




UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Silver Spring, MD 20910

Marine Fisheries Advisory Committee

May 10, 2019

MEMORANDUM FOR: Chris Oliver
Assistant Administrator for Fisheries

FROM: Erika Feller  Advisory Committee
Chair, Marine Fisheries Advisory Committee

SUBJECT: Marine Fisheries Advisory Committee Recommendations on the
Saltonstall-Kennedy Act Grant Program and Protected Resources
Issues

On behalf of the Marine Fisheries Advisory Committee (MAFAC), I am very pleased to transmit detailed recommendations on the Saltonstall-Kennedy (S-K) Act grant program regarding funding, consultation, and program criteria, contained in **Attachment A**. MAFAC discussed and approved these recommendations at its May 2019 meeting. The goal of MAFAC's recommendations are to better align the S-K grant program administration with priorities emerging from challenges facing U.S. harvesters and producers in global seafood markets.

Additionally, MAFAC's Protected Resources Subcommittee has been monitoring large marine mammal entanglement issues, settlement agreements with states (on the west coast), and data and monitoring needs to help minimize gear conflicts and interactions. MAFAC approved the Subcommittee recommendation that NOAA Fisheries explore opportunities to identify and expand financial support for convening multi-stakeholder teams, conducting research and monitoring, identifying conflicts with fishing effort, testing gear modifications, and performing stranding network activities. This report and recommendation is **Attachment B**.

Thank you for your consideration of these recommendations. MAFAC will continue to monitor both topics in the future.

MAFAC Recommendations: Saltonstall-Kennedy Act Grant Program

Approved May 2, 2019

The Marine Fisheries Advisory Committee (MAFAC) has considered options to improve U.S. Government assistance for projects to promote and make U.S. fisheries and aquaculture competitive, and in particular to expand domestic and foreign markets for U.S. fishery and aquaculture products. The Saltonstall-Kennedy Act (S-K Act) provides the Secretary of Commerce (Secretary) such authority. MAFAC has reviewed the S-K Act and found the authority granted to the Secretary is sufficient, but recommends several changes to the administration of the S-K Act grant program to assist U.S. seafood harvesters and producers facing challenging global seafood market conditions. MAFAC recommends these changes be made for the 2020 grant cycle.

Some of the specific challenges U.S. harvesters and producers face include: consolidation of buying power in key global markets; strength of the U.S. dollar relative to currencies in key markets; low rate of seafood consumption and knowledge in the U.S. domestic market; high costs associated with highly regulated fisheries, aquaculture and supply chains in the U.S.; duties greater than 10 and 30 percent to access European Union (EU) and China markets, respectively, while the U.S. allows most foreign seafood products to enter the U.S. at negligible tariff rates.

MAFAC recommends that administration of the S-K Act grant program be reformed to help level the playing field for U.S. harvesters and producers and improve U.S. consumer awareness about the benefits and availability of U.S. seafood. MAFAC notes recent increases in duties on certain seafood products imported from China are expected to increase receipts that pass-through NOAA to S-K Act programs. Therefore, this should provide for more opportunity for S-K grant projects in future years.

Key Authorities Under S-K Act:

Funding: The S-K Act currently directs a portion of 30 percent of receipts from duties on fishery and aquaculture product imports be used for fisheries and aquaculture research and development projects in the U.S.:

The Secretary shall make grants from the fund established under subsection (b) to assist persons in carrying out research and development projects addressed to any aspect of United States fisheries, including, but not limited to, harvesting, processing, marketing, and associated infrastructures.

The Secretary shall use no less than 60 per centum of such moneys to make direct industry assistance grants to develop the United States fisheries and to expand domestic and foreign markets for United States fishery products pursuant to subsection (c) of this section;

Consultation: The S-K Act directs the Secretary to consult with appropriate representatives of the fishing and aquaculture industry, as well as Senate and House of Representatives Committees, on fisheries and aquaculture development goals and funding priorities for the next fiscal year. Consultation with the fishing and aquaculture industries are primarily through sharing priorities with Regional Fishery Management Councils and Inter-State Commissions during their regularly scheduled meetings.

Program Criteria: The Secretary is granted broad authority to specify criteria for approval and terms and conditions for grants made under the S-K Act program.

Recommendations from MAFAC to S-K Act Program:

To better align S-K Act grant program administration with priorities emerging from challenges facing U.S. harvesters and producers in global seafood markets, consider the following recommendations:

Funding: As receipts collected from fishery and aquaculture imports increase, ensure the increase is made available to the S-K Act grant program to promote U.S. seafood and help address challenges from unfair trade barriers. These additional funds should not be used to offset the ORF funds but should be dedicated for the use in S-K Act grants. The Secretary should champion this approach with appropriators; and make clear that appropriators' allocation of S-K funds to offset ORF establishes the amount of funds that remain available for S-K Act grants.

Consultation: Use MAFAC as an additional consultative body on fisheries and aquaculture development goals and funding priorities for the S-K Act grant program each fiscal year. While the Councils and Commissions are highly respected groups, their workload is tremendous and some stakeholders are not at the table. For example, Councils may not be the most effective method of communicating with the domestic aquaculture industry. In addition, industry representation at Council and Commissions meetings is typically more knowledgeable and experienced in fisheries management measures and impacts than market conditions and factors that drive wild capture fisheries' value and seafood trade. MAFAC can provide effective and expeditious communication with the wild capture industry. MAFAC would be a valuable addition to aid in the development of goals and funding priorities. Finally, in addition to an annual Report to Congress, as a metric of success, NOAA should provide annual S-K Act grant program updates to MAFAC to ensure the priorities and objectives are being met.

Program Criteria: Given the broad authority to specify criteria for approval and terms and conditions for grants made under the S-K Act program, MAFAC also requests:

- Increased emphasis on net national benefits and transparent scoring and decision-making criteria designed to increase the value of U.S. fishery and aquaculture resources to U.S. harvesters, working waterfront communities, and U.S. supply chains.
- Increased emphasis on the promotion and development of products that have the effect of improving the competitiveness of U.S. seafood production, including promoting strategies that encourage full utilization.
- Increase the current funding limit of \$300,000 to \$600,000 that a recipient may use over a two year period in order to make eligible more expansive projects that also are projected to positively impact a large group of fishery and aquaculture participants or other broad U.S. interests.

Protected Resources Subcommittee Report

May 2, 2019

The Dungeness crab fisheries of California, Oregon and Washington are valued at approximately \$170 million annually and are significant economic drivers for many of those states' coastal communities. Entanglements of Endangered Species Act (ESA)-listed whales and leatherback sea turtles prompted a lawsuit and settlement agreement between the Center for Biological Diversity and California Department of Fish and Wildlife for violation of the Section 9 of the ESA. In response, multi-stakeholder working groups have been convened in all three states to mitigate entanglements while maintaining access to those valuable fisheries. The terms of the California settlement agreement include commitment by the State to support further research and monitoring to minimize gear conflicts and interactions with listed and unlisted species. California and the states of Oregon and Washington require substantial research to fill data gaps on whale and turtle movements and fishing effort. Those data will guide management measures necessary to avoid entanglements and maintain the vital west coast Dungeness crab fishery.

The MAFAC recommends that NOAA Fisheries explore opportunities to identify and expand financial support for convening these multi-stakeholder teams, conducting research and monitoring of whale and turtle distribution, identifying conflicts with fishing effort, testing gear modifications and performing stranding network activities.