

## **Testimony of Leann Bosarge**

### **Before the US Senate Committee on Commerce, Science, and Transportation of the U.S. Senate Chairman Wicker**

#### **Hearing on “Building a Stronger and More Resilient Seafood Sector”**

July 29, 2020

Mister Chairman and Members of the Committee, my name is Leann Bosarge, and I'd first like to thank you for inviting me to speak before you today. As a brief background on myself, I hail from a long line of commercial fishermen, who over the years have harvested everything from butterfish and red snapper to oysters, crabs and shrimp. I grew up working at our family business, Bosarge Boats, which owns and operates a fleet of trawl vessels, i.e. shrimp boats, which fish the waters of both the Gulf of Mexico and the South Atlantic. I was the first member of my family to earn a college degree – of course working at the family business all the while. After college, I carried out my mother's wishes to at least try another industry, I spent a few years working for a publicly traded financial institution, before returning to my true love - the commercial fishing industry and the family business. In 2013, I was appointed to the Gulf of Mexico Fishery Management Council and was honored to be elected and serve as Chairman of the Council from 2016 to 2018. I'm currently in my third term on the Council as a voting member, and I am honored to have had the opportunity to share in shaping the future of our fisheries and ensuring their long term, science-based sustainability.

#### **Gulf perspective on the short and long-term impacts of COVID-19 on the seafood industry**

There is not an industry in this country that has been unscathed by COVID-19, but I feel it important to first acknowledge those who have lost loved ones as they have endured the greatest sacrifice.

The COVID-19 pandemic has resulted in a wide range of adverse socio-economic impacts on the Gulf of Mexico seafood industry. These impacts are still unfolding and include significant decreases in ex-vessel landings, employment losses, disruptions to the supply chains of seafood products, price decreases and sizeable reductions in revenues across all nodes of the supply chains for most seafood species landed in Gulf of Mexico.

As restaurants continued to close, orders of seafood products began to decrease and in some cases disappear. In turn, the depressed demand for seafood products by restaurants has led seafood dealers to drastically reduce or temporarily suspend orders from commercial fishermen. In reaction to the reductions in orders from dealers, commercial fishermen had to adjust their operations downward. These adjustments continue to include decreases in the number of commercial fishing trips taken, drops in the quantity of fish harvested per trip and reductions to

the number of crew members taken out on a given fishing trip. This sequence of events continues to adversely impact employment prospects throughout our supply chains.

In the following sections, I will briefly discuss the impacts of the COVID-19 pandemic on the commercial finfish and shrimp sectors, with a particular emphasis on changes in ex-vessel landings and revenues. The detrimental effects on the seafood industry are still unfolding, due to the continuing evolution of this pandemic. In the Gulf of Mexico, the National Marine Fisheries Service (NMFS) through its South East Regional Office (SERO) and South East Fisheries Science Center (SEFSC) are designing or conducting studies to evaluate these effects. At a state level, through their state fisheries departments or sea grant and extension services, the five constituting states are developing or are conducting ongoing surveys to assess the impacts of the pandemic on their respective state fisheries sectors. Therefore, examples and data included in my testimony rely on regional and Gulf-wide data from NMFS or state-specific data, depending on availability.

For finfish fisheries, there is a general downward trend in ex-vessel landings associated with economic losses borne by commercial fishermen due to decreases in ex-vessel revenues. Compared to the first half of 2019, ex-vessel revenues from finfish for the first 6 months of 2020 have decreased by 23% in the Southeast region, which includes the South Atlantic and Gulf of Mexico.

Examples of individual Gulf of Mexico reef fish species with noteworthy reductions in ex-vessel landings and revenues during the same time interval include greater amberjack and yellowtail snapper. For greater amberjack and yellowtail snapper, ex-vessel landings decreased by 46% and 51%, respectively. Associated decreases in greater amberjack and yellowtail snapper ex-vessel revenues were 42% and 55%, respectively.

Preliminary data from a University of Florida and Florida Sea Grant survey of about 300 commercial fishermen provide an example of the devastating impacts of the COVID-19 pandemic on commercial fisheries at the state level. Survey respondents reported a 74% average revenue loss due to the pandemic. Subsets of respondents including reef fish or coastal migratory pelagic fishermen reported average losses in revenues of 76% and 72%, respectively. In an accompanying survey, Florida seafood wholesale dealers report, on average, 70% revenue losses due to COVID-19.

