

Chapter 9

Seafood Industries



Seafood can be good for people, good for the economy, and good for the planet when produced responsibly. The United States is recognized as a global leader in sustainable seafood—both wild-caught and farmed. Wild harvest and ocean farming of seafood are critical sources of protein for the growing global population. Given its low carbon footprint relative to other animal proteins, sustainable seafood production can be an environmentally efficient way to produce food, and it is an increasingly central part of food systems designed to reduce and mitigate the effects of climate change.

Seafood is also a driver of growth and employment in the blue economy, with the U.S. seafood industry supporting some 1.2 million jobs⁴⁰ and sustaining coastal communities around the country, including in rural and underserved communities. The industry generates about \$165 billion in sales⁴¹ and \$11 billion worth of processed seafood each year,⁴² with exports valued at about \$5 billion in 2019.⁴³

Difficulty accessing foreign markets undermines the potential growth and competitiveness of the U.S. seafood industry. The U.S. seafood trade deficit was \$17 billion in 2019.⁴⁴ Fishing vessel owners and operators, processors, exporters, and other stakeholders have expressed concerns that foreign competitors have better access to the U.S. market than the U.S. seafood industry has overseas, undercutting market opportunities both domestically and internationally.

SMEs account for approximately 90% of the U.S. fishing industry, which includes both wild-caught and farmed seafood, but they often lack the tools to compete effectively in global markets. At the same time, large U.S. seafood exporters are disadvantaged in global markets due to the effects of trade and tariff policies, non-tariff barriers to trade, and differences in international resource management practices.

The recent impacts of COVID-19 and supply chain constraints have compounded existing market challenges for the U.S. seafood industry. Some segments of the U.S. seafood industry suffered even more than the overall U.S. economy during the COVID-19 pandemic. For example, commercial landings revenue declined by over 20% in 2020 relative to the most recent five-year historical average; shellfish farmers, who rely heavily on sales to restaurants, lost approximately 90% of their market at the height of the pandemic. The seafood dealer and processor sector, which had already experienced market weakness for much of 2019, suffered from a more sustained contraction during much of 2020 due to the impacts of the

⁴⁰ National Marine Fisheries Service (2022) Fisheries Economics of the United States, 2019. U.S. Department of Commerce, NOAA Technical Memo, NMFS-F/SPO-229A, https://media.fisheries.noaa.gov/2022-07/FEUS-2019-final-v3_0.pdf

⁴¹ Ibid.

⁴² National Marine Fisheries Service (2021) Fisheries of the United States, 2019. U.S. Department of Commerce, NOAA Current Fishery Statistics No. 2019, <https://media.fisheries.noaa.gov/2021-05/FUS2019-FINAL-webready-2.3.pdf?null=>

⁴³ Ibid.

⁴⁴ Ibid.

COVID-19 pandemic. Furthermore, the U.S. seafood trade deficit grew during the pandemic, as U.S. seafood exports declined by 23% in 2020 even as imports held steady. Ongoing trade and supply chain disruptions caused by the pandemic highlight the need for the industry to modernize, diversify, and expand domestic production, processing, cold storage, and markets; address labor shortage and workforce development needs; and reassess and diversify international trade options in the face of existing constraints.

A thriving, well-regulated U.S. seafood industry capable of competing at home and abroad will translate into greater global seafood supply and increased food security from sustainable U.S. fisheries. Ensuring that sustainable U.S. fisheries and exporters remain competitive will also help decrease the global seafood supply's reliance on foreign fisheries that are at greater risk of overfishing, illegal, unreported, and unregulated (IUU) fishing, and labor abuses, including forced labor. The U.S. seafood industry has a critical role to play in enhancing public health and nutrition, creating jobs, especially in rural and underserved communities, and serving as a key part of a climate resilient food strategy. The U.S. government will advance trade policy, market access, and trade promotion to support legal and sustainable U.S. fisheries.

Trade-Related Developments at the National Oceanic and Atmospheric Administration

The National Oceanic and Atmospheric Administration's National Marine Fisheries Service (NOAA Fisheries) reorganized its international office in 2022 to become the Office of International Affairs, Trade, and Commerce (IATC), which includes a new Trade and Commerce Division. The reorganization seeks to address increasing demands related to trade and commerce policy and analysis, to implement new and expanding statutory mandates, to update information technology and analytical capabilities, and to prioritize issues such as seafood trade, seafood competitiveness, and IUU fishing.

IATC will integrate and further develop NOAA Fisheries' capacity to deter IUU fish and fish products and misrepresented seafood from entering into U.S. commerce and promote trade that supports food security and sustainable fisheries. All four NOAA Fisheries import-oriented trade-monitoring programs are now consolidated in IATC to promote functional and operational efficiencies and IT modernization. IATC intends to further develop its capacity to promote U.S. seafood exports, ensure fair market access, shape seafood trade strategies, and enhance global recognition of U.S. seafood as a sustainable choice.

NOAA Fisheries also plays a direct role in facilitating exports through certificates issued by the Seafood Inspection Program. The reorganization of IATC will also help leverage the trade-related aspects of the Seafood Inspection Program, including continuing to engage in the negotiation and issuance of export certificates and efforts to mitigate technical barriers to seafood trade imposed by other countries.

Parallel to the NES, NOAA Fisheries is developing a national strategy to support the resilience and competitiveness of the seafood industry, including both wild-capture and aquaculture products. This broader strategy will focus on how to assist the U.S. seafood industry by addressing challenges related to accelerating changes in ocean conditions due to climate change, labor shortages, and aging harvest, processing, and distribution infrastructure. A robust export strategy will build upon other seafood strategies and the core work of NOAA Fisheries and help the U.S. seafood industry thrive in domestic and international markets.

