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Before the
Senate Committee on Commerce, Science and Transportation
"Feeding America: Making Sustainable Offshore Aquaculture a Reality"
October 16, 2019

Chairman Wicker, Ranking Member Cantwell, and Members of the Committee, thank you for the opportunity to testify before you today on the important issue of offshore aquaculture. My name is Kathryn Unger and I am Managing Director of Cargill's North American Aqua Nutrition business and also President of Stronger America Through Seafood, or SATS, a coalition of business leaders who joined together to promote federal policies favorable to U.S. seafood production and aquaculture. But that is my professional life. Personally, I care deeply about the environment, am a seafood-lover, and a bit of a health and fitness-nut, and I am honored to speak about the value of providing American consumers with a steady, healthy and sustainable supply of U.S. farm-raised seafood.

I care deeply about being a good steward of the land and responsible farming practices. In fact, my husband and I own a plot of land in my home state of North Carolina where we will open a small, organic farm that is solar powered. This passion for sustainability is a primary reason why I joined Cargill's Aqua Nutrition team almost five years ago. Cargill was making big investments globally in fish feed production and, knowing that aquaculture has the least environmental impact of any animal protein production available, it seemed like the perfect position to blend my personal and professional values.

Cargill is a global agribusiness company with 160,000 employees across 70 countries who work relentlessly to achieve our purpose of nourishing the world in a safe, responsible and sustainable way. Every day, we connect farmers with markets, customers with ingredients, and people and animals with the food they need to thrive. My business, Cargill Aqua Nutrition, is a world leader in aquaculture feed and nutrition. To deliver on our promise of healthy seafood for future generations, we are committed to supporting the **sustainable** growth of the global aquaculture industry, enabling better seafood and partnering with farmers to help them succeed. We operate regional businesses in Chile, the North Sea, North America, northern Latin America, and Asia.

Early in my time at Cargill, I learned that aquaculture is the fastest growing food sector in the world but, sadly, the U.S. ranks only 16th in production of farmed seafood, behind producers in Asia, Europe, South America, Canada and Africa. This means that the U.S. is missing out on something. While wild-caught fishing will continue to be an important source of seafood for Americans, the growing global demand for seafood cannot be met by wild-caught fishing alone. That is why SATS supports maintaining a robust commercial fishing industry alongside offshore aquaculture production. The U.S. imports most of the seafood it consumes, and half of the fish eaten in the United States comes from farms – but not from American farms[1]. American aquaculture (both marine and freshwater) meets only 5-7% of U.S. demand for seafood. Honestly, we can do better.

Before I address why the U.S. lags so far behind in aquaculture production, I want to elaborate on what the U.S. is missing out on by not engaging in domestic production.

[1] http://www.nmfs.noaa.gov/aquaculture/faqs/faq_aq_101.html

For the Economy: Globally, aquaculture is one of the fastest growing, sustainable forms of food production. According to the World Bank, by 2030, aquaculture's share in the global seafood supply will expand to supply over 60 percent of fish for human consumption, whereas wild-capture seafood production will remain steady. The United States' long coastline, expansive Exclusive Economic Zone (EEZ), skilled labor force, superior technology, ample feed sources, and growing seafood market put us at the top of the list of countries with aquaculture **potential.** A doubling of U.S. aquaculture production to about 1 million tons could create an additional 50,000 direct and indirect jobs, assuming 20 direct jobs per 1,000 tons of seafood produced, or five jobs per 1,000 tons in equipment, feeds, processing, marketing, and food service. These jobs could provide additional stable, year-round employment opportunities in coastal and fishing communities where opportunities are often limited and seasonally dependent.

In addition, U.S. offshore aquaculture production can also benefit U.S. agriculture. Replacing wild-caught fishmeal and fish oil with alternative proteins, such as soy, eases pressure on ocean resources while also providing a new market outlet for U.S. soybean farmers. Soybeans contain much needed omega-3 fatty acids, proteins, and unsaturated fats that are critical for healthy fish. Soy can replace from one-third to one-half of the fishmeal in feeds for many farmed species, and soybean meal has a significantly lower cost than most animal meals. And, farmers stand ready to meet new demand for soybeans. Soybean production in the U.S. has increased more than tenfold in the last four decades, and can sustain this growth in the coming years.[2]

For the Environment: With modern siting and monitoring technologies, marine finfish aquaculture can be managed in an **environmentally sound** manner that mitigates impacts on competing ocean uses and ocean ecosystems. Marine aquaculture requires no land, minimal fresh water and a relatively small amount of space to provide abundant, healthful seafood making it an extremely efficient means of animal protein production.

Aquaculture is also a highly efficient way of producing nutritious food. Naturally high conversion rates of feed to seafood have been improved over the last two decades. Nevertheless, our industry continues to look for ways to increase sustainability and meet consumer demands for more information about the food that they eat. As a major feed producer, we are mindful that our decisions affect the sustainability of the value chain and are taking steps to reduce the footprint even further. This all starts with the feed raw materials and their origins. We work continuously with our suppliers to develop more sustainable sources of marine and plant-based raw materials.

