Atlantic Surfclam and Ocean Quahog Fishery Performance Report

April 2022

The Mid-Atlantic Fishery Management Council's (Council) Atlantic Surfclam and Ocean Quahog (SCOQ) Advisory Panel (AP) met via webinar on April 19, 2022, 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 Dameron, Peter deFur, Peter Himchak, David O'Neill, Samuel Martin, Jeffrey Pike, Monte Rome, Guy Simmons, and David Wallace.

Others present: Jessica Coakley and José Montañez (Council staff), Doug Potts (GARFO), Peter Hughes (Council member), Wendy Gabriel and Ed Houde (SSC Members), and Emily Roberts, Peter Kendall, and K. Whitmore.

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)

Regulations for shellfish safety ("model ordinance regs.") have been updated by the FDA. However, NOAA Fisheries has not addressed these FDA changes on Georges Bank, which has hampered the ability of the clam fishing industry to access some fishing areas unnecessarily. NOAA Fisheries/GARFO has not yet coordinated with the FDA and acted to modify these unnecessary shellfish safety area closures in a timely manner. The AP requests the Council send a letter to NOAA Fisheries and the appropriate public heath safety groups (in NOAA and FDA) to prioritize addressing this issue.

COVID-19: Sales to restaurants (foodservice) was very low year-on-year for 2020 and in 2021, with the expectation that the effects of this may be ongoing and/or longer lasting. The clam industry has seen a ramp up in the food service industry demand, so they don't see COVID as a huge issue in 2022 in this sector of the industry. The demand is high but there are limitations in terms of the amount of product available (i.e., able to sell more than can be produced). Industry anticipates that as if inventories grow, they would be able to sell the addition product. The clam industry does not have an excess of inventory right now.

Research: It is important that the Mid-Atlantic Council, and their representatives on the Habitat Committee and Habitat Plan Development Team (PDT), continue to support any research projects that would increase harvest opportunities within the Great South Channel Habitat Management Area (GSCHMA). The lack of access in this area is a challenge for the industry and has negatively impacted catch rates. The advisors would like to see the Councils continue to work on this issue. Industry members are frustrated with their lack of ability to work through the Exempted Fishing Permit program. The time components of the access areas (seasonal restrictions for cod) should be revisited. The SCOQ AP recognizes that the Councils have taken initial steps in this discussion, but this continues to be an issue and the industry does not feel it is being addressed. The AP requests that the MAFMC make this issue a priority under their responsibilities to the SCOQ Fishery Management Plan. The AP also recommends that the MAFMC follow up with NEFMC to conduct a cross Council workshop to, 1) review the management process in the GSCHMA, 2) better understand what research is being conducted in the area, 3) describe the process for ongoing management of these areas (as things change related to climate), and 4) develop a common understanding what this means for the process of managing these clam access areas in the GSCHMA. It is unclear what is essential in these areas and what data might be needed to address modifications to these clam access/HMA areas going forward. One of the areas that is presently allowed to be fished by clam vessels in the GSCHMA is called the Fishing Rip. This area, although open to fishing, is not a viable location due to the how hard the bottom structure is with boulders; it destroys gear. This highlights the critical nature of collecting and analyzing accurate data to identify effective areas for clam vessels to harvest surfclam.

In terms of MSA reauthorization, stronger requirements to review the EFH designations and any associated management measures (e.g., gear restricted areas, habitat closures) should be included in the statute to ensure these provisions are more responsive to the climate-related changes to the quality of the fish habitat, as well as changing conditions in the clam fisheries and other fisheries the Council manages.

Research should support a structure of ongoing Essential Fish Habitat (EFH)/HMA review that is responsive to new data collection, regardless of the source, and climate-driven species distributional changes. The development of a question driven process to periodically review EFH/HMA status is needed and is not presently in place.

Access to Fishing Grounds: The development of wind energy and aquaculture areas, protected marine areas and historic monuments, and other offshore ocean uses have become an even more critical issue for our industry. All these activities have the potential to reduce safe access to historically used fishing ground resulting in a greater concentration of fishing effort in smaller areas. There is a tremendous amount of overlap between the wind leases areas, wind call areas, and the current and potential future surfclam fishing grounds. This also has the potential to impact fishery independent survey operations.

