

A report on the Impacts of COVID-19 on Maine's Seafood Industry and Recommendations for Short-term Actions

Submitted by the Co-Chairs of the Economic Development Administration's Maine Marine Economy Roadmap Initiative

Introduction

What is the Initiative?

Maine's marine living resources (MLR) have long been a mainstay of the state's economy, particularly in rural areas, where many communities relied on the fishing industry – and now with the depletion of groundfish, very heavily on lobstering. The value of Maine's commercially harvested marine resources was valued at \$673,910,558 in 2019, with the lobster fishery accounting for 72% of that value at \$484,405,036.

While lobster remains our predominant and most well-known export, Maine's marine living resources economy continues to diversify and now includes fishing, lobstering, aquaculture, life sciences, and value-added processing. Critical supply chain elements like shipping and logistics support this economy.

With growing supply, climate, and global trade pressures on Maine's most treasured export, the lobster, we need to capture even more benefits from this industry. At the same time, changes in technology, Maine's proximity to 150 million consumers within a 24-hour transport zone and growing global interest in aquaculture and other marine resources suggest an untapped opportunity to grow good jobs and build a forward-looking economy in Maine.

In this context, a group of industry leaders and committed partners have come together to develop a roadmap for economic growth and greater resiliency in Maine's MLR economy. A catalyst for increased jobs and investment, the roadmap will provide strategies to match Maine's marine living products with global markets and develop strategies to attract investment in new markets. It will identify new opportunities related to value-added products, infrastructure, and ways to maximize efficiencies and returns across the seafood value-chain, including strengthening economic resilience. The effort will also address current and future workforce challenges in Maine's marine economy by identifying gaps in skills, and implementing strategies to attract, train, and prepare new talent.

This effort builds on substantial existing research in many areas of the MLR sector, and this cross-section of partners is coming together to share their research and forge a new vision for the future of Maine's MLR economy. Our collective goal is to help ensure a vibrant, innovative and resilient MLR economy that sustains and grows quality jobs and industries in Maine, transitioning our heritage seafood economy into a modern engine for sustainable economic and job growth.

We envision a Maine where our rural coastal communities are resilient to broader environmental and economic forces, and businesses are empowered and strengthened by innovative opportunities for growth and job creation.

Overarching Goals

- Provide support to sustain Maine's existing marine resource businesses.
- Increase the value of marine living resources from Maine's coastal waters in a way that minimizes the carbon footprint of the marine resource sector, increases competitiveness of Maine businesses, and maximizes resiliency and diversification.
- Support Maine's coastal communities through preservation and improvement of working waterfronts.

Who are the Co-chairs?

Bill Mook, *President and Owner, Mook Sea Farm, Inc.*

I started Mook Sea Farm in 1985, making me one of (if not) the oldest oyster farmer in Maine. We are a vertically integrated company meaning we have a land-based hatchery for producing seed as well as over 45 acres of leases in the Damariscotta River where we grow oysters for the US half-shell market. Our hatchery is a key part of the business, because it not only produces seed oysters for our own growout, but we also sell seed to well over 100 other East Coast farms from NC to Maine. Our revenue over the last few years has been about 2/3 from market sized oysters and 1/3 from seed sales.

My involvement in the EDA Maine Marine Resource Economy project grew out of participation in the Alliance for Maine's Marine Economy, concern for current and projected impacts of a rapidly changing marine environment, and an understanding that it will be easier to ensure the future of Maine's marine economy and working waterfront by acting before there is a crisis. Now we have a crisis, so before we address longer term goals, we must figure out how to help Maine's marine businesses survive. Many of the short-term priorities we establish now will be also put us on the path to achieve the original goals of diversifying our marine economy, making it more resilient, and growing more high-quality seafood.

