Statement

of

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to the

Senate Subcommittee on Oceans and Fisheries

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Madam Chair:

On behalf of the Fishing Vessel Owners Association ("FVOA"), I would like to thank you for the opportunity to provide this statement. The FVOA is a trade association representing the owners of 81 hook-and-line fishing vessels that operate in fisheries from California to Alaska and in the mid-Pacific Ocean. Our fisheries include halibut, sablefish, and Pacific cod in the Bering Sea and Gulf of Alaska, and sablefish off the coasts of Washington, Oregon, and California, as well as albacore within and beyond the United States Exclusive Economic Zone in the Pacific Ocean. Although I am present, a member of the Pacific Fishery Management Council, and a former member of the North Pacific Fishery Management Council, I provide this statement solely in my capacity as Manager of the FVOA. I note that the Deep Sea Fishermen’s Union, which represents the crewmen on vessels owned by FVOA members, has endorsed this statement.

SUMMARY

The FVOA and DSFU believe that the 1996 amendments to the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801, et seq.) have provided, in several respects, the basis for improved management of our nation’s fisheries. The Act’s National Standards on safety (National Standard 10, 16 U.S.C. 1851(a)(10)) and bycatch (National Standard 9, 16 U.S.C. 1851(a)(9)), enacted in the Sustainable Fisheries Act of 1996, are notable for the focus that they have provided on critically important aspects of fisheries management. The FVOA and DSFU were joined by the Alaska Crab Coalition ("ACC") in first proposing the enactment of these new National Standards, and in securing widespread support among Washington State and Alaskan fishing industry organizations. The FVOA, DSFU, and ACC also contributed to the development of conservation-related amendments to the Magnuson Act.

The habitat provisions of the Sustainable Fisheries Act have contributed to the progressive management of our fisheries. In particular, these provisions have helped to draw attention to the need for actions to reduce the impacts of trawling on the benthic environment, which serves as nursery grounds for valuable species of fish. The FVOA, DSFU, and ACC took the initiative among fishing industry groups to propose habitat-related amendments during the process leading to the Sustainable Fisheries Act.

Most importantly for the FVOA and DSFU, the Sustainable Fisheries Act preserved the Individual Fishing Quota (“IFQ”) program that had been established for the halibut and sablefish fisheries off the coast of Alaska. This program, after ten long years of preparation by the North Pacific Fishery Management Council and the Department of Commerce, ended the deadly and damaging open access halibut and sablefish fishing derby. IFQs have been the great success that their proponents had predicted from the outset of the development of the
However, a provision of the Sustainable Fisheries Act—namely, the moratorium on individual fishing quotas (IFQ)—cannot be viewed as contributing in a positive way to fisheries management. The IFQ moratorium has been in place for several years and has been extended multiple times. The moratorium was intended to prevent the development and implementation of IFQ programs by the regional fishery management councils until Congress could address the issue of individual quotas. The moratorium has been controversial and has been subject to legal challenges and court rulings.

Despite the ongoing debate over the IFQ moratorium, the FVOA and DSFU have been pushing for Congress to extend it to the Pacific Region. This is because they believe that the IFQ moratorium is necessary for the conservation and management of our fisheries. The moratorium has been a key tool in preventing overfishing and ensuring that our fisheries are managed in a sustainable manner.

The IFQ program is designed to reduce bycatch, which is the incidental catch of non-target species in commercial fisheries. Bycatch can be a significant issue in many fisheries, and it can have serious consequences for the survival of vulnerable species. The IFQ program addresses this issue by providing incentives for fishers to reduce bycatch and to manage their catches in a way that minimizes harm to non-target species. The program also provides a way to compensate fishers for the costs associated with reducing bycatch.

The FVOA and DSFU believe that extending the IFQ moratorium to the Pacific Region is necessary to ensure that our fisheries are managed in a way that is consistent with the Magnuson-Stevens Act. The act requires that fisheries be managed in a way that is sustainable and that takes into account the needs of the species being harvested. The IFQ program is designed to address these needs and to ensure that our fisheries are managed in a way that is consistent with the act.

In conclusion, the FVOA and DSFU strongly support the extension of the IFQ moratorium to the Pacific Region. They believe that the program is essential to the conservation and management of our fisheries and that it is necessary to ensure that our fisheries are managed in a way that is consistent with the Magnuson-Stevens Act. They urge Congress to extend the moratorium and to consider the extension of the IFQ program to the Pacific Region.
Safety

As noted above, the Magnuson-Stevens Act requires that fisheries management promote the safety of human life at sea. 16 U.S.C. 1851(a)(10). Replacement of the open access race for fish by the IFQ Program has greatly improved the safety of life in the halibut and sablefish fisheries off the Alaskan coast. The former halibut fishing derby was the second most dangerous occupation in the United States (preceded only by the Bering Sea crabfisheries).

Weather conditions off the coasts of Washington, Oregon, and California are relatively milder than the conditions off the coast of Alaska where the halibut/sablefish program functions. Nevertheless, there are injuries and vessel and gear losses attributable to the race for fish in bad weather in the Pacific Council region. IFQs would undoubtedly provide relief, insomuch as the paced fisheries would allow for fishermen to choose the conditions in which they would carry out their operations.

Communities

The Magnuson-Stevens Act requires that fisheries management take into account the interests of fishing communities. 16 U.S.C. 1851(a)(8). Community development quotas (“CDQs”), which are integral to the halibut/sablefish IFQ program, have assured isolated, low-income, Alaskan native coastal communities a major source of employment and revenue. At the same time, economic and social disruption of other communities has been avoided through the halibut and sablefish ports remaining under the open access system. Small vessels that could not have fished under the open access system are now fished under the IFQ Program. As a result, the IFQ Program has increased the overall value of the fisheries, making it possible to dedicate a portion of the harvest to the poorest communities, without adversely affecting the others.

