
The Gulf of Mexico

A Very Brief Historical Perspective
From a Floridian's viewpoint

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In 1565 Pedro Menendez founded St. Augustine, Florida, the oldest permanently settled city in the United States. According to the historical records, several Minorcan commercial net fishermen were among the first wave of settlers. Commercial fishing began in America in the Spanish town of St. Augustine. As Florida and the nation grew, immigrants began to settle on the West Coast of the Peninsular where many fished for sustenance and trade. In the 18th century, there is documentation of trade between the Caloosa Indians and settlers. In 1870, salted mullet and other fishery products from the Gulf of Mexico were being traded to Cuba in return for cigars, whiskey and other manufactured products. From Key West to the Texas/Mexican border there were over 1500 miles of coastline being utilized for commercial fishing opportunities.

Some of the earliest fishery statistics for the Gulf of Mexico are found in *Historical Catch Statistics (C.F.S. 4149)* prepared by Charles H. Lyles, Bureau of Commercial Fisheries, US Dept. of the Interior, April 1967. For instance: In 1880 Florida landed 8,376,000 pounds valued at \$565,000. Louisiana landed 6,996,000 pounds valued at \$393,000. Texas landed 3,859,000 pounds valued at \$128,000. Alabama landed 3,542,000 pounds valued at \$119,000 and Mississippi landed 788,000 pounds valued at \$23,000.

In 1890, the Florida offshore shrimp industry began in Fernandina Beach, Florida when Salcelito Salvador put a bigger engine in his little boat with enough power to pull an otter trawl. Shrimping in bays and nearshore waters was occurring in all the other Gulf States and had been for a number of years.

In 1930, the Gulf of Mexico accounted for only 4% of the total US catch. With further development of the shrimp industry and the expansion of menhaden fisheries after WW II, the Gulf's share of total US catch reached 42% in 1971. The number of commercial fishermen and the number of boats grew very little in this 40 year period; however, the gross tonnage of the vessels increased substantially and harvesting operations were altered by changes in fishing gear.

In 1949, the Tortugas Pink shrimp fishery was discovered off Key West. This discovery involved no government programs, with the search for the pink shrimp predicated on the fact that grouper and snapper landed from that area had significant quantities of large pink shrimp in their bellies when they were being processed. Felix Salvador of St. Augustine, who was shrimping off Key West at the time, dropped his nets at dusk instead of in the daylight and the "Pink Shrimp Goldrush" was on.

In 1958, as a result of exploratory fishing research work by the US R/V Oregon, "the greatest shrimping grounds in the Western Hemisphere," were discovered off the northeastern coast of South America. This discovery validated a prediction made by US scientists in 1944 during the latter stages of WW II. Following this discovery, four pioneer shrimp families, Sahlman, Versaggi, Fazio and Walker, formed Georgetown Seafoods. This group sent 12 shrimp boats to Guyana in 1958 and eventually had as many as 115 boats fishing there before Georgetown Seafood Company ceased its operations. By 1965 there were about 200 Gulf shrimp boats and by 1970 there were as many as 300 shrimp boats including other US companies fleets headquartered in Trinidad and Barbados. There were no government subsidies in establishing this shrimping venture, which grew into one of the world's most efficient vertically integrated shrimping operations.

In the mid-1960's, there were 800 to 1400 shrimp boats operating outside the 12 mile fishing zone along the Mexican coast. They were fishing in international waters, which didn't become Mexican waters until 1976. There was a standard procedure for clearing boats in and out of Mexican ports due to crew illnesses or breakdowns in equipment. The Gulf shrimp trade associations, including Southeastern Fisheries Association and Texas Shrimp Association maintained Mexican port agents

who were on call to assist injured seamen, handle paperwork and get the shrimp boats back out to sea as swiftly as possible.

In 1965, Louisiana landed 787,087,000 million pounds worth \$36,852,000, Mississippi landed 368,385,000 pounds worth \$9,254,000, Texas landed 154,348,000 pounds worth \$35,574,000, Florida landed 135,865,000 pounds worth \$25,866,000 and Alabama landed 17,789,000 pounds worth \$4,986,000. In the 1960's all fisheries in the Gulf of Mexico seemed to be robust and sustainable.

