

Fishing Through Tough Times: A Working Document on Resources to Support the Northeast Groundfish Industry

NOAA Fisheries Northeast Region

June 17, 2013

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INTRODUCTION:

This working document is being developed to provide members of the Northeast groundfish industry with resources to maintain its viability through the next several years. It is a starting point from which we are gathering ideas from industry members, elected officials, environmental organizations, and others who are interested in helping us preserve this iconic fishery.

The objectives of this document are:

1. Make fishermen and support businesses aware of the various forms of assistance available to them;
2. Assemble the key agencies and entities that can provide that support;
3. With our partners, improve this document over time to address emerging issues; and
4. Undertake the actions that fall within our purview.

In addition, NOAA Fisheries Northeast Regional Administrator will convene and Chair a Northeast Groundfish Economic Coordinating Committee comprised of the lead contacts for each of the actions outlined in this document. The purpose of this committee will be to generate support for the Northeast groundfish industry in a comprehensive and organized fashion, and to ensure that this document continues to be developed over time. .

Currently, some of our most important fish stocks are in trouble for a variety of reasons. Contributing factors include changes in climate and other environmental influences, as well as historic fishing pressure. However, some of these Northeast stocks are rebuilding, which is a strong sign of the fishing industry's commitment to abide by the catch limits that enable stocks to rebound.

On May 1st, the start of the current fishing year, NOAA Fisheries implemented significant reductions in quotas for cod and other Northeast groundfish stocks. These cuts were recommended by the New England Fishery Management Council, a multi-stakeholder body that develops management measures for Federal fisheries, in a 12-4 vote taken in January 2013, and recently reaffirmed at its April 2013 meeting. The reductions are intended to rebuild these stocks to healthy levels from the critically low levels they have now reached. Although necessary, we recognize these cuts will cause economic pain to fishermen and shoreside businesses.

On May 2nd, NOAA Fisheries released the annual report to Congress for the 2012 Status of Stocks. The strong national trend of ending overfishing and of rebuilding under the Magnuson - Stevens Fishery Conservation and Management Act continues, as six more stocks were declared rebuilt in 2012, bringing the total number of stocks rebuilt since 2000 to 32. The good news is that three of these newly rebuilt stocks -- Acadian redfish, Southern New England/Mid-Atlantic windowpane flounder, and Southern New England/Mid-Atlantic yellowtail flounder -- are from the Northeast. In addition, overfishing is at an all-time low, with 10 additional stocks removed from the overfishing list since last year. Two of these stocks are in our region -- windowpane

flounder and Southern New England/Mid-Atlantic yellowtail flounder. In short, there are fish out there that can be harvested in a responsible and sustainable manner.

Some of the steps that agencies and fishermen can take to seek assistance and support are noted below. If you have any comments, please email or mail them to Olivia Rugo, NOAA Fisheries Outreach Coordinator, at Olivia.rugo@noaa.gov or 55 Great Republic Drive, Gloucester, MA 01930.

Action Items

1. **Work with the New England Fisheries Management Council to expedite regulations that enable the increased harvest of healthy stocks**

We are currently implementing an increase in quota and access for healthier stocks such as redfish, white hake, spiny dogfish, and pollock. For example, NOAA Fisheries adjusted the 2013 white hake quota upward by approximately 15 percent over the proposed level, because recent analysis shows the stock condition has improved. We will continue to seek additional opportunities.

COMPLETED

Comments and suggestions for improvement:

2. **Revise the rebuilding program for southern New England/Mid-Atlantic winter flounder**

At the request of the New England Fisheries Management Council (NEFMC), we revised the rebuilding timeline for the southern New England/Mid-Atlantic winter flounder stocks. As a result, the catch limit for this stock was increased by more than 150 percent and will generate an estimated \$5.4 million in additional ex-vessel revenue for the fishery.

COMPLETED

Comments and suggestions for improvement:

3. Implement additional means to enable the increased harvest of healthy stocks

So fishermen can harvest more fish, we allowed some uncaught quota from last year to be carried forward into this year, reduced minimum legal sizes to allow more of the fish that are caught to be landed, and reduced some requirements for reporting, monitoring, and on small handgear operations. We also lifted some trip limits on monkfish in some areas for which there are ready markets. We will continue to seek additional opportunities.

COMPLETED

Comments and suggestions for improvement:

4. Help fishermen reduce their operating costs

NOAA Fisheries will be covering at-sea monitoring costs in 2013 for the groundfish fishery, except for certain sector exemptions that require 100% observer coverage. We will continue to seek additional opportunities.