The FVOA and DSFU would by no means suggest that CDQs or an industry-funded loan program be established in the Pacific region. Conditions there are very different from those in Alaska where communities are both small and isolated and have fewer sources of income. However, it is a fact that some communities in the Pacific region will suffer greatly from the depressed conditions in the groundfish fisheries and that an IFQ system, by improving those conditions, would contribute to the recovery of the affected, local economies.

Overcapitalization

The Magnuson-Stevens Act provides for consideration of economic efficiency, and for reduction of excess fishing capacity. 16 U.S.C. 1851(a), 1861a (a)-(e). Excess capacity in fisheries has been identified as one of the fundamental causes of resource declines, unsafe conditions, lost economic efficiency, and lower quality product. The halibut/sablefish IFQ program has resulted in a reduction of the halibut fleet from 3,450 (1994) to 1,601 (1998). Restricted Access Management (“RAM”) Report, NMFS, 1999, page 27. Conservation risk associated with fishing pressure on the resources has been reduced as well. Unsafe conditions due to 24-hour halibut derbies and 2-week sablefish seasons have decreased as fishermen have gained the opportunity to conduct their operations in periods of good weather during eight months of the year. Longer seasons have led to full-time employment on vessels and in processing plants, and higher fish values have resulted in better lives for vessel owners and crews. Slow-paced fisheries have allowed modest improvements in the catches, and thus, better quality product for the consumer. It is reliably estimated that a government-funded buyback achieving what was accomplished by the halibut/sablefish IFQ Program would have cost the taxpayers approximately $318.8 million.

There is considerable doubt that an industry-funded buyback can work in the West Coast groundfish fisheries. The financial condition of the fleet and the depressed condition of the resources suggest strongly that the economic basis for such a buyback simply does not exist for those fisheries. By these standards, the FVOA believes the need to implement the IFQ Program.

Greatest Overall Benefit to the Nation

The Magnuson-Stevens Act requires that fisheries management achieve the greatest overall benefit to the Nation. 16 U.S.C. 1851(a), 1802 (28)(A). In addition to achieving improved conservation, safety, and efficiency, the halibut/sablefish IFQ Program has resulted in improved product quality and higher product value. Slow-paced fisheries have translated to greater availability of higher quality product, in particular, fresh halibut for eight months, instead of a few days of the year, and greater bargaining power for U.S. producers in the sablefish export market. Landings of halibut provide a continuous supply of product for eight months, averaging about 12% of the harvest per month. These are true for sablefish. RAM Report, NMFS, 1999, page 12. Similar benefits could be anticipated for the
groundfish fisheries of the Pacific region
REVIEW OF THE HALIBUT/SABLEFISH INDIVIDUAL FISHING QUOTA AND COMMUNITY DEVELOPMENT QUOTA PROGRAMS

When the North Pacific Fishery Management Council recommended approval by the Secretary of Commerce of IFQs and CDQs for the halibut and sablefish fisheries, it was on the basis of an administrative process involving extensive debate and intensive analysis. The Council had considered an array of possible management responses to conservation, social, and economic factors at work in the then open-access fisheries.

These factors were identified as follows:

- Allocation conflicts;
- Gear conflicts;
- Fishing mortality and other costs due to lost gear;
- Bycatch loss of halibut and sablefish in other fisheries;
- Discard mortality for halibut and other retainable species in the halibut and sablefish fisheries;
- Excess harvesting capacity;
- Product quality as reflected in halibut and sablefish prices;
- Safety of fishermen;
- Economic stability in the fixed-gear halibut and sablefish fisheries and affected communities; and
- Rural coastal community development of a small boat fishery.

The Council ultimately determined that the IFQ system would be the best management response to these factors. The Council also decided that CDQs would provide a useful economic boost to Alaskan coastal communities.

**Allocation Conflicts**

Allocation conflicts between the operators in the halibut/sablefish fisheries generally were found in skirmishes involving halibut. Prior to implementation of the IFQ program, the allocation issues centered around manipulations of when specific area openings would take place in order to advantage or disadvantage vessels.

In the Bering Sea/Aleutian Islands area, there evolved a series of complex clearing procedures designed to make it more inefficient for non-Alaskan-resident-operated vessels. This included regulations in the Pribilof Islands area as constraining trip limits and requiring that nonresident vessels deliver to Dutch Harbor, thus giving the local fishermen additional fishing time. Similar clearing requirements were established for the Eastern Bering Sea, Area 4E, and the area known as Area 4B in the Aleutian Islands.

The annual meetings of the International Pacific Halibut Commission ("IPHC") were prolonged for hours on the question of precisely when to have the spring and fall 24-hour halibut openings. Some of the issues that drove this debate were as follows: Were the Canadians or the United States fishermen going to get an advantage on price? Would the spring opening conflict with the spring herring fishery in southeast Alaska? Would the opening conflict with western peninsula salmon seasons? Would openings occur during logistic rollouts? Would openings put product on the docks in Alaska at the right time for the Sea Land ships? Would the opening conflict with the State of Alaska sablefish openings? Would the opening conflict with Russian Orthodox holidays?

If any of those issues, which were debated with innovation, has arisen since the implementation of the IFQ program, it raises serious concern. The IFQ program was intended to allow for competitive fishing arrangements, and the sharing of the economic benefits of an allocative resource. Former Governor of Alaska Walter J. Hickel, correctly observed the IFQ program: "Ultimately the free market decides." Letter from Walter J. Hickel to Bob Alverson, August 27, 1997. All of the concerns of when to fish and to fish that the industry and fisheries managers debated lengthened prior to implementation of the IFQ program are now the business decisions of each and every vessel owner, subject to overarching conservation and management regulations.

