



Atlantic Surfclam and Ocean Quahog Fishery Performance Report

July 2020

The Mid-Atlantic Fishery Management Council's (Council) Atlantic Surfclam and Ocean Quahog (SCOQ) Advisory Panel (AP) met via webinar on July 8, 2020 to review the Fishery Information Documents and develop the following Fishery Performance Report. The primary purpose of this report is to contextualize catch histories for the Scientific and Statistical Committee (SSC) and Council by providing information about fishing effort, market trends, environmental changes, and other factors. A series of trigger questions listed below were posed to the AP to generate discussion of observations in these fisheries. Please note: Advisor comments described below are not necessarily consensus or majority statements; in those cases, the differences in opinions are noted.

Advisory Panel members present: Thomas Alspach, Thomas Dameron, Michael Ferrigno, Peter Himchak, Samuel Martin, Jeff Pike, and David Wallace. (did not attend: David Belanger, Howard King, and Ken McDermott)

Others present: Jessica Coakley and José Montañez (Council staff), Doug Potts (GARFO), Peter DeFur and Peter Hughes (Council members), Doug Copeland (Atlantic Shores Offshore Wind), and Ron Larsen (Sea Risk Solutions LLC).

Trigger questions:

1. What factors have influenced recent catch (markets/economy, environment, regulations, other factors)?
2. Are the current fishery regulations appropriate? How could they be improved?
3. What would you recommend as research priorities?
4. What else is important for the Council to know?

Critical Issues (not in any priority order)

COVID-19: Sales to restaurants (foodservice) was very low year-on-year for the months of March, April, May, and June; with the expectation that the effects of this may be ongoing and/or longer lasting. Seventy-five (75) percent of all seafood is sold in restaurants in the U.S. Because of the pandemic landings and sales have been reduced. All processors are continuing to operate to protect jobs within their organizations, causing inventories to rise dramatically. Inventory is being built without additional sales. This causes additional storage costs as well as other expenses, which cannot continue in perpetuity without increased demand and sales. If this continues, it may result in lower/reduced landings. When and if retail starts opening back up this will help relieve some of these added expenses.

Research: It is important that the Council continue to support any research projects that would support increasing harvest opportunities within the Great South Channel Habitat Management Area.

Offshore Development: The development of wind energy has become a critical issue for our industry which is further addressed later in this report.

Quotas

The advisors would like to see status quo quotas for the upcoming fishing years. The stability in the quota translates into stability in the fishery and market under normal circumstances (which do not include pandemics). There is uncertainty in the market in 2020 under COVID-19. The peer review committee that did the surfclam 2020 assessment agreed that it was well done and surfclams are not overfished and overfishing is not occurring. The industry is of the opinion that the Council's Scientific and Statistical Committee (SSC) will agree with the peer reviewers since two of the members are SSC members. The surfclam assessment will not be reviewed by NEFSC for at least four years. Therefore, the surfclam assessment will be used for the next four years, with an annual review. The ocean quahog population was not assessed because the NEFSC decided that the previous assessment was still relevant for the next six years [Staff: A management track assessment was provided by the NEFSC in 2020].

Market/Economic Conditions

For surfclams and ocean quahogs, there are occasional landings in Ocean City, MD. It used to be significant but is no longer. Cape May and Wildwood, NJ are no longer significant. Most of the fleet is fishing out of Pt. Pleasant and Atlantic City, NJ, Oceanview, NY, Hyannis, MA (surfclams only), and New Bedford and Fairhaven, MA. Trucking costs and the distance needed to travel to harvest clams has put greater economy on scale and location. Fuel prices declined and stabilized in recent years giving some relief to industry participants. Fuel prices continue to be stable.

Increasing foreign imports and foreign competition puts a constraint on price, and the price cannot be increased to absorb all the additional costs and still be competitive in the marketplace. Clearwater is operating under a different group of regulations in Canada; they entered into an agreement with indigenous tribes which entitles them to catch 100% of their Canadian fishery Arctic clam quota (30,000 mt). As a result, their excess chopped clam product is being sold in U.S. markets, as a high-quality product at a lower price. This is exerting additional pressure on the marketplace. The limit in demand for clams in the market is driven by many market factors including foreign seafood competition, other products in the marketplace (e.g. chicken, etc.), shifting toward healthier market products (e.g. clam sushi, etc. versus a fried or cream-based product), and competition with other ingredients, as clams typically are not a center of the plate product. There are also some complicating factors related to U.S. relationships with China and the EU in terms of marketing and sales, including trade tariffs.