Other Important Issues

The SCOQ AP would like to request that surfclam and ocean quahog AP members have two seats on Fishery Management Act Teams (FMATs) for issues related to these fisheries.

Quotas

The advisors would like to see status quo quotas and the suspension of the surfclam minimum size limit for the upcoming fishing years. Surfclam are not overfished and overfishing is not occurring (in 2019).

Market/Economic Conditions

For surfclam and ocean quahog, there used to be occasional landings in Ocean City, MD, but with fuel prices and trucking issues they are not occurring anymore. 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, and New Bedford and Fairhaven, MA. Hyannis, MA (surfclam only) landings have been recently reduced over the last few months. Cape Charles, VA is a revived port of landings targeting surclams off the Virginia coast. Trucking costs and the distance needed to travel to harvest clams has put greater economy on scale and location.

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 (clam company in Canada) has been sold to a new syndicate, so it has gone from a public to private entity – they are selling their product in the U.S. and it is competing with domestic product. This is exerting additional pressure on the marketplace. The limits to 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/Europe in terms of marketing and sales, including trade tariffs. Massachusetts and Washington State clam landings can export now to certain European markets if on the FDA register – as other states are added, federal clams landed in those states could also export to Europe. Exports for surfclam will be limited because there are not enough surfclam to meet domestic demand.

COVID-19 dominated issues related to the market and economic conditions. It is unclear how and when this will change the markets going forward. Processors looked into ways to adjust to current market conditions with ready-to-eat product lines as the fresh retail and restaurant sales declined; although processors are expecting increases in going forward.

Because of COVID, LaMonica Fine Foods created an online retail store to sell directly to consumers.

In 2021 and the start of 2022 the Bumble Bee Seafoods clam processing factory in Cape May experienced continued demand resulting from the COVID pandemic. Volume increased due to Shelter In Place orders, and new consumers purchased canned clams to try recipes at home. However, many retailer shelves are now empty and customer orders are being cut due to an overall shortage of raw material (ocean quahogs) for the plant to process due to several factors, including weather, unavailability of vessels to harvest the clams and crew shortages. Clam supply is improving slowly but at much higher cost driven by rising fuel prices. The supply shortages have also made it difficult to retain talented employees critical to the supply. Steeply rising cost coupled with supply shortages will continue to make 2022 a very challenging year.

Environmental Conditions

Many species (including surfclam and ocean quahog) are moving northward and into deeper waters. This movement is temperature driven. Historically, about half the quota for quahog used to be taken in the Southern area. Surfclam are increasing in these Southern areas, possibly because of the faster growth rates for surfclam settling when compared to quahog. 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 4 permitted vessels in the open portion of the Georges Banks closed area. Vessels fishing in Nantucket Shoals (which tend to be smaller vessels) are operating on seasonal closures - and must fish in other areas when access is not available.

Fleet Capacity

Fleet capacity continues to stay static. The overall quotas are not being harvested. The driving factors are not from the marketplace. The issues are related to an inability to catch the quota to meet demand. While some processors indicated they are unable to demand the prices at which the products are sold because of contractual agreements, because the vendors essentially dictate the prices to the processors, other have indicated that in the current high demand environments that consumers/purchasers are willing to pay more for the product and are negotiable. Fishing restrictions and regulations have 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 (maximum quota) of 3.4 million bushels for surfclam in terms of production. For ocean quahog a maximum OY of 6 million bushels is reasonable in terms of production. Considerations for optimum yield should be a priority. The industry/management should try to achieve those levels of production; regulations/closures such as Nantucket Shoals for surfclam and Georges Bank for quahogs have impacted the ability to achieve OY to meet demand. Regulations for shellfish (model ordinance) on Georges Bank have hampered the ability to access some of these areas unnecessarily; NMFS has not acted and removed some of these closures and worked with the FDA on this issue in a timely manner.

Wind Development

The clam advisors are concerned about the BOEM (Bureau of Ocean Energy Management) 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, wind energy developers, or state regulators 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 they try to engage with developers on these issues, their input is not being considered or incorporated into the siting and development process. 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. **<u>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</u>**.

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., GSCHMA) 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 are ongoing projects led by Rutgers University to identify economic impacts and develop economic models associated with wind energy development on the surfclam industry.

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

Research Priorities

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