COMPLETED

Comments and suggestions for improvement:

5. Create opportunities to harvest more fish

A major part of this strategy involves focusing in a responsible and sustainable manner on more abundant fish stocks, while we have lower catch limits in place on cod and other stocks that are not rebuilding quickly. We need to continue to identify the opportunities (i.e., redfish, dogfish, skates), while being mindful of biological concerns (i.e., life history of these species) and regulatory obstacles (i.e., monitoring costs, closed areas). This will realize the goals of increasing revenues for fishermen while enabling diminished stocks to rebuild.

Entities that should be involved:

NOAA Fisheries –

Northeast Regional Office (NERO) -

Northeast Fisheries Science Center (NEFSC) -

NOAA Fisheries Headquarters (HQ) -

New England Fisheries Management Council (NEFMC) -

NE commercial fishing industry–
NE recreational fishing industry -
State Agencies -

Lead Contact:

Notes:

6. Support cooperative research that generates scientific data in partnership with fishermen

We continue to support the Northeast Cooperative Research Program in which fishermen and researchers work together to develop and conduct projects that require the specialized knowledge of each partner. Results of this research promote better science and management for fisheries, as well as effective communication and collaboration among fishing professionals in the region.

Entities that should be involved:

NOAA Fisheries –

Northeast Regional Office (NERO) – Ryan Silva, Cooperative Research Coordinator, Sustainable Fisheries Division, 978-281-9326, ryan.silva@noaa.gov

Northeast Fisheries Science Center (NEFSC) – John Hoey, Cooperative Research Program, 401-782-3323, john.hoey@noaa.gov

NE commercial fishing industry) –

NE recreational fishing industry -

Academic Institutions -

Lead Contact:

Notes:

7. Work with the Small Business Administration to identify programs that can support the fishing industry in the near term

Identify and publicize existing programs, such as SBA Disaster Loan Programs, that can provide relief to fishermen and shore side businesses.

Lead Contact (for internal government coordination):

- **SBA Headquarters:** RADM Steven Smith USN (Ret)- steven.smith@sba.gov / 202-205-7192
- **SBA Region One Administrator:** Seth Goodall (Boston – Newly Appointed – effective 20 June 2013 - email to be provided.) / 617-565-8415
- **SBA Massachusetts District Director:** Bob Nelson (Boston) – RHNelson@sba.gov / 617-565-5561

SBA provides a comprehensive program of capital, contracting, counseling and disaster assistance loans that can be tailored to help fisherman and shore side small businesses affected by fishing industry impacts. Businesses desiring SBA assistance should contact SBA District Offices to determine which SBA programs they qualify for and which are most applicable to their individual situations. SBA District Offices and our resource partner (Small Business Development Centers SBDC, Women's Business Centers WBC, SCORE, Veteran Business Outreach Center) counselors also provide details and advice. It should be noted that SBA is a cash flow lender and all loans require evidence of repayment ability.

The following is a listing of some of SBA's programs:

- **Economic Injury Disaster Loans (EIDL) up to \$2 Million:** (This resource becomes operative when the Secretary of Commerce declares a fisheries impact and the SBA Administrator issues an Economic Injury Disaster declaration.)
- **7(a) Loan Program.** SBA's primary business loan program and most frequently used non-disaster financial assistance program due to the flexibility of loan structure, variety of uses for proceeds, and availability. Loans up to \$5 Million are provided by SBA approved lenders supported with a guarantee from the SBA typically in the 75% to 85% range. Business must be for-profit and loans can be for startups or established entities.
- **Export Working Capital Program (EWCP):** Assists lenders in meeting the short term working capital needs of exporters in business at least one year and preparing to engage in or increase international trade. With a EWCP loan in place exporters have greater flexibility in negotiating export payment terms. Terms generally one year but can be up to 3 years to match a single transaction.
- **CAPLines – Working Capital Lines of Credit:** Flexible lines of credit up to \$5 million designed to help small businesses meet their short term or seasonal working capital needs (Working Capital; Contract; Seasonal and Builders). Contract lines can finance the direct labor/materials and overhead associated with the contract, while seasonal lines are used to support the seasonal increase in accounts receivable and inventory. Traditional working capital lines advance against existing receivables and inventory. Loan maturities up to 10 years except builders which is 5 years.