Curt Brown, *Lobsterman and marine biologist at Ready Seafood.*

I currently fish 500 traps off the coast of Cape Elizabeth and also work as a marine biologist at Maine's largest lobster wholesaler of both live and value-added lobster. I started lobstering at 9 years old with my father in his wooden skiff and my passion for Maine's Marine Economy has only grown from there. When I was approached about joining this effort, I jumped at the opportunity. Having had the unique experience of growing up with the sights, sounds, smells and tastes of Maine's waterfront from a young age, I see this effort as a way to help ensure the next generation of harvesters, scientists and stewards of the sea have the same opportunities I did.

We are strong believers in the adage that "a rising tide lifts all boats." While we know there will be many facets to our roles as co-chair of this project, we see our primary role to be making sure that the project is industry driven. This means:

- Making sure we seek and obtain input from the full range of businesses from all marine resource sectors
- Getting industry "buy in." This will only happen if businesses believe the steps we take provide direct benefits to them.

We sincerely thank the Manufacturing and Natural Resources-Based Industries Subcommittee for this opportunity to provide input into the Governor's Economic Recovery Committee and to help ensure that Maine's iconic seafood industry survives and thrives through the COVID-19 pandemic.

Respectfully Submitted,



Bill Mook



Curt Brown

COVID-19 has highlighted or exacerbated many challenges within the seafood sector here in the state. We recognize that supporting Maine’s marine economy will require both short-term and long-term solutions. Most of this report will discuss the impacts of COVID-19 across the marine economy and will provide recommendations that we strongly feel will help support all sectors of the seafood industry. However, many of the current challenges facing Maine seafood harvesters and producers will require long term solutions as well. With that in mind we have taken guidance from the FOR/ME forestry sector project to guide our approach to the marine sector. The work of this Maine’s Marine Economy Roadmap Initiative (MMERI) will focus on the following priority areas that align with the State’s 10-year economic plan.

Priorities:

1. National/Global market analysis to understand the changes to seafood distribution and consumption caused by the pandemic and verify present and future demand for Maine seafood.
2. Analyze Maine’s current wild harvest and farm raised production and the capacity to meet the projected demands.
3. Analyze the seafood transportation system/infrastructure to identify the needs and opportunities for reducing costs.
4. Support and grow markets for seafood industry waste streams.
5. Support R&D for value added seafood products and effective ways to promote increased consumption of Maine seafood.
6. As economic conditions improve, support new businesses starting up.
7. Support and initiate workforce development programs that train people for the full range of post pandemic employment opportunities in marine resource businesses.
8. Evaluate working waterfront and seafood industry infrastructure for ways to reduce operational costs through improvements in energy efficiency, as well as within sector and cross sector collaboration.
9. Determine if other non-marine resource industries have infrastructure capacity that offers opportunities for beneficial co-location.
10. Diversify and strengthen Maine’s rural coastal communities.

The Impacts of COVID-19¹

Maine’s seafood sectors have been hard hit by the current pandemic, however given the timing of the current pandemic and for the harvest season of most of Maine’s seafood species (wild-harvest and aquaculture) the most severe impacts have not yet been experienced, and the catastrophic impact on Maine families that rely on the ocean will only get worse over the next several months. Please see the compelling testimony of a Lobsterman, kelp aquaculturist, and scallop fishermen from Spruce Head in Appendix A.

¹ Data reflect percent decline in value for 2020 based on the previous five-year average. All data with asterisk is based on preliminary reports from Maine Department of Marine Resources that were pulled on May 15th and is considered “very preliminary” by DMR

The most significant cause of the economic catastrophe facing Maine's seafood sector is the loss of the service sector. With restaurants, cruise ships and casinos closing their operations, the markets for most Maine seafood have evaporated. [Reports estimate that up 85% of independently owned restaurants may close due to the pandemic](#). Further exacerbating the global distribution challenges caused by foreign tariffs has been the severe reduction in global transport of seafood products that has further closed off market channels for Maine seafood. Below are several specific examples of the economic impacts we are currently experiencing.