**Gear Conflicts**

The supplemental environmental impact statement ("SEIS") for the halibut/sablefish IFQ program stated:

Although an IFQ program will tend to decrease gear conflicts within the halibut and sablefish fishery, it may increase gear...
conflicts between halibut or sablefish fishermen and other fishermen by increasing the areas and length of periods in which such
conflicts can occur. For example, it is less costly for trawlers to avoid the halibut grounds during brief halibut openings than to
avoid those areas most of the year. Similarly, the areas and times with a high risk of gear conflicts are easier to identify and
avoid with the current intensive halibut fishing periods than with an IFQ program. A attempt has been made to estimate the
magnitude of this effect. SEIS page 27.

Halibut fishermen no longer have gear conflicts with sablefish fishermen. The best sablefish grounds are usually located in the
outer continental shelf, or at about 350 to 600 fathoms. The halibut fishery is conducted generally between 100 and 250 fathoms. The IFQ
fishery allows the participants to target where the fish are located. The timeline available for the sablefish fishery, where and when to set
gear allows a defined, directed fishing operation, particularly now that the grounds for halibut and sablefish are no longer saturated with
gear.

The statement, “it is less costly for trawlers to avoid the halibut grounds during brief halibut openings than to avoid these
areas most of the year”, is ironic, because there is now a need to set the case. It is very costly for trawlers to avoid halibut grounds,
because trawl groundfish seasons have been extended. This is particularly true in the Gulf of Alaska. Trawlers inadvertently
get into school of halibut or area where halibut gear is set, the trawl fishermen have no idea of those adjustments. If the
trawlers had the time to make those adjustments, the bycatch and potential gear conflicts could be reduced further.

As it stands, now the sablefish IFQ fishermen have adequate time to harvest their quotas and can avoid most of the
intense trawl activity. In fact, the Pacific cod fishery in the Gulf of Alaska has been shortened so that it ends about the time the March
IFQ fisheries start, which is result of the overfishing and sablefish IFQ program. The trawlers have not yet had the time to
harvest their quotas, and the time available is a high priority.

| 1995 | Pacific Cod (inshore) | Western Gulf | January 20 to March 17 
|      | Pollock (Trawl)       | Western Gulf | January 20 to February 2 
|      |                       | Central Gulf | January 20 to January 24 
|      |                       |              | June 1 to June 2 
|      |                       |              | July 1 to July 2 
|      |                       |              | October 1 to October 1 (12 hours) 
| 1999 | Pacific Cod (Trawl)   | Inshore 6D   | Qatar 12/7/99 Close 12/9/99 
|      | Inshore 6D0           | Qatar 12/7/99 Close 12/9/99 
|      | Inshore 6D00          | Qatar 12/7/99 Close 12/9/99 
|      |                       | Qatar 12/7/99 Close 12/9/99 
|      | Pollock (Trawl)       | Inshore 6D   | Qatar 12/7/99 Close 12/9/99 
|      | Inshore 6D0           | Qatar 12/7/99 Close 12/9/99 
|      | Inshore 6D00          | Qatar 12/7/99 Close 12/9/99 
|      |                       | Qatar 12/7/99 Close 12/9/99 
|      |                       | Qatar 12/7/99 Close 12/9/99 
|      |                       | Qatar 12/7/99 Close 12/9/99 

In summary, the SEIS predicted fewer gear conflicts, and this has proved correct. The SEIS' prediction that harvesters experiencing, among themselves, gear conflicts, has not proved accurate. This is largely
because sablefish and halibut operations take place at different depth strata and because the eight months of fishing time halibut
harvesters can afford to communicate with their fellow fishermen and avoid each other's gear. These same applies for sablefish harvesters. The conclusion of the SEIS about trawlers has turned out to be just the reversed actual experience. Trawler derbies have increased the trawlers' cost of avoiding gear conflicts.

The conclusion of the SEIS about trawlers has turned out to be just the reverse of actual experience. The trawl derbies have increased the trawlers' cost of avoiding gear conflicts.

The initial reports to the Pacific and North Pacific Councils on the operation of the whiting and pollock cooperatives indicate that the resulting reduction of capacity has favorably affected the fisheries by slowing the race for fish. Particularly helpful benefits should include reductions of bycatch and gear conflicts.

Fishing Mortality and Other Costs Due to Lost Gear

The SEIS correctly predicted the following with regard to gear loss and related fishing mortality:

There are several reasons why an IFQ program is expected to decrease gear losses and the associated costs. First, it would reduce the amount of gear that is on the ground at any one time and therefore reduce the amount of gear that becomes tangled. Second, it would increase the willingness of fishermen to take more time to avoid gear conflicts and retrieve lost or tangled gear. It would do so by decreasing the opportunity cost of the time required to set gear so that it is less likely to become tangled during retrieval. Third, it would eliminate frequent gear losses that occur because fishermen lose gear that they can retrieve before the end of the brief halibut openings. Finally, it would allow fishermen to fish at a pace and in areas, time periods, and weather conditions that decrease gear losses. SEIS, page 26

The SEIS estimated that in 1990, 1,860 skates of gear and two million pounds of halibut were lost. In its annual reports, under the category of waste, the IPHC includes the mortality of halibut due to lost gear in the IFQ fleet. In the 1994 Annual Report, waste was recorded at 2.5 million pounds. The 1995 and 1998 Annual Reports recorded waste as 10 and 19 million pounds, respectively. This represents a 48% average reduction in waste or a savings of approximately 14 million pounds of halibut from 1994. This compares impressively with the 50% saving predicted by the SEIS. Based on the 1999 Seward, Alaska price for halibut (approximate average $2.44/lb.), the savings to the reduced waste is approximately $3.36 million.