- **Certified Development Company Loan Program (504 Loans)**: Program provides long term fixed rate subordinate mortgage financing for acquisition and / or renovation of capital assets including land, buildings, and equipment. Loans are facilitated through Certified Development Companies that work with banks and other lenders to make loans on reasonable terms. 504 loans typically finance 90% of the project with the owner injection being just 10%.
- **Microloan Program**: Small loans ranging from under \$500 to \$50,000 to women, low income, minority, veteran, and other small business owners through a network of approximately 160 nationwide intermediaries. Proceeds can be used for typical business purposes such as working capital, the purchase of furnishings or fixtures, machinery, supplies, equipment, and inventory.
- **Resource Partner Counseling & Assistance Programs**: SBA District Offices work with a number of partners that provide business counseling and assistance. A network of Small Business Development Centers, Women's Business Centers, and SCORE (Advisors to America's Small Businesses) and Veteran Business Outreach Centers can provide support in developing business plans to address economic impacts, explore entrepreneurial development and new opportunities, or improve basic business management.
- **Regional Innovation Clusters**: SBA works with a number of Regional Innovation Clusters that facilitate the development of innovative technology and new business. These clusters bring together large and small businesses, colleges and universities, non-profits, other groups, and small businesses that cooperate for mutual support and success. Clusters can function as new business incubators and accelerators. SBA and the federal government do not create clusters but provide partial funding and support awarded on a competitive basis.

Information on these programs is available on SBA's website at www.sba.gov. It is emphasized that the best way to understand which of these programs is best for a small business is to meet and discuss with an SBA District Office employee or resource partner business advisor. Information on locations and contact information for SBA District Offices is available on the SBA website.

Notes:

8. **Work with the Economic Development Administration to identify programs that can support the fishing industry in the near term**

Identify and publicize existing programs that can provide relief to fishermen and shore side businesses.

Lead Contact: Economic Development Administration, Willie Taylor, Regional Director, 215-597-4603, willie.c.taylor@eda.gov

Notes:

9. **Work with the U.S. Department of Agriculture to identify programs that can support the fishing industry in the near term**

Identify and publicize existing programs that can provide relief to fishermen and shore side businesses. In particular, obtain assistance with the development of domestic markets for underutilized species.

Lead Contact: U.S. Department of Agriculture (see table of local USDA State Directors)

State	State Director	telephone	website
CT	Jonathan Healy	(800) 352-8016	www.rurdev.usda.gov/ma/
DE	Kathy Beisner (A)	(302) 857-3580	www.rurdev.usda.gov/de/
MA	Jonathan Healy	(800) 352-8015	www.rurdev.usda.gov/ma/
MD	Kathy Beisner (A)	(302) 857-3580	www.rurdev.usda.gov/md/
ME	Virginia Manuel	(207) 990-9160	www.rurdev.usda.gov/me/
NH	Molly Lambert	(802) 828-6080	www.rurdev.usda.gov/vt/
RI	Jonathan Healy	(800) 352-8017	www.rurdev.usda.gov/ma/
VT	Molly Lambert	(802) 828-6080	www.rurdev.usda.gov/vt/

Rural Development: Contact the state director for the USDA Rural Development office in your state: <http://www.rurdev.usda.gov/StateOfficeAddresses.html> for more assistance. Note that eligibility in some programs is determined by the population in the community and whether the applicant is an individual, cooperative or non-profit entity.

Intermediary Relending Program (IRP): http://www.rurdev.usda.gov/BCP_irp.html

Business and Industry Guaranteed Loan Program (B&I):
http://www.rurdev.usda.gov/BCP_gar.html

Rural Energy for America Program Guaranteed Loan Program (REAP):
http://www.rurdev.usda.gov/BCP_ReapResEei.html

Rural Business Enterprise Grant Program (RBEG): http://www.rurdev.usda.gov/BCP_rbeg.html

Rural Business Opportunity Grant Program (RBOG):
http://www.rurdev.usda.gov/BCP_RBOG.html - Anne Correia, Regional Director, Business and Cooperatives Program 508-295-5151, ext. 136.

Rural Micro-Entrepreneur Assistance Grant (RMAP):
http://www.rurdev.usda.gov/BCP_RMAP.html

Value-Added Producer Grant Program (VAPG): <http://www.rurdev.usda.gov/ORvapg.html>
(Commercial fishermen are considered harvesters similar to timber harvesters and need to change the physical condition or form of raw product.) - Christine Kimball 413-253-4329, Christine.Kimball@ma.usda.gov.