A survey administered by the Louisiana State University Agricultural Center, Louisiana Sea Grant, and Department of Wildlife and Fisheries illustrates revenue losses and reductions in employment borne by seafood dock owners and dealers in Louisiana. Preliminary survey results indicate a 51% average decrease in revenues among respondents during the first quarter of 2020 compared to the first quarter of last year. Survey respondents also reported a loss of all foreign personnel and a 55% average decrease in full time employment. Losses in employment were somewhat mitigated as dealers and dock operators converted some of the laid off full time workforce to part-time.

In the University of Florida and Florida Sea Grant survey I mentioned earlier, survey respondents who are commercial shrimp fishermen reported 63% average revenue losses due to

the COVID-19 pandemic. According to the Southern Shrimp Alliance (SSA), a shrimp industry organization, aggregate shrimp landings in the Gulf of Mexico during the first six months of 2020 were the lowest ever recorded in the Gulf of Mexico. The SSA further indicates that Gulf shrimp landings during the first half of 2020 were about 38% lower than the previous 18-year average for landings.

In addition to these effects, because commercial fishermen and dealers can no longer primarily rely on orders from restaurants and institutional clients such as corporate clients, large venues, event organizers, and universities, the traditional repartition of seafood consumption between seafood consumed away from home and seafood bought at retail outlets for in-house consumption has been upended. According to the *Washington Post* (Laura Reiley, April 8, 2020), US consumers spend approximately twice as much on seafood consumed away from home relative to seafood bought in grocery and retail stores for in-house consumption. The proportions of seafood consumed away from home and seafood products bought at retail for in-home consumption are approximately 70% and 30%, respectively. In a July 20, 2020 article, *Seafood News*, a seafood trade magazine, notes that with the advent of the COVID-19 pandemic, the percentage of seafood products consumed at home has increased by as much as 20%. The persistence of such a trend could result in seafood consumed at home representing as much as 65% of the total seafood consumption. The increase in the relative importance of in-house seafood consumption may offer future opportunities to develop retail markets. However, the development of reliable and profitable market relationships with retailers is not without challenges for commercial fishermen. While commercial fishermen primarily concentrated on supplying seafood to restauranteurs, retail chains heavily relied on imported seafood to satisfy their customer demand. Therefore, domestic commercial fishermen would have to compete with cheaper imported product to further develop relationships with the retail sector.

### **CARES Act**

On May 7, 2020, the Secretary of Commerce announced the allocation of \$300 million in fisheries assistance funding provided by Sec. 12005 of the Coronavirus Aid, Relief, and Economic Security Act, also called the CARES Act, to states, Tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID-19.

The purpose of the CARES Act allocation is to provide timely financial relief to commercial fishermen, seafood wholesale dealers, charter fishing businesses, and marine aquaculture businesses that have suffered financial losses as a result of the COVID-19 pandemic. While this financial relief is much needed in the Gulf of Mexico, to date no funds have been made available to the affected industry participants. It is anticipated most state spend plans will be drafted by the states by mid-July. Those plans will then be reviewed and approved by NOAA before money is distributed to those impacted. On behalf of the Gulf of Mexico Fishery Management Council, I would like to encourage an expedited effort to make these funds directly available to the intended recipients to mitigate financial losses and prevent further harm to Gulf of Mexico fisherman.

Under this Act, NOAA Fisheries has allocated \$28M in support of Gulf of Mexico Fisheries to the Gulf States Marine Fisheries Commission. An additional \$23M has been allocated to Florida

(both east and west coasts) through the Atlantic States Marine Fisheries Commission. The Gulf of Mexico Fishery Management Council looks forward to the positive impacts resulting from the CARES Act but is not directly involved in the administration of funds or programmatic activities.

The Gulf States Marine Fisheries Commission is working with Texas, Louisiana, Mississippi and Alabama to develop spend plans on how the allocated funds [Louisiana (\$14,785,244), Texas (\$9,237,949), Alabama (\$3,299,821) and Mississippi (\$1,534,388)] will be distributed to qualified fishery participants. As noted above, Florida has been allocated \$23,471,286 through the Atlantic States Marine Fisheries Commission. Please note that the final allocations are slightly less due to administrative costs for NOAA Fisheries and the Commission. I am also grateful for the foresight of leaders in capping the administrative fee percentages which could be deducted from these funds, thereby ensuring that a greater portion of the funds will end up in the hands of the fishermen affected by the pandemic.

