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Proposal for Funding For U.S. Seafood Marketing

Adopted by United Fishermen of Alaska Board of Directors
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Need: American seafood products are increasingly forced to compete with imported seafood in the domestic marketplace. Many imported products enjoy direct and indirect government subsidies. Consequently, United States fishermen and seafood producers have suffered. Exvessel prices do not sustain many domestic fisheries, fishing jobs are being lost and fishery dependant communities are in decline. It is in the interest of the United States to maintain a strong domestic seafood industry.

Secondly, seafood is healthy. Most health experts recommend that Americans eat more seafood.

Concept: Develop legislation directing that a portion of duties and tariffs collected by the United States Treasury on imported fishery products and a portion of the Anti dumping/Countervailing Duties (AD/CVD) be dedicated to a National Seafood Marketing and Development Fund to help domestic seafood production compete with foreign imports. Secondly, the legislation would establish nine (9) regional U.S. Seafood Marketing Boards (RSMBs) to receive, manage and direct these dedicated funds.

Factual Background: Currently seafood imports generate two sources of revenue for the United States treasury. First, approximately $300 million dollars annually ($282,000,000 in 2006) is collected annually through duties and tariffs on imported marine and fishery products. Secondly, approximately $400 million dollars may be generated from the AD/CVD fees on imported seafood...(It has been difficult to separate fish/aquaculture products away from other “agriculture” products included in this category within the AD/CVD pool)

The money collected from duties and tariffs is revenue for the United States Department of Agriculture and the Federal Treasury in general. Annually, 30% of the import duties and tariffs on “marine and fishery products" is transferred to the Department of Commerce, National Marine Fisheries Service's "Promote and Develop Fisheries Products Account" ($84,590,000 in FY 2008).

In FY 2007, NMFS allocated 93% ($77,000,000) of this fund to their Operations, Research and Facilities (ORF) account. The remaining 7% ($5.8M in 2007) was used to fund the Saltonstall-Kennedy (SK) grant program. All of the 2007 SK grants were for NMFS "research".

In FY 2008, NMFS allocated 91% ($82M) to the ORF account. Only 3% ($2.6M) was used to fund the SK grant program, with once again contained few or no proposals to fund the "promotion and Development of Fisheries Products.

To date, it has been difficult to find the disposition of the remaining 70% ($197,390,000 in FY2008) retained within the Department of Agriculture. It is significant to note, that the 1956 statute that authorized the SK grant program was amended in 1986 to require 60% of these funds (60% of the NMFS's 30%) be used for the SK Grant program. Further it is noted that when including funds appropriated to the Alaska Fisheries Marketing Board, the amount of SK funds used for marketing and development has never exceeded 22%.

The AD/CVD funds are not used or any portion allocated back to the domestic seafood producers, for the promotion and or the development of all seafood products that are being so dramatically affected by foreign imported products.

Structure of Regional Seafood Marketing Boards:

1. Nine (9) Regional Seafood Marketing Boards would be established. Eight (8) Boards would be geographically defined to parallel the 8 Regional Management Councils authorized by the 2006 Magnuson-Stevens Fishery Conservation and Management Act. The Ninth (9^{th}) board would focus on seafood production in the interior U.S. Allocations to each regional Board would be directed toward seafood marketing and promotion of species caught or products produced in that region.

2. Establish an statutorily authorized "fixed" annual funding mechanism using a portion of the Marine and fisheries products duties and the AD/CVD . The total amount appropriated annually would be divided in thirds:
   a. 1/3 distributed equally to all 9 regional Boards

b. 1/3 distributed based on the comparative regional value of seafood produced in the most recently reported year.

c. 1/3 distributed based on the comparative regional volume of seafood (metric tons) produced in the most recently reported year.

3. Limit the RSMB's to the promotion and marketing of U.S. caught and/or processed seafood (no imported products) and to the development of competitive U.S. fisheries, including new product development. "Marketing and Fisheries Development" should be defined broadly so that RSMB's can respond quickly to marketing and development needs.

4. RSMB's serve as the regional "umbrella funding" entity. Limit the RSMB's to the awarding of grants and the distribution of funds through a Request for Proposal process. RSMB's would not manage marketing programs. Existing marketing or development entities, such as the Alaska Seafood Marketing Institute, Southern Shrimp Alliance, Louisiana Seafood Promotion and Marketing Board, Maine Lobster Promotion Council, or the California Salmon Council would apply to the RSMBs for funding to support their programs.

   In addition, the RSMBs, as regional "umbrella" entities should be encouraged to also focus on smaller -- niche, local or artesian -- marketing initiatives. Require RSMB's to distribute no less than 20% of their annual funding to "small businesses" as defined by the Small Business Administration.

   To achieve these goals, RSMB's can spend no more than 10% of their annual funding for administrative and operational expenses.

5. Co-operation between RSMB's should be encouraged by requiring the RSMB chairmen to meet semi-annually to discuss common species, marketing projects and issues of concern. These semi-annual meetings could include representatives from various existing species specific National Seafood Councils (For example, the Tuna Council).

Funding for NMFS operations and research seems to be a challenging project, so rather than focusing on the SK funds that go to NMFS through USDC, this proposal suggests that an amount equal to the congressional intent of using 60% of the SK funds be sourced from the remaining 70% left in USDA and matched with an equal amount from the AD/CVD funds.