Coordinate Interagency Efforts on Seafood Trade Policy and Export Promotion

The U.S. seafood industry is diffuse and varied, with diverse interests and constituencies that could benefit from a coordinated agenda. Trade-related authorities for seafood, however, are spread across multiple agencies and bureaus, including NOAA, USDA, the U.S. Food and Drug Administration, and USTR.

These agencies will collaborate on a coordinated approach to identify targeted actions to promote seafood industry exports, engage with industry, and ensure responsible trade in support of broader goals for conservation and sustainable use of marine resources. This will include the creation of an interagency working group focused on the seafood sector to improve collaboration and efficiency in addressing seafood trade concerns and policy initiatives, to design proactive strategies to address existing barriers in support of U.S. industry, and to react quickly when new proposed barriers emerge that could impact broader trade equities or require a response through bilateral channels or World Trade Organization notifications.

Facilitate Trade Strategies and Increase Access to Foreign Markets

Agencies with authorities to conduct or support trade negotiations and facilitate trade will seek opportunities to improve market access for the U.S. seafood industry through high-level support and stronger coordination. NOAA Fisheries, USTR, USDA, and ITA will work together to identify priority market access issues and strategies to address them with relevant interagency partners.

Agencies will develop a more coordinated and systematic approach to addressing priority foreign market access barriers to seafood that will capitalize on opportunities to ensure seafood trade interests are adequately reflected in the negotiation of new trade deals and arrangements and actions are taken to monitor and enforce compliance with existing trade

agreements and facilitate trade and address technical barriers to trade. This will include seeking industry input on priority trade barriers to guide strategies. To date, U.S. seafood industry representatives have identified tariff and non-tariff barriers to U.S. exports in several markets, including Australia, Brazil, Chile, China, the EU, Japan, Peru, Russia, and Taiwan.

With the reorganization of its international office and the establishment of the Trade and Commerce Division, NOAA Fisheries will enhance efforts to provide subject matter expertise to other agencies that have specific trade negotiation and enforcement authorities to help devise strategies and action plans focused on trade barriers identified by the seafood industry. NOAA Fisheries will leverage its enhanced focus on trade and commerce priorities to help channel industry input; identify, assess, and mitigate or eliminate trade barriers that significantly disadvantage U.S. industry; prioritize such barriers through an improved interagency coordination process; and partner with ITA and USTR to advance strategies to address them in foreign government engagements and trade negotiations.

Federal agencies will also work together to facilitate trade through effective certification processes. USDA's Animal and Plant Health Inspection Service and NOAA Fisheries' Seafood Inspection Program will prioritize work together to develop an agreed-upon approach to managing requirements for animal health attestations as emerging sources of technical barriers to trade, including updating a memorandum of understanding to clarify roles and responsibilities.

NOAA Fisheries has developed a standard export health certificate to be used to negotiate in key export markets as a proactive solution to minimize the burdens of export certification on industry. This standard certificate encompasses all the internationally agreed-upon concerns of food safety and animal health in seafood trade. NOAA Fisheries intends to begin negotiations with a subset of priority countries to prove the concept and align efforts with interagency partners such as USTR, USDA, and ITA. NOAA Fisheries will also seek opportunities to promote acceptance of electronic export certificates and to expedite the process of completing and delivering export health certificates.

Conduct Trade Promotion Activities to Support the U.S. Seafood Industry

The U.S. government has ample resources available to connect the U.S. seafood industry to new markets, promote increased exports, and facilitate trade. Such resources include ITA's U.S. Commercial Service, USDA/ FAS, and State economic officers. For example, using MAP funding, USDA/FAS incentivizes the Alaska Seafood Marketing Institute, the Intertribal Agriculture Council, and SRTGs to collaborate on seafood promotions in priority markets, such as Southeast Asia.

NOAA Fisheries will play a complementary role in identifying priority markets for advancing commercial diplomacy, coordinating strategy, and connecting the U.S. seafood industry with available resources to assist in meeting their export objectives. NOAA Fisheries will engage with federal partners, including ITA's offices in coastal states and U.S. missions abroad, to actively promote the U.S. seafood industry in priority markets and to identify new export opportunities. NOAA Fisheries will also work alongside ITA, USDA/FAS, and State, including representatives in U.S. foreign missions, to assist in carrying out seafood industry export promotion events and trade missions.

Federal agencies will also explore opportunities to enhance delivery of export promotion programs to minority business enterprises, such as Tribal and small-scale fisheries or aquaculture operations in underserved coastal communities. USDA/FAS provides the Intertribal Agriculture Council with MAP promotional funding for their Tribal seafood exporting companies to participate in international trade shows and trade missions. Additional partnership will be explored, such as a NOAA Fisheries partnership with MBDA.

Improve Outreach and Communications with the Seafood Industry on Trade

NOAA Fisheries intends to design domestic and international outreach strategies to engage relevant operators such as U.S. fishers, processors, distributors, freight forwarders, and seafood dealers. The domestic outreach strategy will ensure that U.S. seafood industry stakeholders are aware of business opportunities, export and import requirements in foreign markets, and existing avenues to highlight and address trade barriers, including ITA's Office of Trade Agreements Negotiation and Compliance. The international outreach strategy would focus on importers of U.S. seafood products to facilitate trade flows and reduce administrative and logistical burdens.

Longer-term, more established mechanisms to consult with the U.S. seafood industry could unlock other opportunities to improve marketing in support of broader trade and commerce objectives. For example, agencies could engage with industry on strategies to market U.S. seafood, with a goal to increase foreign demand for U.S. seafood products, recognize U.S. fisheries and aquaculture as the "gold standard" in resource management, and enhance global confidence in U.S. seafood as legal, safe, high-quality, and sustainable.