



**Soy Aquaculture Alliance (SAA)
FY2024 Research Program
Social license in Offshore Aquaculture**

Contract Number: Contract_44211_Aquaculture Social License_FY2024_Final

Amount of Award: \$99,988.00

Project Title: Phase II Community Advisory Panel (CAP) Engagement for Offshore Aquaculture Opportunities for South Florida

Recipient: Gulfstream Aquaculture, LLC

Award Period: 01/01/2024 thru 12/31/2024

Period Covered by this Report: 09/13/2024 through 11/15/24

Summary of Progress and Expenditures to Date:

Reporting Period Work Accomplishments:

The summary of work accomplishments that follow, were derived from the 11/15/24 CFI Progress Report 5 to, and supplemented by, Gulfstream Aquaculture (Dennis Peters).

The November 14th CAP meeting featured SME, Chris Nelson, President of Bon Secour Fisheries, a fourth-generation business based in Alabama. This meeting pivoted from the traditional onsite meetings to a virtual Zoom meeting, after hurricanes impacted the original in-person meeting (scheduled for October 10th). The focus of Chris' presentation was to address one of the top five CAP topics of interest/concern: on the Sales, Distribution, and Marketing of wild caught and farm raised finfish and shellfish, answering the question, "Where will the fish go?" Attendance at the November Zoom CAP meeting included 8 of the 13 participants.

This topic addressed two different curiosity points among the participants. Previously, some had voiced concern that harvested product from new aquaculture operations could potentially flood the local market and negatively impact the existing commercial fishing operations. Other participants were curious if the fish are expected to be marketed locally and/or moved out of the region, and if supermarkets or restaurants (or both) are the expected customer.

Key highlights that Chris Nelson shared with the group were summarized as follows:

Mr. Nelson and Dennis Peters engaged openly, answering the questions from the CAP participants, which ranged from global production and demand to wild-caught and farmed fish comparisons, to packaging challenges.

Mr. Nelson discussed the history and evolution of his family's shrimp and oyster business, Bon Secour, and the challenges and opportunities in seafood distribution. He highlighted the increasing demand for seafood as a health food, the reliance on imports due to limitations in U.S. production, and the growth of direct-to-consumer sales. The group also discussed the importance of utilizing existing distribution channels, previous history of introducing new fish and seafood products into the U.S. market, and tendencies for demand changes during economic downturns.

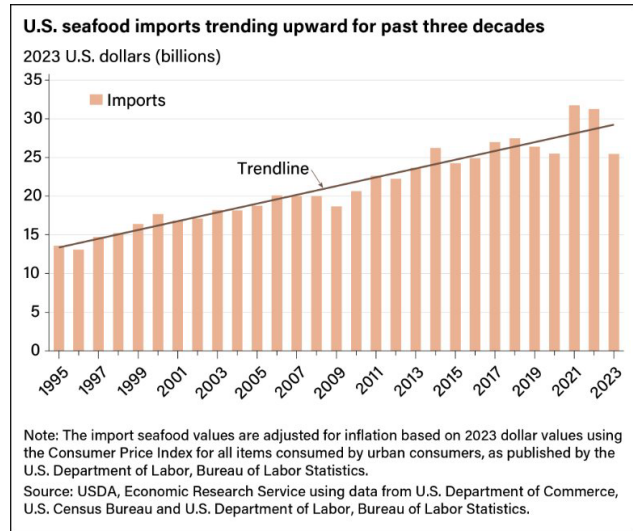
Bon Secour Fisheries

Mr. Nelson highlighted the transition of their family business from an extensive oyster farming operation to a seafood distribution company. He emphasized the importance of having quality product to sell, as declining fishing grounds have necessitated sourcing seafood from overseas to meet U.S. consumer demand. Mr. Nelson shared the company's sales, marketing, and distribution strategies over the years, as they adapted to industry changes and market conditions.