In 1972, according to a publication entitled "*Petroleum Production and Fish and Wildlife Resources*" the following capsule summary of this amazing body of water. The Gulf of Mexico has:

- the second largest estuarine area on the North American continent
- the second highest fishery biomass known anywhere in the world
- more than 30% of US total fishery harvest during past 7 years - 40% in 1971
- a marine sport fishery involving more than 2 million anglers in 1970 and catching an estimated 300 million pounds annually since 1960

There was a distant water snapper fleet that extended as far as South America, which vanished with the passage of FCMA in 1976 when all other nations adopted a 200-mile fishing zone. Hundreds of boats fishing throughout the Caribbean had to return to Gulf of Mexico waters. Similarly, the distant water spiny lobster fleet fishing the Bahamas and beyond also had to return to Florida ports as a result of the FCMA. This had significant negative economic impact on the industry and created substantial dislocation. South Florida became the melting pot for millions of refugees fleeing the yoke of communism in Cuba or escaping despotic rulers in other Central American countries. This influx of many additional fishermen at a time when the fishery management plans were beginning to reduce the US commercial fishing industry, created an extremely dynamic time period for the industry and the regulators alike.

As a result of the 200 miles fishing zone extension forcing all these boats back to the US EEZ, many of the shrimp boats retrofitted gear type and started fishing in many other geographical areas of the world. This added to what has been described as an already fully utilized fishing industry in several areas such as the scallop fishery in the Mid-Atlantic States.

In 1989, Louisiana landed 1,227,941,000 pounds worth \$264,000,000, Mississippi landed 298,206 pounds worth \$43,949,000, Florida landed 126,307,000 pounds worth \$114,381,000, Texas landed 96,421,000 pounds worth \$170,118,000, and Alabama landed 25,444,000 pounds worth \$35,293,000. These statistics are found in *Historical Catch Statistics C.F.S. 9010*, USDC-NOAA.

In 1996, total Gulf of Mexico landings reached an all time low. The following catch and value statistics come from *Fisheries of the United States* USDC/NOAA/NMFS.

State	1976 Catch & Value		1996 Catch & Value	
	Lbs.	\$\$	Lbs.	\$\$
Florida (West Coast)	110,000,000	\$69,449,000	81,799,061	\$138,785,000
Alabama	31,849,000	\$33,631,000	26,579,000	\$38,342,000
Mississippi	288,160,000	\$21,008,000	160,283,000	\$32,782,000
Louisiana	1,218,000,000	\$135,188,000	1,130,639,000	\$267,286,000
Texas	93,487,000	\$127,156,000	94,674,000	\$198,876,000

Since the passage of the Magnuson Act PL. 94-265 in 1976 and compared to landings of 1996 there has been a decrease of annual commercial fish landings in the Gulf of Mexico of 247,522,000 pounds. The total value has increased by \$289,639,000 dollars at dockside. Gulf shrimp is the highest value fishery in the region. It has maintained as high a production as could be expected based on ever changing environmental factors and government regulations. The Southeastern shrimping industry has recently been credited with a 10% reduction in capacity by NMFS.

Important Developments in the Fisheries

Perhaps the most important factor in the growth and development of present day shrimping in the Gulf of Mexico (and other places as well) was the adaptation of the diesel engine to marine use. Bigger engines created enough horsepower to pull trawls and with that the increased growth of the trawling industry. The middle 1960's was the heyday for shrimping in the Gulf of Mexico. Standardization and construction of vessels on an assembly line basis allowed the industry to grow by leaps and bounds. The discovery of two virgin shrimp grounds added impetus to this increased production.

Description of a typical 1960 type shrimp trawler.

The typical wooden trawler was seventy-two feet long with an eighteen and a half-foot beam. White oak was used to construct the bow stem and ribs while cypress was used in the hull planking, partitions and pilothouse. Each trawler used about 27,000 board feet of timber. It had a 220 horsepower diesel engine, which enabled the vessel to cruise at 12 knots and trawl at 3 knots. It carried 8,000 gallons of fuel and 900 gallons of fresh water. Typically all the trawlers were iceboats carrying about one ton of ice for each day of cruise which could last up to fifty days. In the 1960's the output of vessels from building yards never seemed to catch up with the demand. At that time the vessel life was considered to be about 13 years and good operators could pay for the boat in four to five years of hard work. Cost of a new vessel from one particular boatyard was \$725 per foot in 1964.