In terms of positive marketing developments, one processor (LaMonica Fine Foods) has developed a line of canned products for the retail market with a fall 2020 roll out date. All

processors are looking into ways to adjust to current market conditions with ready-to-eat product lines as the fresh retail and restaurant sales have declined.

COVID-19 dominates issues related to the market and economic conditions. It is unclear how and when this will impact or change the markets going forward.

Environmental Conditions

Many species (including surfclams and ocean quahogs) are moving northward and into deeper waters. This movement is temperature driven. Historically, about half the quota for quahogs used to be taken in the Southern area. Surfclams are increasing in these Southern areas, possibly because of the faster growth rates for surfclams settling when compared to quahogs. The natural shift in the stock distribution northwards has driven the movement of the fishery. For more details, see the Surfclam Fishery Information Document.

General Fishing Trends

The landings per unit effort (LPUE) is not indicative of stock abundance because it only reflects the fishing occurring in a few ten-minute squares (see Fishery Information Documents). The LPUE has leveled off in recent years. The LPUE continues to be higher on Georges Bank and there are 6 permitted vessels (4 currently fishing) in the open portion of the Georges Banks closed area. Vessels previously fishing in areas that are now closed on Nantucket Shoals (which tend to be smaller vessels) have to travel greater distances to land surfclams resulting in both increased expenses and decreased income.

Fleet Capacity

One new vessel replacement has occurred for a medium size vessel working out of Atlantic City, NJ. Fleet capacity continues to stay static. The overall quotas are not being harvested. The driving factors are from the marketplace and not an inability to catch the quota. The processors are unable to demand the prices at which the products are sold, because the vendors essentially dictate the prices to the processors. This has limited the amount of capitalization that can be done in this fishery. The fleet continues to age, and there have been limited new builds, which has resulted in increased maintenance time spent to refurbish vessels.

Optimum Yield (OY)

The industry was comfortable with a maximum OY of 3.4 million bushels for surfclams in terms of production. For ocean quahogs a maximum OY of 6 million bushels is reasonable in terms of production. Landings for quahogs have been below the OY range because of demand for quahogs.

Offshore Development

The clam advisors are concerned about the BOEM wind farm leasing process and potential impacts to historically important fishing areas. The industry's opportunities to engage with developers on wind array siting relative to the most productive clam fishing beds has not been

productive. This resistance in cooperation lends to the notion that the clam fishery and the ocean wind developers cannot coexist as the developers have made no attempt to give the clam industry any consideration in their layout of their arrays and the spacing between the turbines which will make it unsafe for clam vessels to work within wind farms. Siting is critical in terms of ensuring reasonable fishing access. It has been the experience of the clam industry that any communications by BOEM or wind energy developers is purely perfunctory and true mitigation efforts will not be made.

In the New England and Mid-Atlantic region, offshore wind development is out of control. The industry feels that no matter how hard you try to engage with developers on these issues, you are having no effect or influence. The spatial and operation requirements of the fishery (considering things like weather, tides, safety, etc.) need to be accounted for to ensure access to the wind arrays, but at present that is not happening. These arrays become de-facto Marine Protected Areas and the Councils and industry have nothing to say about how the fishing grounds are managed within the arrays. Unlike finfish, clams do not move, so once the vessels cannot fish in an area those resources are lost to the fishery and the value it brings to the economy. These areas are also likely to be lost to survey data further impacting the biomass estimates of the fishery.

The Council needs to consider the biological impacts on the fishery itself, and other cumulative environmental effects that may occur. These should include things like productivity of the resource, larval displacement, scour and sediment suspension, hydrographic changes, and effects of sounds and other pressures on the zooplankton community (which includes food for clams). In addition, in water structures from offshore wind or other types of closures (e.g. Great South Channel Habitat Management Area) will result in vessels having to travel further and having a larger carbon footprint.

Science and Research Initiatives

Industry continues to do research with the Science Center for Marine Fisheries (SCeMFis), an industry, university, and National Science Foundation (NSF) supported research center and that has several completed, ongoing and recently funded research projects: <http://scemfis.org>

There is an ongoing BOEM funded project led by Rutgers University to identify economic impacts of wind energy development on the surfclam industry.

There is an ongoing RODA Knowledge Trust project (funded by NYSERDA) for surfclams and ocean quahogs (as well as some other fisheries) designed to identify economic exposures of lost access for harvesters, processor and shoreside facilities of as a result of future build out of wind energy lease sites.

Research Priorities

The AP feels that MAFMC start to consider how the fisheries independent surveys will take place within wind energy arrays once constructed.