- The value of groundfish is down 63%*
- The value of Lobster is down 60%*
- [The value of Maine's elver fishery is down 75%](#)
- The value of both seaweed and soft shell clams is down 55%*
- The value of oysters is down 35%
- The price of scallops in Maine is down ~2.28%* The Maine state-waters scallop fishery is one of the few fisheries that did not see significant revenue losses, and this is notable in comparison to the federal water's fishery, which estimates revenue losses of approximately 30%.

In addition to these direct impacts on the value of species, there have been other impacts affecting seafood companies and harvesters.

- [Ready Seafood](#) estimates it has spent more the \$50,000 on COVID response
- Mook Sea Farm estimates it has spent \$10,000 on COVID response
- [Luke's Lobster's](#) 40 person headquarters team has reduced their salary between 30% and 45% and still had to terminate roughly 200 FTE.
- According to surveys done by the [Maine Aquaculture Association](#) in conjunction with other organizations aquaculture producers have suffered as well²:
 - When asked what the largest challenge COVID 19 presented to their business the top three responses of all respondents (Maine and National combined) was lost sales and cash flow, debt service and increased production costs.
 - As of 5/15/20 42% of Maine respondents have laid off employees and over 84% have delayed any seasonal hiring they would normally do. 38% of respondents have initiated some form of reduction in hours or salaries to help reduce labor costs
 - 87% of Maine respondents have lost contracts and/or orders. In many cases orders went to zero
 - 98% of Maine respondents experienced some degree of price decline for their product.
 - Without any external intervention (government financial assistance for example) only 20% of all respondents (Maine and National combined) indicated they would survive with no sales past 6 months.
- According to the [Maine Coast Fishermen's Association](#) who collected data from the Portland fish exchange that compared May 2020's data to the previous five years of data from May:
 - There has been an 86% reduction in total value of groundfish landed.
 - There has been an 87% reduction in pounds of groundfish sold on the auction.

² The full report of of these surveys and more mid- to long-term recommendations are available in a letter from MAA attached as Appendix B.

- In May 2020, there has been a 440% increase of the percent of landed fish that are scratched. When no bids are offered on fish lots on the auction, they are 'scratched' and sold off-auction. These scratched fish sell at significantly discounted rates.

Recommendations for Immediate Actions

What follows are list of specific short-term recommendations that we would like this subcommittee and the ERC to support and advance to address the impacts of COVID-19 on the seafood sector.

Workforce:

- Payroll support to extend federal PPP for at least 12 weeks. With sales expected to remain dramatically lower than normal due to depressed restaurant sales farms cash flow and ability to hire and pay workers remains critically low during busiest production season.

Regulatory:

- The state should support our Federal Delegation in their efforts to push for trade negotiations to address tariffs, global trade barriers and the impacts on Maine Seafood. To date, US trade policy with China and the EU has had a drastically more negative impact on lobster than anything else
- The ERC should support DMR's goal of transitioning to remote hearings by late summer. In accordance with the Governor's guidance related to COVID-19, DMR cancelled scheduled adjudicatory hearings for aquaculture leases scheduled in March and April and has not held public hearings since that time. These hearings are required by the Administrative Procedures Act and conducted in accordance with relevant provisions of Title 12. There may be opportunities to support the transition to remote hearings with technology or infrastructure needs, if appropriate.
- Support DMR in their efforts to explore the possibility of address these constraints that would allow certain growers to have additional Limited-Purpose Aquaculture license sites for a limited time frame so that market-size product can be held on or near existing sites or new sites in colder water to inhibit growth, and seed can be stocked as needed. Many aquaculturists are facing space constraints on their farms as they have not moved the anticipated quantity of market-sized product off their sites to make space for future year's seed stock. In some cases, this is exacerbated by the fact that the adjudicatory process to evaluate lease applications was paused for approximately 6 months due to COVID-19. Additionally, some growers are concerned about loss of revenue from market-sized product that they've been unable to sell this year, and the potential for it to grow beyond marketable size for the half-shell market.
- DEP must accelerate the permitting of land-based aquaculture farms. Maine has 4 proposed land-based finfish farms in the permitting process. Once constructed these farms will employ roughly 100 people. During construction they will employ an additional 350 workers. Permitting has taken 2.5 years already and should be fast tracked.