Background on early Financing in the Shrimp Industry

During the formative years of the Gulf of Mexico shrimp industry, few fishermen had enough capital to buy a boat. This led many fishermen to offer shares in their boat, which they would pay off from

future harvests. Currently, Vietnamese immigrants use the same method of pooling limited capital the same way the early shrimp fishermen were forced into doing. It was difficult to get banks to lend money. First of all the bankers knew nothing about the industry or the participants. Secondly, they knew shrimping was seasonal and wondered how fishermen would be able to pay when they weren't working. Thirdly, they hated to see their collateral sailing off into the sunset.

One method that worked well in those early years was for an engine manufacturer to pay the boat builder for a completed hull. The engine manufacturer would install his brand of engine and then sell the completed vessel to a fisherman through a note and mortgage. The engine manufacturer could then discount the note and mortgage to a bank that relied on the strength of the engine manufacturer, who was known to him, rather than the fisherman. Some banks charged an add-on interest, sometimes as high as 5% per annum, which was passed on to the fisherman. As the industry became more organized, this practice ceased due to competition from other lending institutions. The normal down payment was usually one-fourth at signing and the balance within 60 months. In the 1960's most banks limited their financing to 24 or 36 months.

1964 is the year in which one can argue the US government started looking at the US fishing industry in the light of competing with subsidized fishing vessels from many parts of the world. In 1964, the total commercial fishing catch and value in the Gulf States was:

State	Catch in Pounds	Value
Florida (West Coast)	129,659,999	\$24,165,000
Alabama	15,067,000	\$3,975,000
Mississippi	331,898,000	\$8,045,000
Louisiana	696,140,000	\$33,585,000
Texas	145,070,000	\$29,529,000

An argument could be made from the above statistics that the industry was fully capitalized by 1964 in most of the fisheries except for menhaden, which peaked in the 1980's when Louisiana's total harvest, including menhaden reached 1,942,105,000 pounds. An argument could also be made that freezer boats would produce a better product so therefore newer, modern boats were needed to replace the old boats.

Assistance for commercial fishing in the Gulf of Mexico

In 1964, the Florida Board of Conservation and the Bureau of Commercial Fisheries and Southeastern Fisheries Association launched a seafood marketing promotion program, which lasted for nearly 20 years. The purpose of the promotion program was to create market demand for Gulf of Mexico/South Atlantic produced product, particularly underutilized species such as mullet, Spanish mackerel, king mackerel, oysters, clams, redfish, black drum, shark etc. The program was a joint effort between industry, state and federal entities. In Florida, Southeastern Fisheries Association was able persuade the state legislature to raise the wholesale seafood dealers licenses and earmark the funds to establish a seafood marketing program. The state Board of Conservation provided additional funds and the federal government, through the utilization of the Saltonstall-Kennedy (S-K) funds provided their share of the funding. Florida's marketing program set the standard for this type of activity. Many other states enacted similar programs. The use of the S-K

funds, which were generated from taxes on imported seafood products, were supposed to be used to keep the US markets strong because of all the imported seafood products entering the US market. This program helped all segments of the domestic fishing industry. While the federal funds used were in the public treasury, they were **not** taxes raised from US citizens. The use of these funds for the purposes they were intended has been denigrated to such a degree that NMFS now uses the bulk of the money to pay its overhead. A very small percentage of the total funds are available for commercial fishing assistance. The grant program is controlled in such a way the bulk of the money goes to entities removed from direct assistance to the commercial fishing industry. The annual scope of the S-K grant program is controlled by the NMFS. Since the middle 1980's and early 1990's, NMFS has not been concerned with offering much help to Gulf of Mexico commercial fishermen except for shrimp bycatch projects.

Many domestic shrimp industry leaders believe the most damaging governmental incident affecting the US shrimpers occurred in 1976 when the US International Trade Commission found shrimp imports to be very damaging to the US fleet yet the government made no attempt to rectify that imbalance. This open door policy is greater in 1998 than it was in 1976. For the most part, this policy has kept a downward pressure on price and poor return for Gulf of Mexico shrimp boat operators.

