. Proposed under the pretext of national security – particularly Section 232 of the Trade Expansion Act of 1962 and Section 301 of the U.S. Trade Act of 1974 – the tariffs are more likely to harm both our trading relationships and our local – and national – economy.

As tariffs continue to unfold, WCIT – as part of our commitment to providing both insights and actions – had begun documenting the Washington industries most heavily affected. Keep your eyes on this space as our list continues to grow, and please let us know if your industry is facing new challenges due to new tariffs.

Agriculture

- Washington is known around the world as a top producer of apples, a status at risk with 15% and 20% tariffs coming from China and Mexico, respectively. Washington's 1,300 apple growers supply up to $250 million worth of apples to Mexico each year, including lower grade fruit that is hard to sell elsewhere, while exports to China reach $50 million annually. China also imports $1.5 million worth of pears from Washington farms, causing a smaller yet still significant threat to our state's fruit growers.
- China is Washington's largest export market for cherries, a destination representing nearly 3 million cases and $140 million in sales every year. Washington farmers facing a newly-imposed 15% tariff will struggle with falling demand from higher prices and the lost costs if they can't find new markets for their product – a critical issue right now as cherry season gets into full swing.
- NAFTA helped Washington potato growers establish a dominant foothold in Mexico, but a 20% tariff on potatoes and frozen potato products will raise prices and cut demand, especially as Canadian growers in Alberta, Manitoba and Prince Edward Island still benefit from favorable trading conditions. This represents a significant hit to Washington's $750 million potato industry.

Wine, Beer & Spirits

- Washington's wine, beer and spirits industries are facing a triple threat impact of the trade war, with China's 15% tariff on a variety of Washington wines, U.S. 25% and 10% tariffs on steel and aluminum, respectively, and Canada, the E.U. and China placing a 25% on American whiskey, a craft product for which Washington distilleries are beginning to be known for around the globe.
- Washington businesses exported over $1 million of wine to China in 2017 alone, up 30% from the previous year, making the country one of the most promising growth markets for what is already a $27 million export opportunity, and making Canadian wineries more attractive.

- Increased costs for steel and aluminum raises both production and packaging costs for Washington distillers and breweries, worth of as steel is a critical component of fermentation tanks and most beer is packaged in either aluminum cans or kegs, costs that will be passed along to the consumer and could drive small manufacturers out of business.
- In addition to direct sales, tariffs that reduce demand for Washington wine, beer and spirits will hit the state's agriculture sector, especially farmers who grow grapes, barley and hops. Yakima and its surrounding area, for example, is one of the world's largest global producers, with the region supplying 77% of the total hop crop in the U.S. In fact, the Brookings Institution ranked Yakima County in the top 25 countries in the country negatively impacted by tariffs.

Seafood & Aquaculture

- China's 25% tariff on fish, crustaceans and other aquaculture products will impact the Washington fishermen who grow and export $165 million of these goods.
- Specialty seafood items like sablefish and northwestern geoducks will be hit particularly hard, as China is the primary market for these products and they have little demand elsewhere.
- Tariffs on U.S. products will benefit Russia and its seafood export industry, as it will not be subject to the same trade restrictions.

Trade & Logistics Services

- Washington is a major distribution center for all U.S. exports, not just those grown or made in Washington. Ports in Seattle, Tacoma, Vancouver, Kalama and Bellingham all stand to face economic impact – both in port staff and the communities that rely on them – when trade volume decreases.
- In addition to port staff, farming, trucking, rail operators, barge operators, and other transportation-related industries could face layoffs.
- Major products from outside of Washington that rely on Washington ports and other trade-related industries include soybeans and wheat. 99% of all American soybeans go to China, most of them through Washington, while 50% of the nation's wheat makes it way through Columbia-Snake River system. In fact, soybeans are Washington's second largest export – after aircraft – even though they are not grown in the state.