One recent example is a partnership with the World Wildlife Federation to better manage the wild fish stocks that we use for our fishmeal and oil. Our goal is for all marine ingredients to come from Marine Stewardship Council (MSC)-certified fisheries by 2025, and we are well on our way to meeting that target. For our U.S.-sourced marine ingredients we will be fully MSC-certified by next spring, and globally we are over 40 percent.

For our soy-based feeds, our sourcing depends on the region in which the feed is being produced. For our U.S. feed operations - including any expansion that may come to support the growth of U.S. marine aquaculture - we will use only U.S. grown soy. As noted earlier, use of soybean meal in feeds can reduce pressure on wild fish resources and prevent overfishing. In addition, we are working to increase the

[2] https://ussec.org/wp-content/uploads/2015/10/Farm-land-sea.pdf

sustainability of U.S. soybean production through partnerships with farmers focused on increasing soil health, which has numerous environmental benefits as well as benefits to the farmers' bottom line.

For our health: Farmed seafood provides a source for local, affordable meal options that benefit public health. The U.S. Dietary Guidelines currently recommend that Americans eat at least eight ounces of a variety of seafood per week – which equates to 2 meals a week. This is because seafood provides a variety of nutrients to humans that are not supplied in meaningful quantities by other foods, such as omega-3 fatty acids and fat soluble vitamins, such as A, D and K. Unfortunately, despite the health benefits, Americas are not meeting the recommended consumption target, with data from 2016 suggesting that Americans are only consuming about 2.7 ounces of seafood per week, or 1/3 of recommendations. [3] Growth of abundant, local, U.S.-produced seafood could be key to changing those habits.

Clearly, aquaculture is something that we should be doing ourselves here in the U.S.

So, WHY AREN'T WE? The answer is simple: **There is no clear regulatory framework for the permitting, enforcement or management of offshore aquaculture in U.S. federal waters.** This means anyone wanting to invest in offshore farming in U.S. waters faces a very unclear, expensive and uncertain process to gain permission to operate. Nobody is in charge but everybody is in in charge - which leaves potential investors and farmers with few options but to take their money, and jobs, overseas.

One example of this is Pacifico Aquaculture, headquartered in San Diego, California. Instead of tackling the uncertain permitting process in the U.S., Pacifico took their U.S.-based investors 60 miles south of the U.S. border into Ensenada, Mexico, where they now operate a remarkable striped bass farm. Pacifico employs 200 workers in Mexico, including divers, engineers, processors, harvesters and biologists, and has become a major employer in the community. Pacifico is selling their delicious, sustainably-sourced, fully-traceable striped bass to major U.S. retailers, high-end white tablecloth restaurants and sushi outlets. According to Pacifico, they would be willing to look into further investments in the U.S., **but not until the regulatory process is made clear.** They recently told me, "The current situation makes it difficult to accurately assess business plans as permitting and expansion considerations are handicapped by an environment where there is very little confidence in the ability to receive permits."

Other groups have tried for decades and spent millions of dollars to navigate the regulatory quagmire surrounding offshore aquaculture development, and very few have succeeded. Another California-based group, Hubbs Sea World Research Institute, started their permitting journey in the late 1990's. They have spent over $4 million so far and still do not have the requisite permits to farm yellowtail off the coast of Southern California. According to them, the primary roadblock has long been a lack of consistency or coordination among federal agencies, including the National Oceanic and Atmospheric Administration, Environmental Protection Agency, Army Corps of Engineers, U.S. Coast Guard, and U.S. Navy, as well as State agencies.

Given the numerous benefits of U.S. aquaculture to our economy, our health, and the environment, it did not make sense to me why so many roadblocks exist, effectively preventing the development of a robust offshore aquaculture industry in the United States. Not one to stand by and wait for someone else to fix our problems, in late 2017, I called a group of U.S. seafood industry leaders to Washington,

[3] https://www.ers.usda.gov/amber-waves/2016/october/americans-seafood-consumption-below-recommendations/

D.C. to identify possible solutions to the U.S. aquaculture problem. That first meeting led to what is now Stronger America Through Seafood and together we are advocating for an improved regulatory environment that can support a vibrant U.S. aquaculture community. Companies like Red Lobster, Sysco, Pacific Seafoods, Taylor Shellfish, High Liner Foods, Fortune Fish and many others who are on the Board of SATS determined that our first order of business would be to support an act of Congress which would establish a clear permitting process for U.S. marine aquaculture while also prioritizing environmental and societal health.

Since that time, SATS has been very pleased with the work that you, Senator Wicker, have undertaken to develop and introduce the AQUAA Act in the last Congress. I am confident that legislation like this could provide much-needed regulatory certainty for U.S. marine farmers while also preserving the environment, local economies and public health. Legislation like the AQUAA Act will lead to increased U.S. seafood production that benefits **ALL** Americans.

I will state clearly that SATS is not asking to eliminate or reduce proper oversight of or regulations for U.S. offshore aquaculture. However, **what is needed is a clearly defined regulatory path forward to provide certainty for businesses that want to make these major investments in our economy**. I implore the members of this Committee to join in your effort Senator Wicker to enact offshore aquaculture legislation **soon.** My colleagues and I at Cargill and at Stronger America Through Seafood are eager to share our knowledge and experience to support this process. I am happy to answer any questions you may have.

Thank you.