Management Impacts on the Gulf of Mexico Fisheries

Antonyms for subsidy are hinder, impede, obstruct and thwart. All of these words come to mind when looking at what happened to the once robust Gulf of Mexico commercial fishing industry. Prior to 1976, markets dictated the catch and effort of the fisheries. Markets dictated the capacity. Seasonal harvest levels carried out over five and six decades for many species were occurring on a predictable basis. There had been no "species collapse".

On the contrary, state and federal policy reflected the need for a bigger and more profitable fishing industry for the good of the country. The *Legislative History of the FCMA of 1976* is full of references that it was going to be the policy of the federal government to enhance commercial seafood production. This didn't happen in the Gulf of Mexico.

With the full implementation of the federal Fishery and Conservation Management Act (FCMA) taking effect in 1976 and the first Fishery Management Plan's (FMP's) in the Gulf of Mexico approved and implemented in the early 1980's, the reduction of commercial fishing began. In 1976, Florida commercial fishermen on the Gulf coast produced 110,000,000 pounds of fishery products. By 1996, Florida commercial fishermen on the Gulf coast landed 81,799,061 million pounds. This reduction of almost 30,000,000 pounds of fishery products was due entirely to state and federal fishery regulations, including the Florida Net Limitation constitutional amendment enacted in 1994.

Capacity & Capitalization

Over capacity, according to Lee Anderson (lgafish@UDEL.EDU) is "when capacity is greater than the average productivity of the stock when the stock is at the desired level". I see questions in this statement.

- How is the average productivity determined, by year, by season, by long-term trends?
- What and how is the "desired" level determined?

In a fishery where there are or were no regulations, profitability seems to play the major role in capacity and capitalization. As long as there are no regulations, the market grows. If the abundance of the catch doesn't decrease appreciably then more boats or more efficient boats will enter the fishery. Capacity and capitalization increases with each new unit until equilibrium is reached. At that point in time, the fishery could be defined to be at full capacity (amount of catching and holding ability) and fully capitalized (vessels and infrastructure). The moment the fish harvest declines due to natural or man made ecological circumstances, the fishery could be defined as having excess capacity and overcapitalized. (Short and long term effects of El Nino', droughts, water diversion etc.) The moment a regulation is enacted setting quotas lower than the amount caught at equilibrium or totally prohibiting harvest, that fishery could be defined as having excess capacity and is overcapitalized. Over capacity and over-capitalization happens automatically in the commercial fishing sector when a fully developed fishery is given a quota lower than the historical level of production.

The setting of Total Allowable Catch (TAC's) marked the beginning of the downward spiral for Gulf of Mexico commercial landings. Historical catches didn't appear to be fully considered when making the original stock assessments. Fish landings and trends from the 1960's, 1970's and early 1980's didn't seem to be fully considered in the base information on harvest levels.

Many industry observers believe the Fishing Vessel Obligation Guarantee (FVOG) played a very small role in determining just how many shrimp boats would enter or stay in the fishery. The real fishermen have always found a way to survive. If a government program were available they would take advantage of it if they could, just like anyone else. It would be incorrect to lay overcapitalization at the feet of government financial subsidies in the Gulf of Mexico. The same can be said of the Capital Construction Fund (CCF), which allowed fishermen to defer taxes in order to build a new vessel or refurbishing an existing one. The feeling within the industry is the CCF program is an aid but not the most critical factor in making a decision to stay in, get in or get out of the Gulf of Mexico fishing industry.

In the Gulf shrimp fishery, the greatest need is to develop better-trained captains and crews. This would upgrade the professionalism of the shrimp industry. Only one or two attempts have ever been made by the federal government in this regard. Little success resulted. This educational "subsidy" or investment would go a long way towards enhancing the importance of the industry. Safety and proper seafood handling programs would be in the best interest of the citizens of the US. Billions of federal tax dollars are spent annually in educational programs. Why not spend adequate S-K funds to train and better educate professional fishermen?

It would certainly be in keeping with other government policies related to education and to the provision of a steady, healthy food supply for the nation. The fact the commercial fishing industry is a basic food supplier gets lost in the day to day allocation wars most of the time. The healthy benefits that accrue from eating seafood containing omega 3 fatty acids receives little, if any, consideration from the regulators. There should be a federal policy aimed at providing these healthy fishery products to more citizens as was contemplated by Congress.