### **Priorities for Future Legislative or Administrative Action**

The strength of our U.S. domestic fisheries lies in management that is based on science. In the Gulf of Mexico, many of our fisheries are currently harvested at the maximum sustainable amount allowed by the biological science. Legally mandated catch limits protect the health of our stocks today and also ensure that our fishermen's livelihoods and our nation's seafood supply are sustainable into the future. One of the most important priorities for the future of domestic commercial seafood is to diversify our supply chain and expand our target markets. The need for diversifying our supply chain has been laid bare this year as the seafood industry has been heavily impacted from the closures due to COVID-19 described above. Promoting commercial fishing and increasing the demand for our domestic product will increase American jobs, both primary and secondary jobs, strengthen the American economy via the increased revenues, and add to our Gross Domestic Product (GDP). Over the last 10 years, the value of seafood imported into the United States has increased by \$7.3 billion,<sup>1</sup> reflecting growing demand for seafood in this country. Meeting this increased American demand with domestically produced seafood, as opposed to imported seafood, will create lasting gains for commercial fishing in this country and ensure our national food security.

The following are some ideas for future legislative or administrative action that will strengthen the domestic commercial fishing industry as well as our national economy. The Gulf Council brainstormed and formulated a list of ideas at its last meeting in the context of recommending actions to promote American seafood competitiveness and economic growth, in response to Executive Order 13921. The Gulf Council will continue to discuss these and other ideas in greater detail and will formalize its recommended proposals at a future Council meeting. Many of these ideas were on the initial list formulated by the Gulf Council, but the further fleshing out of these ideas below is specific to the commercial industry and does not necessarily reflect the Gulf Council, which has not had an opportunity to contribute its thoughts to today's hearing.

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<sup>1</sup> U.S. International Trade Commission's *Dataweb* for the value of merchandise exported under Chapter 3 of the Harmonized Tariff Schedule of the United States as well as under HTSUS codes 1603, 1604, and 1605.

## Increased Testing of Imported Seafood

Testing of imported seafood should be increased to ensure that FDA standards are met and that imports do not contain prohibited chemical substances, such as banned antibiotics, which is prevalent in imported seafood species, especially shrimp. These substances are added to enhance yield and to produce the product more cheaply, but can cause health concerns and often displace domestic seafood products in restaurants and grocery stores. In fiscal year 2015, the U.S. Food and Drug Administration tested just 0.1% of seafood entry lines for the presence of veterinary drug residues.<sup>2</sup> In contrast, the European Union (EU) requires that 50% of all shipments of farmed seafood from India be tested for veterinary drug residues prior to being allowed into the EU market.<sup>3</sup> Worse, as the EU has increased its testing to prevent access of contaminated shrimp to its markets, the EU's efforts to protect European consumers have led to the diversion of these tainted exports to the U.S. market, which lacks the more stringent testing. Increasing the testing of imported seafood would therefore improve the quality of imported seafood and ensure that our domestic fishermen are competing on a fair playing field by rejecting contaminated product. Therefore, I humbly request that Congress consider prioritizing funds towards increased testing of imported seafood.

## Country of Origin Labeling for Seafood on Restaurant Menus Nationwide

The closures due to COVID-19 revealed that a significant amount of our domestic seafood is consumed in restaurants rather than purchased at grocery stores to be prepared at home.<sup>4</sup> Although labeling the country of origin for seafood imports is required in grocery stores, it is not generally required in restaurants.<sup>5</sup> As consumers have become more conscientious about the source of their food, demand has increased for domestic wild caught seafood. Unfortunately, consumers have no way of knowing the source (i.e., country of origin) of what they are served at a restaurant. It's time to establish a nationwide policy for restaurants to inform consumers on the origin of seafood menu items so American consumers can make informed decisions on their seafood choices, the majority of which occur in restaurants. Given we are in the throws of a pandemic, maybe this effort could begin initially with a tax incentive, i.e. stimulus, for restaurants willing to place country of origin labeling for seafood on their menus. In this way, both the restaurant industry and the domestic commercial seafood industry gain. At the point in time when this temporary stimulus effort is set to expire, an evaluation can be made of the

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<sup>2</sup> See U.S. Government Accountability Office, *Imported Seafood Safety: FDA and USDA Could Strengthen Efforts to Prevent Unsafe Drug Residues*, GAO-17-443 (Sept. 2017) at 19.

<sup>3</sup> See Commission Implementing Decision 2016/1774 of 4 October 2016.