Risk Management Agency

RMA Education and Outreach Program – <http://www.rma.usda.gov/> - Lana Cusick, Director 202-720-3325

Agricultural Marketing Service

Federal-State Market Improvement Program (FSMIP);
<http://www.ams.usda.gov/AMSV1.0/FSMIP> - Janice Zygmunt, Director (202) 720-5024

Market Access Program <http://www.fas.usda.gov/mos/programs/map.asp>- Joel Chetrick (202) 720-3248

Farmers Market Promotion Program (FMPP): <http://www.ams.usda.gov/AMSV1.0/fmpp>

Other USDA market supported programs: <http://national.marketmaker.uiuc.edu/>

MarketMaker is a national partnership of land grant institutions and State Departments of Agriculture dedicated to the development of a comprehensive interactive data base of food industry marketing and business data. It is currently one of the most extensive collections of searchable food industry related data in the country. All the information can be mapped and queried by the user. The site was created in 2004 by a team from University of Illinois Extension with the intention of building an electronic infrastructure that would more easily connect food producing farmers with economically viable new markets. The site would also serve as an aid in the development of quality driven food supply chains.

Know Your Farmer Know Your Food:

<http://www.usda.gov/wps/portal/usda/knowyourfarmer?navid=KNOWYOURFARMER>

Notes:

10. Work with the U.S. Department of Labor to identify programs that can support the fishing industry in the near term

Identify and publicize existing programs that can provide relief to fishermen with a particular focus on transition assistance, worker re-training, and unemployment insurance programs.

Lead Contact: U.S. Department of Labor

Notes:

11. Identify and re-purpose relief funds that are not being utilized

In some cases, relief funding that has already been provided may not be being used in the most efficacious ways. For example, the Massachusetts permit bank funds (\$1 million) could be re-purposed to provide direct support to fishermen.

Entities that should be involved:

NOAA Fisheries –

NERO – Michael Pentony, Supervisory Policy Analyst, Sustainable Fisheries Division, 978-281-9283, michael.pentony@noaa.gov

NOAA Fisheries HQ -

MA Division of Marine Fisheries– Paul Diodati, Director, 617-626-1530, paul.diodati@state.ma.us

Maine Permit Bank –

New Hampshire Permit Bank –

Rhode Island Permit Bank-

Lead Contact:

Notes:

12. Assess existing regulations for potential negative impacts on harvesting capabilities

Although quotas were reduced on nine stocks of cod, haddock, and flounder this year, for nearly half of these stocks, the 2013 quotas are higher than what fishermen actually *caught* in the last fishing year. We will examine the regulatory and financial reasons some fishermen are catching only a fraction of their quotas.

Entities that should be involved:

NOAA Fisheries -

NERO -

NEFSC - Matt McPherson, Chief, Social Sciences Branch, 508-495-2269,
matthew.mcperson@noaa.gov

NEFMC –

Lead Contact:

Notes:

13. Develop and implement a quota trading mechanism with Canada

Develop a quota trading mechanism that would enable the U.S. to trade quota with Canada for stocks that are not limiting to our fishermen and that fall under transboundary management (like Georges Bank haddock) in return for stocks that are needed by our fishermen (like Georges Bank yellowtail flounder). A working group has been formed to work on U.S. implementation of a trading mechanism. A trade may be available mid-year during 2013 that would increase the U.S. yellowtail flounder quota. We will work with the New England Fishery Management Council to modify the Fishery Management Plan to add a trading mechanism for 2014 and beyond.

Entities that should be involved:

NOAA Fisheries -

NERO – Sarah Heil, Sustainable Fisheries Division, 978-281-9257,
sarah.heil@noaa.gov, Jennifer Anderson, Regional Office, 978-281-9226,
jennifer.anderson@noaa.gov

NEFSC -

TMGC -

US/Canada Integration Committee -

NEFMC –

Fisheries and Oceans Canada -
NE commercial (scallop and groundfish) fishing industry –

Lead Contact:

Notes:

14. Identify marketing opportunities that can improve fish prices

Fishermen will financially benefit from the development of new domestic markets for abundant low-value and underutilized species, such as redfish and spiny dogfish. We need to explore grant and community opportunities to encourage better pricing and new markets for local species.

Entities that should be involved:

NOAA Fisheries –
 NERO -
 NEFSC -
 NOAA Fisheries HQ (particularly FishWatch) -
NOAA Sea Grant -
NEFMC –
NE commercial fishing industry -
Congress -
EDA –
USDA –
State and local economic development agencies –
Community supported fisheries programs -

Lead Contact:

Notes:

15. Promote better business practices to increase product market value

To increase market prices for regional fish species, promote safe handling (i.e., brining fish, using ozone boxes) and other value-added practices on vessels and on shore to produce

higher quality fish for sale. This action will capitalize on a growing public concern about how and where fish is caught and handled.