Seafood Demand and Aquaculture Potential

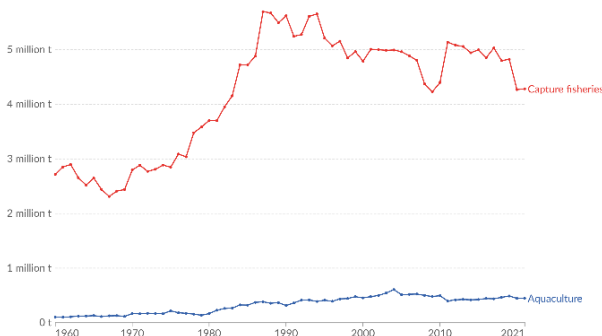
Mr. Nelson discussed the increasing demand for seafood, which started in the 1980's as seafood became highly regarded as a high protein, low fat, center-of-the-plate protein. This "eat fish, live longer" view has led to a reliance on imported products, because domestic production has not kept up with the demand pace.

The United States has not made significant gains in aquaculture production compared to other parts of the world. Increasing U.S. aquaculture production has interesting potential to supply consistent volumes, narrow the gap between domestic demand and production, and reduce the volume of seafood imports.



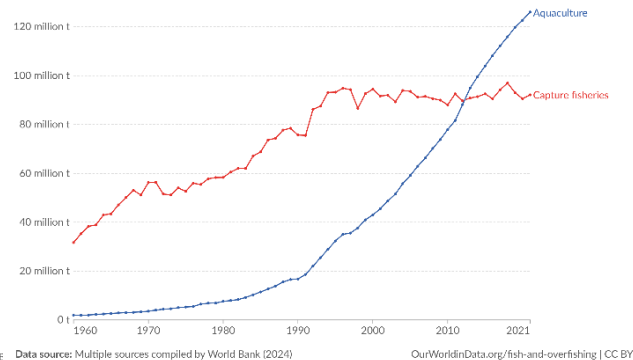
Seafood production: wild fish catch vs. aquaculture, United States

Aquaculture is the farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants. Capture fishery production is the volume of wild fish catches landed for all commercial, industrial, recreational and subsistence purposes.



Seafood production: wild fish catch vs. aquaculture, World

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A question was raised about regulatory limits on shrimp fishing. While there is a limit based on the number of brood stock shrimp left at the end of the season, that regulation has not been the reason for the production-demand gap. Difficulty to compete with imported shrimp prices was suggested as a greater challenge for U.S. shrimp fishing.

Mr. Nelson described the process of transporting fresh seafood from the dock and through various distribution channels to the end consumer. Fresh seafood is typically iced down and loaded onto a truck, which then delivers it to a distribution center or directly to a restaurant or retailer. Mr. Nelson described that most seafood is consumed outside of the home (restaurants), and there is a growing demand from hospitality and tourist areas such as Gulf Shores, AL and Orange Beach, AL. He touched on the changing trends in seafood consumption, such as grilled oysters and sashimi, which impacts demand and production opportunities.

Business-direct-to-consumer sales have become more common, although it has tradeoffs in increased packaging and air freight costs, which are concerning for environmental stewardship. Considerable efforts are underway to address concerns about current packaging, such as the challenges to recycle the commonly used Styrofoam and wax-coated cardboard boxes. There is high interest in developing effective, economical alternative packaging that is reusable or more recyclable, will withstand the temperature variation and rigor of transport, and preserve food safety and quality.

In conclusion, new aquaculture production can provide additional local products (resulting in lower food miles and enhanced freshness), utilize existing distribution channels and local expertise, and capture efficiencies – while being careful not to oversaturate the market. Companies that adapt to these realities by leveraging the region's resources while mitigating risks can position themselves for long-term success.

Additional Information on Seafood Packaging

Packaging for fresh seafood is a growing concern as product distribution needs to change. There appears to be a lack of sustainable, low-cost options for the growing number of distribution options. Research Nester provides a simple summary [here](#).

Next Reporting Period Work Objectives:

The next, and final CAP meeting is scheduled for December 12th, 2024, and the featured SME speaker will be Dr. Hugh Mitchell, Aquatic NW Veterinary Services, from Kirkland, WA. He will provide his perspective and experience on “Fish Health and Wellbeing” as it relates to safe and sustainable rearing, husbandry, and harvest practices across the broodstock, hatchery, nursery, growout, and harvest processes.

Reporting Period Expenditures:

The expenditures across the proposal subcategories are provided in a subsequent Gulfstream Aquaculture invoice to SAA.

No issues are currently anticipated. As such, Gulfstream Aquaculture will continue to coordinate closely with CFI staff to ensure overall project schedule milestones and objectives are on track with the originally proposed activities and expenditures for the successful completion of the project.

Prepared By:  11/19/2024
Signature of Principal Investigator Date