<sup>4</sup> "Americans spend more than twice as much on seafood in restaurants as they do at home." Laura Reiley, *Commercial Fishing Industry in Free Fall as Restaurants Close, Consumers Hunker Down and Vessels Tie Up*, Washington Post (Apr. 8, 2020), available at: <https://www.washingtonpost.com/business/2020/04/08/commercial-fishing-coronavirus/>

<sup>5</sup> Because of a loophole in the agency's administration of the law, sea food markets do not have to comply with the U.S. Department of Agriculture's Country of Origin Labeling (COOL) requirements for sea food unless that market purchases more than \$230,000 worth of fresh or frozen agricultural produce in a calendar year. This means that labeling rules only really apply in grocery stores. As the USDA explains on its website "Retail firms such as fish markets and butcher shops, as well as small stores that do not sale the threshold amount of fresh produce, are exempt from country of origin labeling requirements." See USDA, *Country of Origin Labeling (COOL) Frequently Asked Questions*, available at: <https://www.ams.usda.gov/rules-regulations/cool/questions-answers-consumers>

willingness of restaurants to engage in this type of reporting for consumers. If it seems the country of origin labeling was in fact palatable to the restaurant industry, then maybe legislation requiring it across the board would not be burdensome at that future date.

### Establishing the Infrastructure for a Nationwide Online Seafood Marketplace

Consumers have become more conscientious about the quality and source of their seafood, creating an opportunity to promote the diversification of the supply chain and expansion of target markets by connecting consumers to fishermen and fish houses. With agency assistance, infrastructure could be established for an online platform to help the industry better market its product and to facilitate access for consumers nationwide. Such a direct sea-to-consumer platform would also strengthen the domestic seafood supply chain. The Seafood Trade Task Force created by the recent Executive Order 1392 would serve as an excellent starting point for such a project, and I hope the scope and mission of that group will be expanded to allow them the freedom to pursue this and other endeavors which may strengthen the resilience of our domestic seafood industry.

### Put Domestic Seafood on Public School Lunch Menus and Prohibit Imported Seafood on Public School Lunch Menus

Our domestic seafood target market should be diversified to include public school lunch menus, in a real and meaningful way, across the country. It is shameful that our children are not receiving ample seafood in school. What children eat is important, and they should eat balanced diets at school – which includes seafood as a protein option. The quality and healthiness of our school lunches lags behind consumers' broader movement towards healthy food choices, which could be addressed by providing a healthy, low-fat protein source. Add to this the fact that domestic wild-caught seafood is naturally fortified with vitamins and minerals that are essential for children's growth and development, both physical and mental. And yet, even the cheapest of seafood options cannot be found on the lunch menu in most of our public schools. In addition to promoting our children and grandchildren's health, it will also promote food security for the future by the creation of a long-term, stable demand source for domestic seafood.

### Support of Young Fishermen Development Programs

For many years, commercial fishing has been a generational pursuit, with the children of fishermen often following in their parents' footsteps. However, for some time, the average age of participants in U.S. domestic fisheries has been increasing while labor recruitment into domestic fisheries has been waning, termed "the graying of the fleet" in commercial fisheries. This has led to labor issues in supplying domestic seafood to the U.S. marketplace. We need to let our young people know that commercial fishing is a viable profession and add this career path to vocational training programs. In pursuit of this, Young Fishermen Development Programs are being established around the country. I'm proud to say the Gulf of Mexico has recently populated such a group and is already getting to work fleshing out what its program will look like. These Young Fishermen Development Programs will be paramount; they will be the ones putting in the long hours on the ground with our young people and educators to put these plans into action. To achieve long-term viability for the industry, the professionalization of the

industry requires support and appropriations. For example, a Bill referred to this Committee last year, the Young Fishermen's Development Act,<sup>6</sup> would provide grants to support new and established local and regional training programs for young fishermen. Such programs would provide vocational training for our young people in the U.S and include fisheries as a desirable career path.

