Projects stall after feds allow fish farming in open ocean

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Some 90 percent of seafood consumed by Americans is imported—a fact that the Obama administration vowed to start turning around by expanding fish and shellfish farms into federal waters.

Yet nearly two years since the first permit was issued, the United States still has no offshore farms.

The pioneers of offshore aquaculture say their plans have stalled or been abandoned because of the long and expensive federal permitting process that requires extensive environmental monitoring and data collection.

The applicant given the first permit for federal waters in 2014 has spent $1 million and not seeded any mussels off Southern California. Another pioneer in Hawaii said there is too much red tape and plans to start his fish farm off Mexico and export to the U.S.

Meanwhile, investors are leery to jump on board with no offshore farms in the water.

Things to know about marine aquaculture

"Those jobs could have been in the U.S., the investment could have been in the U.S., but there was no way I could talk to my board of investors when there are no clear regulations set up and the monitoring burden is so ridiculous," said Neil Sims, CEO of Kampachi Farms.

"I'm now practicing my Spanish," said Sims, who received his permit for pens off Hawaii. He had hoped to develop a commercial operation to raise sashimi-grade Kampachi fish but plans instead to put his farm off Mexico's Baja California peninsula next year.

He said the Mexican process was rigorous but streamlined.

Federal officials say the red tape is partly because it's a new frontier. There is no regulatory framework for federal waters. They say the process needs to be streamlined while maintaining environmental standards.

Nearly half of the imported seafood Americans eat comes from foreign farms, according to the National Oceanic and Atmospheric Administration.

A draft of NOAA's five-year strategic plan calls for marine aquaculture production to jump 50 percent by 2020, and expanding into federal waters is key. Crowded coastlines with recreational boats and shipping routes are limiting growth in state waters.

Critics fear it will open the doors to massive fish farms like those in other countries that have polluted waters from the accumulation of feces and resulted in escapes of farm-raised fish that can affect wild stocks.

Supporters say the general public is unaware aquaculture can be done sustainably, and help relieve the overfishing of oceans.

"People are scared," said Hunter Lenihan, a University of California, Santa Barbara marine ecologist. "You look at China in certain bays, it looks awful. They've destroyed the seascape with pollution. That's a lot of people's version of what aquaculture looks like."

Technology can resolve many of the issues, but federal funds and the political will are lacking so industry and scientists can work together to make it sustainable, he said.

"There is not a government-funded program of any decent size in which you can propose to do experiments and develop innovation in offshore aquaculture to address the main questions we have," Lenihan said. "We need direction from the top to say this is a priority."

Federal officials are working to improve coordination between agencies and identify gaps in scientific data, so they are addressed and don't cause delays, and federal grants for research have been increasing.

"We need to make the permitting process be more efficient as opposed to now where it's like who's on first," said Michael Rubino, director of NOAA's aquaculture office.

Most of the permits issued so far are for raising shellfish, which are filter feeders that can clean waterways.

Entrepreneur Phil Cruver hoped to be seeding mussels months after snatching the first federal permit in January 2014 for Catalina Sea Ranch's 100-acre farm, 6 miles from Huntington Beach.

Now he's keeping his fingers crossed for 2016 after spending more than $1 million on consultants, lawyers, permits, and preparations.

Cruver had the area's ocean floor tested for heavy metals or mercury and bought cellular-loaded buoys to collect real-time data, including on water salinity and temperature.

He will monitor how much phytoplankton the shellfish consume to ensure things are not thrown off balance. He hopes his pioneering efforts

will pave the way for a multi-billion aquaculture industry someday.

"We don't think there will be any impact, but we have to prove that," Cruver said.

Four federal agencies approved his farm. Cruver said he underestimated the costs and now needs $3 million to make a profitable farm. "It's been a really tough, tough time, raising money for a sustainable-type investment," he said.

Salem State University professor Mark Fregeau agreed.

The university received a permit for a pilot project in federal waters on the feasibility of a commercial operation off Massachusetts, but it's stalled until they find $100,000 to cover costs, including bi-monthly inspections of its mussel beds, which will be 8 miles offshore.

Another federal permit holder found it more profitable to harvest wild mussels in Massachusetts state waters for now, said Scott Lindell, at the Marine Biological Laboratory, a nonprofit institution that assisted the applicant.

Hubbs-SeaWorld Research Institute in San Diego applied last October for multiple permits to start an offshore commercial fish farm to someday harvest 5,000 metric tons of yellowtail jack annually, with the potential for more than $30 million in profits. The applicant thought the project would be under environmental review within 45 days of submitting its request. It has taken more than a year.