Infrastructure:

- Provide support for the continued operation of the Portland Fish Exchange (PFE). Infrastructure such as the PFE, the first fish auction in the country, are important to the present and future of Maine's fishing industry. While the PFE is currently struggling due to several circumstances, there are opportunities to innovate and diversify the seafood businesses that can take advantage of it in order to help promote Maine seafood and benefit Maine fishermen. Without the PFE, Maine groundfish fishermen would have no centralized place to offload their fish, would have to cultivate new and complex relationships with buyers, and incur increased costs of getting their product to processors in Massachusetts. The existence and success of the Exchange are pivotal in allowing Maine fishermen to diversify their businesses and adapt them as markets and circumstances change.
- Support the costs to install a three-phase power line to Jonesport. Kingfish Zeeland plans to develop a medium size land-based fish farm in Jonesport. Costs for bringing three phase power to the site have come in much higher than originally estimated. Project would employ 30 full time with an additional 50 during construction. Three phase power installation costs have put the project in jeopardy.
- Increase funding for Small Harbor Improvement Program (SHIPS). Public commercial wharf access is a critical bottleneck in Downeast Maine. Commercial fishermen and aquaculturalists must often steam miles to unload their products. SHIPS program should be increased and the Downeast region should be prioritized.
- Create a grant program to support construction of cold storage facilities. Seafood is highly perishable. Maine lacks enough cold storage capacity and capacity it has is often not in the right place. Public matching funds to support the construction of cold storage facilities would stimulate private investment in new capacity.
- Recapitalize the Working Waterfront Access Protection Program (WWPP). Maine is losing working waterfront properties through conversion to high priced residential development. WWPP has saved key working waterfront properties through an easement program but the program is undercapitalized. New funds would allow the program to continue to save working waterfront properties that provide vital access for commercial use along the coast.
- DECD, DMR and ACF should create a grant program designed to support seafood producers creating direct to consumer sales platforms. Less than 20% of seafood is consumed at home. Traditional distribution channels are long, complicated and involve numerous middlemen driving price up and quality down. New direct to consumer distribution methods are expensive to develop and implement. Producers need capital, technical assistance and marketing support to develop these new distribution channels that will be more resilient and allow producers to capture more of the value chain.

Stimulus/investment:

- The Maine Technology Asset Fund (MTAF), operated by the Maine Technology Institute (MTI) is an effective, proven state-approved vehicle to invest in research, development, and commercialization in the State to be used to fund infrastructure, equipment, and technology upgrades to drive innovation and generate economic impact in Maine, in particular in the marine economy. As the state considers potential future stimulus investments to sustain, stabilize, and grow the Maine economy, the MTAF is well positioned to be recapitalized to evaluate and fund marine industry projects that help increase market share, increase revenues, and grow or preserve jobs for Maine people and businesses in the marine economy, while leveraging additional federal and private investment.
- Provide financial support for companies for those companies that have had to make infrastructure changes at a time when revenue is down and production will be less efficient and revenue will continue to be low.
- Rebate landing fees: The Portland Fish Exchange's landing fee is a consistent cost to the boats and as prices have decreased the fees are an impediment towards continued harvesting. Past disaster relief funding has been used to rebate these costs and has been incredibly helpful in reducing overhead and is appreciated by fishermen.
- Rebate sector fees: To pay for the operations of a sector, fishermen are charged fees, often in the form of landing fees or initial quota allocation fees. Providing funding to rebate these fees would be another effective way of mitigating the impacts of financial losses to groundfish businesses due to the pandemic. Subsidies for ice: Ice is a significant overhead cost for groundfish businesses and is integral in maintaining the quality of fish. By creating subsidies for ice at Vessel Services in Portland, Maine would be providing overhead relief for a wide swath of vessels, ensure that quality isn't lost within our seafood products, and would support the continued success of Vessels Services, a business crucial to many Maine fishing operations.