### Rewriting of USCG Safety Requirements – Making Them Region Specific

The United States Coast Guard Alternative Safety Compliance Program for Commercial Fishing Vessels began with the best of intentions, however, its one-size-fits-all approach to safety for commercial fishing vessels across the nation has led to protocols which many times do not address the true nature of the safety concerns in a particular region. In the Gulf of Mexico, it is not vessels sinking which cause the bulk of our fatalities. Therefore a program, like the Alternative Safety Compliance Program, which is aimed at ensuring the utmost structural integrity of the vessel to prevent sinking, is not what is needed to save lives in the Gulf region. The main driver of fatalities in the Gulf of Mexico is individual instances of one crew member falling overboard. Due to the relatively small crew size on Gulf vessels (usually 1-4 crew on board); an individual falling overboard often goes unseen, leading to a considerable amount of time passing before the search begins. If the intent is really to save lives of commercial fishermen, the current Alternative Safety Compliance Program should be repealed and replaced by a program with a regional approach tailored to addressing the drivers of fatality in each region. In the Gulf of Mexico, such a regional program could go a long way to reducing fatalities, i.e. improving safety at sea, by focusing on life jackets that crew will realistically wear while working, swimming skills and emergency shut offs for the winch – rather than costly standards for the physical integrity of vessel. Regional working groups, which allow and encourage substantial participation by commercial fishermen, should be formed with the mission of rewriting the USCG Alternative Safety Compliance Program for Commercial Fishing Vessels in order to address the drivers of fatalities unique to each region in an attempt to earnestly save the lives of those we love.

### Reduce the hypoxic zone (dead zone) in the Gulf of Mexico

Hypoxia, or oxygen depletion, is an environmental phenomenon where the concentration of dissolved oxygen in the water column decreases to a level that can no longer support living aquatic organisms. The formation of hypoxic zones may be rapid but once formed may persist for months or longer. For marine organisms this may result in movement from the affected area, reduced growth rates, or large-scale mortality events (e.g., fish kills) that impairs sustainable fisheries and reduces primary production and health of marine ecosystems. Hypoxia can occur naturally or result from human activities and hypoxic zones are becoming more common worldwide. The Gulf of Mexico hypoxic zone is the largest human caused dead zone in the United States and the second largest in the world. The maximum extent of this dead zone encompassed 8,500 square miles in 2002 and has averaged 5,300 square miles over the last 30 years. The primary cause is the discharge of nutrient enriched freshwater from the Mississippi River from approximately 41% of the land area of the contiguous United States, ranging as far

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<sup>6</sup> <https://www.congress.gov/bill/116th-congress/senate-bill/496>

west as Idaho, north to Canada, and east into New York State. These nutrient enriched waters of the Mississippi River flow directly into the northern Gulf of Mexico.

Nutrient concentrations of nitrogen and phosphorous in the Mississippi River discharge have increased dramatically in recent decades and are caused primarily by the increased use of fertilizer to support agricultural activities. In the northern Gulf of Mexico, this nutrient enrichment leads to phytoplankton blooms and eventually hypoxic zones as the decomposing marine life depletes the available oxygen. This reoccurring dead zone in the Gulf of Mexico negatively affects marine ecosystems and the fisherman that depend upon the living resources in this area for their livelihood and as a source of recreation and food production for the nation. Meaningful action to reduce both point and non-point nutrient inflows into the Gulf of Mexico is necessary to promote conservation and sustained benefits of this region to the nation in terms of economic activities, continuance of traditional fishing engagement, and as an important food source for the nation.

Here again, I realize that farmers have felt the detrimental economic impacts from Covid-19 just as fishermen have. Regulations requiring large scale action by farmers to reduce runoff would exacerbate the current economic strain in the agricultural industry. Therefore, a carrot would be much better served than a stick. Here again is an opportunity to provide a possible (temporary) tax incentive, i.e. stimulus, to farmers who can show investment in capital expenditure projects which have a reasonable expectation of resulting in reduced nutrient rich runoff. This creates a win-win for both farmers and fishermen. I truly believe that if we can ever get the ball rolling in a meaningful way, we will begin to turn the tide on nutrient runoff and create even greater sustainability for both our farmers and our fishermen.

#### No Further Areas Closed to Commercial Fishing Outside the Purview of the Magnuson-Stevens Fishery Conservation and Management Act

Around the nation, commercial fishermen have lost access to many areas that they have traditionally fished. Reducing the fishing grounds accessible to our fishermen through area closures which occur outside the Regional Fishery Management Process is an impediment that creates an undue burden on domestic seafood production. Yet, whether the intended benefits of these area closures are met often remains unclear years after the closures are established. In my opinion, any closure of federal waters to fishing (or regulations which have the same effect as fishing closures, such as prohibitions on the use of specific fishing gear types in an area or rules regarding transit of these areas) should take place through the rigorous scientific process carried out under the purview of the Regional Fishery Management Councils and the Magnuson-Stevens Fishery Conservation and Management Act, as opposed to the National Marine Sanctuaries Act or the Antiquities Act. This would ensure that due consideration of affected fisheries be given in evaluating if those fisheries can be sustainably harvested and managed in a manner that does not compromise the broader objectives of the spatially protected area.