The lost fishing gear in the halibut derbies was primarily the result of 4,000 to 6,000 vessels setting their gear all at the same time and gear becoming tangled. Gear lost in this manner is a thing of the past. The SEIS estimated that in 1994, 180,000 skates of gear and 12 million pounds of halibut were lost. Under the IFQ program, the vessels share the grounds over an 8-month season. Gear still can be lost due to normal hang-ups on the bottom, but there are no longer large amounts of gear lost due to gear conflicts.

There has also been a reduction in the number of gear purchases for each vessel each season. It was not uncommon for vessels to set 80 to 130 skates of gear during a 24-hour derby opening. Vessels are now fishing with 50 to 70 skates of gear. Additionally, vessels operate in different types of gear near halibut and sablefish. Many harvesters are now using their sablefish gear to harvest the halibut quotas, further reducing gear-related costs to the fleet. The SEIS predicted a 50% reduction in gear needed to harvest a given amount of fish. SEIS, page 26.

The IFQ program has resulted in much less gear being set in the halibut fishery. It is reasonable to conclude based on the halibut experience that the increased sablefish seasons under the IFQ program have also resulted in lower gear losses and associated resource mortality than prevailed in the open access fishery.

In summary, there has been at least a 48% reduction in wasted halibut recorded by the IPHC with an estimated benefit of $3.36 million annually to the fleet. The IFQ program has resulted in much less gear being set to harvest quotas.

Bycatch Loss of Halibut and Sablefish in Other Fisheries

The Magnuson-Stevens Act provides, “Conservation and management measures shall, to the extent practicable (A) minimize bycatch and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch.” 16 USC 1851(a)(9). Congressional interest and intent with respect to bycatch reduction was clearly reflected in the Senate and House Floor debates in...
the OIA, Congress. Senator Stevens declared that, “Under S39 [Sustainable Fisheries Act], the councils will be required to reduce the amount of bycatch in every fishery a round our country.” Congressional Record September 18, 1996 at S39. He further stated, “We ought Americanization would go a long way to conserving the fishery resources of this Nation. Foreign vessels have given way to US vessels are capitalized and we are no longer allowed to fish the Exclusive Economic Zones.” Id. Senator Murkowski stated, “This will put an end to the wasteful practices that are currently occurring in our fisheries.” Id. at S39.

Of the House Floor, Congressman Young, principal author of H.R. 39 (companion bill to S39) and chairman of the committee of jurisdiction stated, “The reduction by catch in our fisheries is one of the most crucial challenges facing fisheries managers today.” Congressional Record September 18, 1996 at H9116. On passage of S39 he stated, “the bill recognizes that bycatch is one of the most pressing problems facing the continuation of sustainable fisheries.” Congressional Record September 27, 1996 at H1088.

Prior to the implementation of the IFQ program for sablefish and halibut, the length of the seasons had shortened to a point of causing chaos. The sablefish fishery had collapsed from a 9-month season to less than a 10-day fishery in the western Gulf of Alaska and a 60-day season in southeast Alaska.

By 1994, the halibut fishery had become two 24-hour openings, one in the spring and one in the fall. In the 1980s, the halibut season had been 12 months. By the 1990s, when fishermen had access to Sablefish, they were required by regulation to throw away their incidentally caught halibut, and during the halibut derby, the fishermen were required to throw away their incidentally caught sablefish. Initially associated with this regulatory bycatch was deducted from the available commercial harvests.

The IFQ program recorded the halibut bycatch in the directed sablefish fishery by the use of the server program. The average halibut bycatch in the directed sablefish fishery for each of the five seasons preceding the IFQ program was 133,600 pounds. The bycatch mortality, after the IFQ program was implemented in 1995, was recorded at 29,000 pounds. This represented a 78 percent reduction in halibut bycatch, or a reduction of 153,000 pounds annually. There have been updates on this in the NMFS database since 1995, but there is no reason to expect that experience has changed since then.

The reduction is due to a variety of factors. Two of the most important were: 1) the fishery slowed down, and juvenile halibut were able to be released with better care, and thus with lower mortality, and 2) the adult halibut were allowed to be landed and counted against the quota. (Juvenile halibut are not allowed to be landed: they are defined as being less than 32 inches long.)

Similar information is not available to quantify what has taken place with incidentally caught sablefish. The directed halibut fishery is generally conducted in shallower water than that in which sablefish are usually found, so the numbers of sablefish saved in the halibut fishery would probably not be as great as the numbers of halibut saved in the directed sablefish fishery. (The deep-water sablefish habitat does, however, have substantial numbers of halibut in the late winter and spring.) The important point is that the fleets are now landing incidentally caught sablefish, while not the case prior to the IFQ program.

The reduction in halibut bycatch in the directed sablefish fishery of 153,000 pounds represents approximately a $32 million gain to the longline fishermen, assuming an average 1997 price of $2.01 per pound. As noted above, prior to the IFQ program, this now-discarded catch was discarded and deducted from what might be available for commercial harvest.

There has been an additional saving to the longline fleet with the implementation of the IFQ program. Prior to 1995 the longlines operated in the Gulf of Alaska with a halibut cap of 70,000 units. Once this bycatch mortality was accounted for, with the help of the observer program. The longline sablefish fishery was closed. This had the effect in the western Gulf of Alaska, of reducing the halibut harvest of sablefish in order to protect halibut. The ability under the IFQ program to keep the sablefish fishery open in the Gulf of Alaska since 1995 has allowed for the western Gulf of Alaska harvest to be fully achieved and the central Gulf of Alaska sablefish to be harvested. For 1997 in the western Gulf of Alaska, the harvestable amount of sablefish quotas was amounted to 163,222 round pounds, representing an additional $9.9 million to the fleet. (Price: 3.77/daw 67% recovery)

In summary, the IFQ program has allowed the fleet to pursue the largest harvest of halibut that was occurring in the sablefish operations. This gain amounts to an average of $32 million annually since the inception of the IFQ. The program has additionally allowed for the full harvest of sablefish in the western and central Gulf of Alaska, providing a overall gain of $39.9 million.

Janet Smoker of Fisheries Information Services (FIS) completed a review of the IFQ directed sablefish fishery in the Gulf of
Alaska relative to the retention of various species caught incidentally. The FIS report examines the 1994 season against the IFQ seasons of 1995, 1996, and part of 1997. The following conclusions were based on the North Pacific Fishery Management Council’s observer program.

While conducting a directed fishery on sablefish, some of the target catch is discarded. The retained sablefish has always been high, according to the report. The retained sablefish in the directed longline fishery for sablefish during 1994 was 96.8% (a number that is difficult to improve upon), and during the 1995, 1996, and 1997 seasons averaged 97.03%. Observation concerning the small difference in retained catch between open access and IFQ fishery is that there has been very little “high grading” in the IFQ fisheries, indeed, less than in the pre-IFQ fisheries. High grading had been a concern with respect to the IFQ program when it was under development.

The SEIS noted several very important points relative to this subject. Vessel profit would increase 6% if sablefish under 4 pounds (eastern dressed weight) were discarded but introducing the number of fishing days would increase 70% of SSB, page 214. The fishermen would have made more money but would have worked many more days. As noted above, the observer statistics compiled by FIS which indicate a 97.03% retention of sablefish suggests that the SEIS was accurate. High grading which means catching the fish at least twice is not economical.

The FIS report also indicates that the directed sablefish fishery during the 1994 season was retaining 75.5% of all groundfish included sablefish that was being caught. Then the three seasons under the IFQ program increased the groundfish retention to 84.9% of all groundfish species. Discards of groundfish declined from 24.5% of the catch to an average of 15.0% of the catch representing a 39% reduction in discard groundfish.

The retention of groundfish not including sablefish increased from the 1994 season level of 25.7% to an average 34.6 percent during the 1995, 1996, and 1997, seasons. This represented 33% increase in groundfish retention not including sablefish. The halibut discards that occur during the directed sablefish fishery have gone from 21% in 1994 to an average of 13% during the 1995, 1996, and 1997, seasons. This represented a 32% decrease in discard discards. Discards of halibut under the IFQ program in the directed sablefish fishery are largely halibut that are less than the legal size for retention.

The discards of rockfish and Pacific cod in the IFQ fisheries are significantly the result of the rockfish and cod quotas being achieved during the race for fish in those fisheries, which then result in regulatory discards for the remainder of the year for IFQ fisheries. The majority of groundfish discards in the IFQ fisheries are flounders and skates, for which markets have yet to be adequately developed.

In summary, according to the cited evidence and analysis through 1997 the retention of sablefish has remained in the 97% range suggesting very little if any high grading. The discards of groundfish in the directed sablefish fishery reduced 33% for a 34% increase in overall groundfish catch.

Excess Harvesting Capacity

The SEIS noted a number of concerns with regard to excess harvesting capacity. “The fact that there are too many vessels has been identified as a problem.” SEIS, page 252. “The Council has considered the introduction of an aquaculture system as an area where vessels to leave the industry to recover some compensation through the sale of quotas for fishing.” Id. “It is hoped that following introduction, transfer of quotas will lead to less efficient vessels leaving the industry.” Id.

In 1994 the number of vessels participating in the sablefish fishery opened numbered 1,139 and in the halibut fishery 3,460. The number of vessels participating in the sablefish fishery in 1995, 1996, 1997, and 1998 were 517, 503, 504, and 449 respectively. The corresponding numbers of halibut vessels were 2,057, 1,962, 1,925, and 1,601. RAM Report, NMFS, 1999, page 27.

The reduction of vessels as envisioned by the SEIS working group was being accomplished without any federal buy-out assistance. The fleet is using the heavily valued quotas as a way of its own. The FVOA estimates that, in order for the Federal Government to achieve a fleet reduction in the halibut fishery from 3,460 vessels in 1994 to 1,601 in 1998 a reduction of 1,849 vessels, it would have cost at least $124,242 for each vessel a total potential harvest of fish. This means that the halibut fleet has self-rationalized itself in the amount of $185,822,000 ($124,242 x 1,481 vessels) in four years without any federal assistance.
There are no mechanisms comparable to IFQ's in terms of cost effectiveness in reduction of a fleet. The taxpayer cost of one New England buy-out was $23 million and the impact was minimal.

One of the options the North Pacific Fishery Council seriously looked at, when it was considering whether to adopt IFQ for the halibut fishery, was a license limited entry program that would have reduced the halibut fleet from 5000 vessels to less than 1000 vessels. This option would have provided no compensation to the 4000 vessel operators eliminated from the fishery, and accounts, in large part, for the adoption of the IFQ alternative.

**Product Quality, as Reflected in Halibut and Sablefish Prices**

The SEIS made numerous predictions regarding the expected effects on product quality, the availability of fresh halibut, and ex-vessel prices. One of the primary goals of the IFQ program was to provide high quality fresh halibut on a continual basis. The 24-hour openings in the derby fisheries limited the ability of fishermen and processors to provide fresh halibut to a brief period of the year, and those few customers, for example, the Hotel Captain Cook in Anchorage, Alaska had to import fresh halibut from Canada to supply its customers, even though Alaska produced more halibut than any other place in the world. “I mention the Crow’s Nest Restaurant at the Hotel Captain Cook, which has a reputation of serving nothing but fresh halibut. Prior to IFQ, not of the year we flew fresh halibut in from Vancouver.” Letter from the Honorable Walter J. Hickel to Mr. Bob Alverson, August 27, 1997.

The SEIS had the following specific expectations with regard to the IFQ program. First, the program would provide the flexibility in scheduling landings that is necessary for fishermen and processors to take advantage of the entire year round market for fresh halibut and the seasonal consumption pattern for sablefish and to restructure storage and costs for the halibut and sablefish that are frozen. Second, the program would increase the quality of landed halibut and sablefish by decreasing the opportunity cost of the time required to assure that the catch is quickly dressed and cooled. Third, the program would eliminate the brief, intensive openings that result in such large concentrations of landings that unloading and processing delays can decrease product quality and prices. SEIS page 24.

Flexibility in scheduling landings to take advantage of a year round market for fresh halibut and seasonal consumption patterns is evident from the IFQ monthly landings reports for the 1995 through 1998 seasons. RAM Report, NMFS, 1999, page 12. The fleet has spread its landings over the entire time provided, all eight months. This has allowed the fresh fish market to absorb approximately 75% of the harvest. The initial forecast by the SEIS was 50%. SEIS page 25.

With regard to storage costs and savings, the SEIS stated: “If 75 percent of landings currently are frozen and an IFQ program would reduce it to 50 percent of landings currently are frozen, the cost savings in 1990 would have been $4.2 million ($0.32 per lb X 25% of 52.6 million lbs.).” SEIS page 25. With 75 percent of the harvest moving to the fresh markets, it would cost the industry an additional $9 million ($0.32 per lb X 50% of 61,200,000 lbs. (1999 quota)). This saving is over twice that forecasted by the SEIS. Additionally, instead of product quality, the SEIS assumed on average that halibut was frozen 6 months a year. This is no longer the case and this quality is, therefore, higher than anticipated.

The SEIS stated: “The price increase for sablefish is expected to be less than for halibut, because the potential benefits from the fresh fish market are probably less for sablefish.” SEIS page 25.

The SEIS greatly underestimated the Japanese fresh market for sablefish and the marketing advantages that IFQ gave U.S. fishermen in negotiating lower prices in this foreign market. (Harvest guidelines have increased as well, which puts upward pressure on prices.) A conservative estimate is that the SEIS underestimated IFQ's impact on Japanese sablefish prices. Since the establishment of the IFQ program, the sablefish price has steadily increased. The 1997 average price for a dressed pound was $3.70 per dressed pound. The NMFS assumes a 63% recovery rate between dressed and round sablefish. Therefore, in terms of round weight, the price would be $2.33 per pound. The 1999 dressed weight price in Alaska averaged approximately $3.10 per pound, reflecting the recent recession in Japan.

The SEIS estimated that the round pound price for sablefish would increase $0.05. The document states: “In 1991, this would have been a $0.05 per pound round weight increase in the ex-vessel price or about a $28 million dollar increase in vessel value.” SEIS page 25.

The price for dressed sablefish in 1991, based on the SEIS was $3.19 per dressed pound or $2.00 per round pound. The 1997
round price of $2.33 converts to a 1991 price of $1.98, using a consumer price index regression of .84. Internally the IFQ program added $0.98 per round pound to the price of sablefish. The added value to the resource is $25,520,750 in 1991 dollars. ($0.98 x 30,233,885 round pounds). The prediction of a $28 million gain therefore was very greatly underestimated. Internally the resource to the State of Alaska under the 33% avilistic tax regime has been $957,000 per year on average through 1997.

With respect to halibut, the SEIS predicted that an IFQ program would increase halibut ex-vessel prices by $0.04 to $0.68 per pound. Given the 1990 landings of 52.6 million pounds, the resulting increase in the ex-vessel value to the fishery would have been $2.1 million to $35.8 million. In terms of the allocated 1997 quota shares, the added value to the resource is $29,625,070, in 1991 dollars. ($0.98 x 30,233,885 round pounds). The prediction of a $2.8 million gain, therefore, was very greatly underestimated. In terms of revenues to the State of Alaska, under the 3.3% raw fish tax, the gain has been $957,000 per year on average through 1997.

The SEIS predicted a $0.98 per pound increase in the ex-vessel value for halibut. That was in 1990 dollars. The prices for halibut since the IFQ program was initiated in 1995 have been in the $1.90 to 2.40 range in the Seward, Alaska area. Prices in the Seattle area are generally 50 to 60 cents above Seward prices, largely reflecting transportation costs. Assuming an average price of $2.25 per pound and using a consumer price index regression of .814, the 1990 value would have been $1.83 per pound. Hence the added ex-vessel value to the industry in 1990 dollars is approximately 5 cents. The added value in ex-vessel value to the fishery in 1997 is $2.5 million. Consequently, although there has been an increase in the ex-vessel value paid to the fishermen, the amount has not been at the lower end of the prediction.

It should be noted, however, that this value may be somewhat misleading in that the halibut industry has completely changed since the implementation of the IFQ program. There are no more long lines of fishing vessels waiting to deliver halibut. Processors no longer have product stacked in their processing floors for days at a time before fish are sold. Prior to the IFQ program, processors were often able to ship the halibut to the Seward plant for redistribution. Now significant amounts of halibut are air freighted out of Anchorage, Alaska. There has been a significant cost in air transportation to get quality fresh fish to distant markets, which does not readily appear as an additional value when looking at the price the fishermen receive. There are new businesses in air freighting as well as long-haul trucking out of Anchorage that were not envisioned prior to the IFQ program.

The industry has been revolutionized, and the most important quality aspect for halibut is the system's shelf life. The better the quality at the boat, the longer the fresh fish can be available to consumers. The need for quality to ensure shelf life for halibut means the living conditions paid to the harvesters.

The majority of the high quality buyers want to know when was the fish caught and how old was the fish when it was received in the marketplace. Many buyers will not buy fish or if given a choice, they will pay more for fresher fish with a longer shelf life.

I believe the overall quality has improved at all ports due to the new system. The fishermen have stepped up their game, ice and take care of the product aboard the fishing vessels. In addition, the processing plants are receiving smaller quantities per day and can process the products in a timely manner. As a result, the halibut is handled and packaged or quality fresh fish in the marketplace in better shape than in pre-IFQ years. [Letter from Dory Seafoods to Robert D. Alverson, August 28, 1997]

There have been complaints from several shore-side processors that they are not doing well under the IFQ program to the extent that the raw product cost has not changed very much for halibut from the 1990 prices. It is also evident that the frozen market valued sablefish at all ports competitively for sablefish. More importantly, as shown below by the landings per port have not changed materially. What the fishermen desire is that these processors that have been able to transport and deliver fish to the market at a lower price be able to participate in the fresh markets, but with more difficulty. In these areas, the landed halibut generally reflects a frozen product price. In the case of sablefish, the market reflects frozen product price, and therefore all Alaskan ports have fresh fish with freezing capacity should be able to participate in that fishery.

Sablefish is unique in that the final destination is Japan or other Asian markets. Sablefish has very few fresh fish sales. Therefore, the price structure and higher costs are necessary to freeze the product. The distribution of sablefish before and after IFQ were in the same locations seen in the IFQ program. There has not been any significant change in landings to particular ports or call. [NMFS 1999 IFQ Report]

In summary, it is evident that quality has improved and halibut is now available fresh throughout an 8-month period. Some of
the additional values to the fishermen considering some of the predictions of the SEIS are $8.2 million in annual average savings in cold storage costs for halibut; $2.5 million of additional annual average vessel valued halibut; and $29 million in added annual average export valued sablefish.

The SEIS discussed savings in gear, food, bait, and fuel costs to the fleet. That analysis estimated annual savings of $1.8 to $2.5 million for food; $3.1 to $4.0 million for fuel; $20.0 to $28.0 million for cost of labor; and $9.2 to $11.7 million for fixed costs. This statement does not attempt to quantify these actual savings, although they are materialized in all of these categories. These savings and additional values to the fleet have resulted in at least a $75 million net average annual benefit to the industry.

Safety of Fishermen

The Magnuson-Stevens Act provides, “Fishery management measures shall, to the extent practicable, promote the safety of human life at sea.” 16 USC 1851(a)(10).

Senators Patty Murray stated during the Senate floor debate on S. 39 the Sustainable Fisheries Act:

“This race for fish creates serious safety considerations in many fisheries. Under this race, fishermen feel compelled to keep fishing even when the weather or conditions of the vessel or health of the skipper or crew would suggest otherwise. Unless fishery management plans provide opportunities and incentives for fishermen to sit out storms and return to port for repairs or medical attention, lives will continue to be lost.

For this very reason we included a provision of safety of life at sea in the National Standards of the Magnuson Act. [Congressional Record, September 18, 1996 at S10818.]

The SEIS stated:

An IFQ program is expected to improve vessel safety by reducing substantially the incentive fishermen have to disregard factors that increase the risk of accidents. However, due to the lack of reliable data and methodological problems, it is difficult to provide quantitative estimates on the linkages between vessel safety and other factors, such as management practices. [SEIS, page 2-3.]

In the recently released book, Fishing Vessel Safety Blueprint for a National Program, the National Research Council noted that commercial fishing has one of the highest fatality rates of any occupation and that safety has largely gone unregulated. Page 142. While attributing a large portion of the safety issues to the vessel (e.g., its structure, equipment, and crew), the authors do consider fishery management practices to be one of three major external influences on vessel safety. Page 131. Allocation conflicts have “resulted in a highly competitive operating environment in which fishermen take unnecessary risks to maintain their livelihood”. Page 132.

In addition to its enforcement responsibilities, the Coast Guard monitors safety at sea and reports that, during the 1998 IFQ season, there were 11 search and rescue missions undertaken (fifteen in 1995, seven in 1996, and sixteen in 1997). There were three sinkings in 1998 (four in 1997, two in 1996, and one in 1995), and two lives lost (one in 1995, two in 1996, and one in 1997). In the three years prior to the IFQ fishery, there were an average of 2.94 missions, two vessel sinkings, and two lives lost during the short derby seasons. Three of the deaths have occurred while the vessels were moored in harbor. Only one death has occurred during heavy weather.

Economic Stability in the Fixed Gear Halibut and Sablefish Fisheries and Affected Communities

The Magnuson-Stevens Act provides:

Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks) [16 USC 1851(a)(8)], take into account the potential economic impacts of fishing activities and commercial fishing activities on fishing communities and (B) to the extent practicable, minimize adverse impacts on such communities. [16 USC 1851(a)(8).]

Although the establishment of the IFQ and CDQ for halibut and sablefish is under this provision of the Magnuson-Stevens Act, the Council and the Commerce Department have taken into account community interests in designing these management programs. The Commerce Department, in approving the IFQ program, recognized that the economy of the halibut and sablefish fisheries would be increased by excess capital investment. The Department observed that excess capital was causing instability and uncertainty in the fishery. The SEIS states,
However, once the adjustments are made, IFQ would decrease uncertainty and increase the ability of fishermen and processors to plan their participation in the halibut fishery. SEIS, page 2-13.

Of the 7,992 different vessel owners who participated in the halibut fishery between 1984 and 1994, 38% did so for only one year while only 9% participated all seven years. It is estimated that 1,443 vessel owners participated in the fixed gear sablefish fishery between 1985 and 1990. Of these, 45% participated in only one year and only 6% participated all six years. [1]

This is the case in terms of both short and long-term planning. In areas with only a few short openings, if a vessel breaks down or a fisherman misses all or a substantial portion of the season, increased fishing effort does not allow processors to plan for consistent or orderly processing. These short-term discontinuities make planning difficult. SEIS, page 2-12.