Innovation:

- Immediately support and fund the formation of a Maine Seafood Marketing Institute or Maine Seafood Marketing Council modeled after the hugely successful [Alaska Seafood Marketing Institute](#). This Institute will be charged with marketing all Maine seafood, wild-caught and farm raised, under the "Maine" brand. Initial steps can include funding initiatives like Coastal Enterprise Inc.'s "Maine Seafood Marketing Initiative". [However given the shift to direct to consumer sales caused by the collapse of the service sector](#), particular focus must be given to marketing efforts that get all types of Maine seafood directly to consumers. This work may be further supported by national movements to reinstate the National Seafood Marketing Council.
- DECD, DMR and ACF should create a grant program designed to support seafood producers developing value added products.

This report was compiled on behalf of the MMERI with input and feedback from: The Maine Department of Marine Resources, The Maine Aquaculture Association, The Maine Lobster Dealers Association, The Maine Coast Fishermen's Association, The Alliance for Maine's Marine Economy, The Island Institute, Mook Sea Farm Inc., Ready Seafood Company, Luke's Lobster and Focus Maine.

Appendix A

Bob Baines of South Thomaston, Maine
Giving testimony to the Appropriations Committee in Augusta
June 5, 2020

Committee- Mr. Baines, I have turned on your video and I am going to turn this over to you. We would love to hear about your business and how this has all impacted you.

Mr. Baines- Good afternoon, thank you for having me. I am a commercial fisherman; primarily lobster, scallops in the wintertime. I just harvested my first year of kelp, which was certainly different. Right now, the pandemic hasn't affected the lobster industry in a big way. That's only because our industry doesn't begin in earnest until shedder fishing comes in the summertime, which could be a couple weeks from now, a few weeks or a month from now.

I don't know how many members of the committee know about the lobster industry, but we harvest 80% of our lobsters in 4 ½ to 5 months. Primarily the lobsters go to restaurants, cruise lines, food service, which as you all know, is doing very, very poorly. The larger part of our market also goes to processors. Processors are going to have trouble as well, because they can't get the workers in, they can't keep them shoulder to shoulder.

Last year we had our best season ever, price wise. It averaged well over \$5 per pound. This season, what the dealers are telling us, if nothing changes, we're going to be seeing anywhere from \$1 to \$2.50 per pound.

Most lobstermen, 50% of their gross goes towards their expenses. 40% – 60%, matters how long you have been in the business, what your debt is. If our price is half or less than half, we are out of business, no one will make any money. Many of the lobster fishermen have taken advantage of the PPP program. That loan and there's the other loan they have taken advantage of. Some of the sternmen are trying to collect unemployment and that is challenging.

Right now, the impact is not that large. At our coop, I am on the board of the Spruce Head Coop, we have probably 100 crates floating down there right now, trying to find a market for those lobsters for \$4 a pound, wholesale. We are challenged to find that market right now. Typically, it would be about a \$6 per pound wholesale price at this time of year.

So, I guess really what my message is to the committee, the impact right now isn't significant. The impact starting in a few weeks will be catastrophic. The lobster industry is the second largest industry in the State of Maine, and there is a strong possibility, we don't know how it is going to play out, that it will make very little.

My only suggestion to the committee is, if they ask for money if they can help the industry, is the infrastructure of the working waterfront to make sure we don't lose any more infrastructure on the working waterfront. I don't know how you can go about doing that. Possibly if there is money, property tax credits, something like that could help. I know our coop pays significant amount of money every year in taxes.

Individually, the Department of Marine Resources, probably some of you know, got \$20 million in funding that Commissioner Kelleher is parsing out to industry members. From what I understand, just to

license holders. Not sure exactly how that is going to divvy out, but it will be at best, a few thousand dollars for some fishermen and less than that for the others. That is not going to make the difference of guys trying to make boat payments, making mortgage payments and supporting families.

Guys down on the wharf keep asking me “what are we going to do?” My answer is “I don’t know. I honestly don’t know”.

I’ll be happy to answer any questions you might have for me. When I was asked to speak today, really my message is, the lobster industry is going to be in dire, dire trouble come summertime right through the fall unless miraculously, our market changes but that doesn’t seem likely.

Committee- Thank you very much Mr. Baines. I am going to open it up and see if any members of the committee have questions. I don’t see any.

Thank you so much, I appreciate how you presented the information.

Appendix B



MAINE
AQUACULTURE
ASSOCIATION
GROWING MAINE'S FUTURE

June 4, 2020, Hallowell, Maine.

BACKGROUND: The Maine aquaculture sector employs over 700 people year-round and generates over \$100 million in farm gate sales annually. The states aquaculture sector is one of the most diverse in the country growing fish, shellfish and sea-vegetables, using multiple production methods in both fresh and salt water on land and at sea. For over 45 years the Maine Aquaculture Association (MAA) has represented the interests of commercial aquaculturalists at local, state, federal and international levels. On any given year, depending on their ability to pay dues, MAA members represent between 66 and 94% of all aquaculture farms operating in the state.

Since the emergence of COVID-19 the MAA has gathered data on its impacts on the Maine aquaculture sector in several different surveys. All surveys were distributed to all lease and license holders N= 281 (Maine only) N= 3480(Maine and national combined)

1. MAA conducted an independent, sector wide survey of all aquaculture operators in the state. Response rate = 56%
2. With the Department of Marine Resources, MAA conducted a statewide survey designed to determine whether the states leasing system was constraining aquaculturalists ability to adapt to and manage around COVID 19 impacts. Response rate = 22%
3. MAA lead Maine participation in a National study of COVID 19 impacts conducted by The National Aquaculture Association, Virginia Tech and Ohio State University. Response rate = 18%
4. With the Beginning Farmers Resource Network and MOFGA, MAA conducted a survey designed to document COVID 19 impacts on new farmers in the agricultural and aquacultural communities. Aquaculture Response rate = 14%
5. With the USDA, MAA is currently conducting a statewide survey to update the data on the impact of COVID 19 on prices, sales and gross revenues. That survey will be finished by the end of June. Response rate pending.

FINDINGS: COVID -19 IMPACTS

100% of respondents report some form of impact on their business by COVID 19.

Compared to agriculture the COVID 19 has disproportionately affected the aquaculture sector because over 80% of seafood in the US is consumed in restaurants. Aquaculture products such as salmon, mussels, oysters and sea vegetables are not typically "takeout".

As of 5/15/20 42% of Maine respondents have laid off employees and over 84% have delayed any seasonal hiring they would normally do. 38% of respondents have initiated some form of reduction in hours or salaries to help reduce labor costs.

87% of Maine respondents have lost contracts and/or orders. In many cases orders went to zero.

98% of Maine respondents experienced some degree of price decline for their product.

96% of Maine respondents expected reduced revenues in the 2020 fiscal year, 91% expected higher production costs for the same time period.

68% of Maine respondents said that holding marketable product longer than normal will make it less saleable and cause further price reductions or product “dumping”.

42% of Maine respondents indicated that holding marketable product longer than normal will negatively impact their ability to stock their farms with seed or juveniles thus impacting future production and revenues. In some cases that impact will be felt 2-3 years from now. Of that 42%, half indicated they needed to resolve the space issue within 2-4 weeks. The remaining half indicated they had to resolve the issue in 6-8 weeks.

Without any external intervention (government financial assistance for example) only 20% of all respondents (Maine and National combined) indicated they would survive with no sales past 6 months.

When asked what the largest challenge COVID 19 presented to their business the top three responses of all respondents (Maine and National combined) was lost sales and cash flow, debt service and increased production costs.

SHORT-TERM NEEDS AND FIXES:

Workforce: Payroll support to extent federal PPP for at least 12 weeks.

With sales expected to remain dramatically lower than normal due to depressed restaurant sales farms cash flow and ability to hire and pay workers remains critically low during busiest production season.

Regulatory: 1. DMR must begin conducting virtual aquaculture lease hearings immediately.

Without the ability to conduct public hearings the leasing system is shut down; new farms cannot be established, and existing farms are being prevented from obtaining new space to relieve overcrowding due to lack of sales.

2. DMR must relieve constraints on numbers of Limited Aquaculture Permits (LPA) an individual can possess or grant emergency temporary leases.

Existing farms are suffering from overcrowding due to inability to sell product. Overcrowding increases the risk of disease and environmental impact. Additional LPAs or emergency leases would help relieve this constraint faster than standard leases.

3. DEP must accelerate the permitting of landbased aquaculture farms.

Maine has 4 proposed landbased finfish farms in the permitting process. Once constructed these farms will employ roughly 100 people. During construction they will employ an additional 350 workers. Permitting has taken 2.5 years already and should be fast tracked.

4. DMR must assign full time lease hearings officers to the aquaculture leasing program.

Current hearings officers are ½ time and a lack of full-time focused staff is slowing down lease application review and decisions.



Infrastructure: 1. Support the costs to install three phase power line to Jonesport.

Kingfish Zeeland plans to develop a medium size landbased fish farm in Jonesport. Costs for bringing three phase power to the site have come in much higher than originally estimated. Project would employ 30 full time with an additional 50 during construction. Three phase power installation costs have put the project in jeopardy.

2. Increase funding for Small Harbor Improvement Program (SHIPS).

Public commercial wharf access is a critical bottleneck in downeast Maine. Commercial fishermen and aquaculturalists must often steam miles to unload their products. SHIPS program should be increased and downeast region should be prioritized.

3. Create a grant program to support construction of cold storage facilities.

Seafood is highly perishable. Maine lacks enough cold storage capacity and capacity it has is often not in the right place. Public matching funds to support the construction of cold storage facilities would stimulate private investment in new capacity.

4. Recapitalize the Working Waterfront Preservation Program (WWPP).

Maine is losing working waterfront properties through conversion to high priced residential development. WWPP has saved key working waterfront properties through an easement program but the program is undercapitalized. New funds would allow the program to continue to save working waterfront properties that provide vital access for commercial use along the coast.

Stimulus Investment: 1. Create and fund a Maine Seafood Promotion Council (MSPC).

Markets and distribution channels for Maine seafood have collapsed due to restaurant closures and bankruptcies. Prior to COVID 19 Maine seafood was identified as a premium brand. Investments must be made in marketing and consumer education to drive increased sales, recoup and diversify markets. Individual companies that are financially distressed due to COVID 19 do not have the resources to mount marketing efforts. A marketing campaign to support the Maine Brand and encourage consumers to buy Maine seafood to prepare at home is vital to support direct to consumer sales efforts by farmers. MSPC should be a public/private partnership that is publicly funded but run and managed by private sector seafood marketing professionals. The MSPC should have a board of directors comprised of aquaculture and seafood company owners.

Innovation: 1. DECD, DMR and ACF should create a grant program designed to support farmers developing direct to consumer sales platforms.

Less than 20% of seafood is consumed at home. Traditional distribution channels are long, complicated and involve numerous middlemen driving price up and quality down. New direct to consumer distribution methods are expensive to develop and implement. Farmers need capital, technical assistance and marketing support to develop these new distribution channels that will be more resilient and allow farmer to capture more of the value chain.



MEDIUM TO LONG TERM FIXES:

Workforce: 1. Invest in specialized aquaculture workforce development and training programs.

Focus Maine in cooperation with the Gulf of Maine Research Institute and the MAA recently commissioned an aquaculture workforce needs assessment. Fund and Implement the report's recommendations.

Regulatory:1. Amend the statutes that govern the current use taxation program for working waterfront easements.

Current statutes need to be updated to increase the incentive and decrease disincentives to use this working waterfront preservation tool.

2. Amend the states aquaculture leasing statutes to give aquaculture equal status to other user groups.

Current statutes mandate that any other marine resource user group be given precedence over an aquaculture lease applicant. Statutes should be amended to give lease applicants equal status to other user groups. Leasing decisions should include a review of the economic activity currently generated by the area being considered for a lease site compared to the economic activity resulting if the lease is granted.

Infrastructure 1. Invest in Maine University System aquaculture research and incubator facilities.

The Maine University System aquaculture research and incubator facilities have significant deferred maintenance needs. Those facilities support research vital to the private sector and generate millions of dollars in grant funds to support the university.

2. Invest in University of Maine aquaculture faculty positions in the Aquaculture Research Institute.

Over the last 20 years the University has shifted key aquaculture faculty positions to general marine sciences positions. As a result, while the state has invested millions of dollars in aquaculture R&D facilities the University lacks aquaculture faculty expertise core competencies such as aquatic animal nutrition, aquatic plant disease, aquaculture engineering, aquatic farm management, production economics, and finfish genetics.

Stimulus Investment:

1. Create and fund a full-time aquaculture specialist position at DECD.

Currently all state employees specializing in aquaculture are regulatory. Aquaculture is a highly technical and specialized business sector. DECD should hire an aquaculture business development specialist to assist investors navigate the states permitting processes and help potential investors understand what state and federal programs are available and designed to stimulate development in the sector.

Innovation:

1. Create a technology transfer program to assist Maine aquaculture businesses acquire intellectual property and technology from other production areas.



Other countries and states are ahead of Maine in terms of production methods and sector development. Direct technology transfer missions for aquaculture business owners would accelerate the competitiveness of the Maine Aquaculture sector.

FEDERAL LEVEL FIXES:

CARES Act

- Simplify application, act faster, pay directly.
- Section 12005 Assistance to Fishery Participants
 - Increase funding.
 - Send payments directly to farms.
 - Eliminate the 35% loss requirement
 - Include salmonid farms
- Paycheck Protection Program
 - Increase funding.
 - Send payments directly to farms.
 - Eliminate the 35% loss requirement.
 - Lengthen the period of time covered.
 - Include input costs (i.e., shellfish seed, fish fry/fingerlings, others?) and include these costs in loan portion that is forgivable.
 - Provide subsidies to employers for employee benefits when a farm or business maintains payroll.
- USDA CFAP CORONA Virus Food Assistance Program
 - Increase funding.
 - Send payments directly to farms.
 - Eliminate the price reduction requirement and/or allow reduced sales as proxy for price reduction.
 - Lengthen the period of time considered for price reduction documentation to allow inclusion of same time period in years prior to COVID 19 outbreak.
 - Provide subsidies to employers for employee benefits when a farm or business maintains payroll.
 - Include shellfish and seaweed in the program

Forms of Economic Assistance

- Create additional low or no interest loans and lines of credit for producers.
- Guarantee commercial lenders lines of credit.
- Provide financial assistance to hire labor and buy shellfish seed to plant crops.
- Link federal loan guarantee programs to loan repayment deferral program until crops are harvested and sold.
- Add aquaculture products to federal purchase programs for unmarketable crops (lack of market or unmarketable because of product size).
- Create grants to support farms expanding into direct marketing (i.e., purchase of storage and transportation capacities, online direct sales platforms).
- Subsidize existing commercial lines of credit during pandemics or similar market disruptions so that they are not preemptorily canceled.
- Create interruption of business insurance subsidy for pandemics and similar market disruptions.
- Streamline regulations to expand domestic seafood production.
- Purchase unmarketable live shellfish and fish for public restoration, restocking or stock enhancement programs.
- Include aquaculture crops into USDA specialty crop programs.
- Fast-track the Aquaculture Organic Label rule to expand and diversify the market.
- Add fish and shellfish to the FSA Livestock Indemnification Program.
- Develop a program similar to the *export credit insurance* to protect a farmer against the risk of non-payment by domestic or foreign buyers that may not be fully stable after the pandemic.
- Eliminate unemployment rate change penalties as labor is laid off.
- Protect an employer if they fire an employee for cause during the pandemic.
- Modify the Whole Farm Revenue insurance program to allow for catastrophic market impacts associated with pandemics