Entities that should be involved:

NOAA Fisheries –
 NERO –
 NEFSC -
 NOAA Fisheries HQ –
 Seafood Inspection Program –
NEFMC -
NE commercial fishing industry -
Maritime Gloucester –
Seafood Display Auctions –
Community Supported Fisheries –
NGOs-
Others?

Lead Contact:

Notes:

16. Proactively support shoreside businesses

As some fishermen struggle to keep their businesses solvent, the shoreside support services upon which they rely are also being impacted by less fish being landed. These include ice, fuel, haul-out, auction, processing, and bait and tackle companies, all of which will be bolstered by enabling more fishermen to catch more fish throughout our region. Creative business opportunities that utilize the capacities of these industries should be explored.

NOAA entities that should be involved:

NOAA Fisheries –
 NERO –
 NEFSC -
 NOAA Fisheries HQ –

Lead Contact:

Notes:

a. Cape Pond Ice, Gloucester MANon-NOAA entities that should be involved:

Industry –

Shoreside support services –

City of Gloucester-

EDA-

SBA-

MA State Economic Development Agency -

Massachusetts Office of Business Development– Peter Milano, Senior Regional Director, 978-970-1193, peter.milano-SEA@state.ma.us

Notes:

b. Gloucester Marine Railway, Gloucester, MANon-NOAA entities that should be involved:

Industry –

Shoreside support services –

City of Gloucester-

EDA-

SBA-

MA State Economic Development Agency –

Massachusetts Office of Business Development– Peter Milano, Senior Regional Director, 978-970-1193, peter.milano-SEA@state.ma.us

Notes:

c. Yankee Fishermen's Co-operative, Seabrook, NHNon-NOAA entities that should be involved:

Industry –

Shore side support services –

City of -
 EDA-
 SBA-
 NH State Economic Development Agency –

Notes:

d. Portland Fish Exchange, Portland, ME

Non-NOAA entities that should be involved:

Industry –
 Shoreside support services –
 City of Portland -
 EDA-
 SBA-
 ME State Economic Development Agency –

Notes:

17. Promote responsible and sustainable aquaculture and fish farming to augment commercial fishing

Aquaculture is an increasingly important component of marine sustainability, in which fishermen play a critical role. Marine aquaculture is an enterprise that will provide regional economic development, new employment opportunities for interested or displaced fishermen, and augment commercially important fish species. Examples include live fish markets, freeze dried fish, processing of by-products such as chitin and clamshell waste, poly-culture of shellfish, kelp and seaweed, and hatchery stock enhancements. We need to support the development of new business and training opportunities for fishermen to grow fish and shellfish by reviewing current regulatory and permitting issues.

Entities that should be involved:

NOAA Fisheries –
 NERO -
 NEFSC -
 NOAA Fisheries HQ -

NE commercial fishing industry –

Universities -
State Agencies -

Lead Contact: David Alves, Northeast Regional Coordinator for the NMFS Office of Aquaculture, 978-281-9210, david.alves@noaa.gov

Notes:

18. Increase opportunities for dialogue between NOAA Fisheries Northeast Region, Northeast Science Center, the legislative delegation and the fishing industry

Industry members should be as engaged as possible in the process that governs the ways in which they make their livelihoods. To that end, we need to create additional opportunities for informal dialogues with members and representatives of the fishing industry to hear their perspectives, priorities, and input on regulatory decision-making and scientific endeavors.

Entities that should be involved:

NOAA Fisheries –
 NERO -
 NEFSC -

NE commercial fishing industry –
NE recreational fishing industry -

Lead Contact: Olivia Rugo, Fisheries Outreach Coordinator, 978-675-2167, olivia.rugo@noaa.gov

Notes:

19. Delineate broader influences impacting the viability of the fleet

Many forces that are outside of NOAA Fisheries' purview are impacting the solvency of the commercial fleet. These include operating costs (fuel, repair, insurance, crew) that have been increasing for years and ex-vessel prices that have been kept relatively flat because non-discerning consumers have many cheap protein alternatives. Additionally, ecosystem

climate changes are producing unexpected patterns of abundance and distribution of species throughout the region, causing additional flux in catch and landings rates. As a result, profit margins are thin and resiliency is difficult. These external factors need to be considered as part of a successful transition strategy.

Entities that should be involved:

NOAA Fisheries –

NERO -

NEFSC - Social science branch

NOAA Fisheries HQ -

Lead Contact:

Notes:

