HOW MUCH DOES GOVERNMENT COST THE SHELLFISH INDUSTRY?

Jonathan van Senten & Carole R. Engle
44th East Coast Commercial Fisherman’s & Aquaculture Trade Exposition
January 13, 2018
AQUACULTURE REGULATIONS IN THE U.S.

BAITFISH & SPORTFISH

TROUT

WEST COAST SHELLFISH
Thank you

A special thank you to all of the producers who participated for their time and for trusting us to maintain the confidentiality of their data.
AQUACULTURE REGULATIONS IN THE U.S.

FEDERAL

STATE

LOCAL
AQUACULTURE REGULATIONS IN THE U.S.
AQUACULTURE REGULATIONS IN THE U.S.

1,300+ laws

Culture of Commercially Harvested Species
Fish Health
Interstate Transport
Environmental Management
Food Safety
Legal and Labor Standards
Across 3 studies, producers identified regulations as the #1 challenge to their business.

Lost sales

Lost opportunities
Producers reported significant time and labor investments for:

- Permitting
- Record keeping
- Reporting
- Monitoring
- Compliance
- Litigation
WHAT DOES THIS MEAN FOR PRODUCERS?

IT BOILS DOWN TO

$$ $$ MONEY $$ $$
WHAT DOES THIS MEAN FOR PRODUCERS?

U.S. producers spend an estimated $12.1 million per year on regulatory compliance. This breaks down to an average cost of $150,000/farm, or $3,000/acre.

On average U.S. producers are faced with 17 permit and license renewals per year. Some report in excess of 200 annual renewals.

Regulations account for about 25% of farm costs.

Permits and licenses account for only 1% of regulatory costs. 99% of costs are indirect costs of compliance.

Average Regulatory Cost per Acre

- Large farms >500 acres: $321
- Medium farms 51-499 acres: $719
- Small farms <50 acres: $5,631
WHAT DOES THIS MEAN FOR PRODUCERS?

Regulations account for about 25% of farm costs.

Average Regulatory Cost per Acre
- Large farms >500 acres: $321
- Medium farms 51-499 acres: $719
- Small farms <50 acres: $5,631

Permits and licenses account for only 1% of regulatory costs. 99% of costs are indirect costs of compliance.

U.S. producers spend an estimated $4,370 per year on regulatory compliance. This breaks down to an average cost of $150,000/farm, or $3,000/acre.

On average U.S. producers are faced with 17 permit and license renewals per year. Some report in excess of 200 annual renewals.

WHAT WILL THEY BE FOR WEST COAST SHELLFISH?

WE WILL KNOW SOON…
PRELIMINARY FINDINGS
CHALLENGES TO THE BUSINESS

WASHINGTON #1 CHALLENGE

- Regulations: 53%
- Diseases: 13%
- Other: 22%
- Markets: 9%
- Labor: 3%
PRELIMINARY FINDINGS
CHALLENGES TO THE BUSINESS
OREGON #1 CHALLENGE

Regulations 40%
Markets 20%
Diseases 0%
Labor 20%
Other 20%
PRELIMINARY FINDINGS
CHALLENGES TO THE BUSINESS

CALIFORNIA #1 CHALLENGE

- Regulations: 46%
- Labor: 15%
- Diseases: 8%
- Other: 31%
- Markets: 0%
PRELIMINARY FINDINGS
REGULATORY CHALLENGES

Washington Challenging Regulations Ranking

- Army Corps
- Tribes
- Dept of Health
- HACCP
- Fish and Wildlife
- DNR
- Shoreline
- County
- Closures
- Immigration
- Lease
- Shrimp
- FDA

#1  #2  #3  #4  #5
PRELIMINARY FINDINGS
REGULATORY CHALLENGES

California Challenging Regulations Ranking

Army Corps
Tribes
Dept of Health
HACCP
Fish and Wildlife
DNR
Shoreline
County
Closures
Immigration
Lease
Shrimp
FDA
Coastal Commission

#1
#2
#3
#4
#5
PRELIMINARY FINDINGS
LOST OPPORTUNITIES?

WASHINGTON
- Yes: 52%
- No: 21%
- NR: 27%

OREGON
- Yes: 40%
- No: 40%
- NR: 20%

CALIFORNIA
- Yes: 75%
- No: 8%
- NR: 17%
PRELIMINARY FINDINGS
UNEXPECTED CHANGES?

WASHINGTON
- Yes: 55%
- No: 26%
- NR: 19%

OREGON
- Yes: 0%
- No: 40%
- NR: 60%

CALIFORNIA
- Yes: 54%
- No: 40%
- NR: 23%
PRELIMINARY FINDINGS
OTHER FARMS OUT OF BUSINESS?

WASHINGTON
- Yes: 55%
- No: 13%
- NR: 32%

OREGON
- Yes: 0%
- No: 60%
- NR: 40%

CALIFORNIA
- Yes: 69%
- No: 0%
- NR: 31%
PERMITTING PROCESS FOR WEST COAST SHELLFISH

Existing Permitting Processes 9/25/2012

[Diagram of the permitting process for West Coast shellfish, showing various steps and agencies involved.]
PRELIMINARY FINDINGS
MANPOWER FOR PERMITS

Average Time Spent to Obtain Permits

- Paperwork
- Meetings
- Testifying
- Public Relations
- Compiling Science
- Other

Washington | Oregon | California
---|---|---


PRELIMINARY FINDINGS
MANPOWER FOR COMPLIANCE

Average Time Spent for Compliance

- Sampling
- Monitoring
- Record Keeping
- Reporting
- Meetings
- Other

Washington
Oregon
California
PRELIMINARY FINDINGS
COSTS ASSOCIATED WITH OBTAINING PERMITS (WA)

- LOST SALES: 58%
- EXPERT WITNESS: 9%
- ENVIRONMENTAL CONSULTANTS: 22%
PRELIMINARY FINDINGS

40% could not expand due to regs

25% had to wait > 1 year for permits

No new farms
PRELIMINARY FINDINGS
UNEXPECTED CHANGES DUE TO REGULATIONS (WA)
PRELIMINARY FINDINGS

DO YOU KNOW FARMS THAT HAVE GONE OUT OF BUSINESS DUE TO REGULATIONS? (WA)

- **Yes**: 55%
- **No**: 32%
- **NR**: 13%
PRELIMINARY FINDINGS
UNINTENDED CONSEQUENCES

Shellfish permits specify type of gear.
New, more efficient gear requires new permits.
Permitting delays make adoption infeasible.
Small-scale farms cannot adopt gear better for farms & environment.

How many farms can survive more than a year without sales, waiting on a permit?
WEST COAST SHELLFISH

WHAT WE ARE SEEING IN THE DATA

- Multiple regulatory levels involved (county, state, federal)
- Overlap between regulatory agencies for permitting
- Permits delayed for 5, 10, 15 years
- No new farm permits issued
- Not possible to expand existing businesses
WEST COAST SHELLFISH

WHAT WE ARE SEEING IN THE DATA

• Market demand for shellfish is growing, but regulations and permit denials prevent producers from taking advantage of it
• High start up costs - prohibitive to new entry
• High legal costs to fight permit appeals
• Lost opportunities - restrictions on gear and technologies
COMMENTS & QUESTIONS

Jonathan van Senten
Virginia Seafood AREC
102 S King St, Hampton
VA 23669
757-727-4861
jvansenten@vt.edu