A further benefit of quota systems is said to be the degree of certainty given to participants upon which to base their investment and fishing decisions. It is argued that if people are aware of the quantity of fish available to them that they will be able to make sound business decisions about their future. SEIS, page 2-54.

The vessel owners are now able to fish and plan their operations not only around bad weather, but also with a view to market opportunity; so they can efficiently operate in other fisheries that may otherwise have been unavailable to them due to brief fixed season openings. Prior to the IFQ program, thousands of vessels had two or more earning opportunities. Today, earning opportunities, through consolidation, are creating stability within the harvesting sector. Stability has been enhanced by the constraints on quota share concentration through the use of ownership caps, vessel caps, and vessel classes. These were designed to prevent too great an accumulation of quota share ownership by individuals in the same harvesting vessels. Ownership caps and vessel cap limits are cited in the RAM report, 1999, page 25.

The SEIS stated that, under the IFQ system, people would be able to make sound business decisions about their future. The system was designed to encourage transfers of quota share within limits. It was also designed to encourage an owner-operator fleet. This was provided by requiring new purchasers of IFQ to own the vessels when the quotas were being fished. It is clear that the program is functioning as designed. The owner-operator provision is providing stability for crews and vessel owners who work on deck.

Some members of FVOA have chosen to sell, and others have chosen to purchase quota shares. The results are that for those who have chosen to purchase share owners and the crews are earning more. Those who have sold but have received some compensation for their past investments and efforts. The crews that have been displaced tend to be those who were participating in two or more jobs. The SEIS stated on this issue the following: "In considering the employment effects of an IFQ program, it should be remembered that many fishermen take a break from fishing or nonfishing activities to participate in the halibut fishery. Therefore, their alternative participation in the halibut fishery is not unemployment." SEIS, page 2-10. However, the IFQ fishery is becoming more attractive as full time employment opportunities.

In terms of stability for the local communities, there have been some claims that the IFQ program has adversely affected the ports of Kodiak and Dutch Harbor. The 1997 IPHC Annual Report lists by port the halibut landings as follows:

1. Kodiak  20%  9,103,000
2. Homer  12%  5,242,000
3. Seward  9%  3,876,000
4. Dutch Harbor  6%  2,855,000
5. Sitka  6%  2,800,000

The RAM September 1997 report, page 50, shows that, in 1995 and 1997, the top five halibut ports remained the same as in 1994, and the percentage of landings was similar.

With regard to sablefish, the SEIS did not provide analysis similar to that for halibut, however, including the 1997 data in a pivot chart, four of the top five districts are still top five for landings, when compared to the 1997 September RAM report, page 50:

1. Wrangel, Petersburg 7,121,000 Lbs. 26%
2. Sitka Borough  6,131,000 Lbs. 22%
3. Seward Borough  4,302,000 Lbs. 15%
4. Juneau Borough 2,481,000 Lbs. 9%

The 13
The IFQ program was designed to have a minimal impact on communities by preventing a massive redistribution of landings. This was accomplished significantly with the three-year qualification period of 1988, 1989, 1990, where there had to be landings in any port to qualify for any poundage in one of these years. This helped ensure that quota holders were still active and operating in the same locations as was historically the case. Clearly, this has been accomplished as shown by the hard evidence of landing reports. An argument of economic disadvantage to Kodiak or Dutch Harbor based on IFQ poundage being delivered elsewhere cannot be sustained.

The instability of these communities is not likely the result of the remaining pulse-type groundfish fisheries. The fishermen in the Kodiak area have three three-day pollock openings; Pacific cod has barely a two-month operation. The landings in Kodiak were down between 1995 and 1996 by 160 million pounds; none of this reduction could be attributed to the IFQ program. In 1997 and 1998, Kodiak landings rebounded to 277 and 362 million pounds, respectively. This reflected increases of salmon landings. Fisheries of the U.S. 1998, NMFS.

Similarly, landings in Dutch Harbor were reduced by 105 million pounds between 1995 and 1996. The argument that this was due to the IFQ program is similarly insupportable. It was due to a reduction in pollock landings. The landings in 1997 and 1998 were 587 and 597 million pounds respectively, which are still 100 million pounds below 1995 levels. This is all due to pollock landings, not IFQ halibut or IFQ sablefish.

The 1999 RAM Report, pages 13 and 14, show the same ports in the top 10 as in previous years for halibut and sablefish.

**Rural Coastal Community Development of a Small Boat Fishery**

The SEIS made the following statements and conclusions regarding rural coastal community development of a small boat fleet:

The Council wished to enhance the opportunities for rural coastal communities to participate in the sablefish and halibut fisheries. It was in pursuit of this objective that the western Alaska community development program was inserted into the preferred alternative (SEIS page 255).

Opportunities for small communities will be enhanced by having portions of total allowable catch set aside [Id].

Many of the constraints imposed on transferability have been introduced to preserve a small boat fishery for sablefish and halibut [Id].

The community development quota program was specifically set up for western Alaska rural communities. The CDQs for 1999 amounted to 2,610,000 dressed pounds of halibut. In the halibut regulatory areas of 4C and 4E, all of the CDQ quota, 1,400,000 pounds, was harvested locally by the local community.

The ex-vessel value of CDQ-landed halibut was approximately $5,200,000 (Dutch Harbor price $2.00). The CDQ halibut quotas thus are a significant benefit to the coastal communities of western Alaska and the small vessels which operate out of those communities.

The Gulf of Alaska’s small boat fleet vessels, less than 35 feet in length, have a secure position in the fisheries. Rutting earned by initial recipients is safeguarded permanently in their vessel length category.

The small boat fleet has been additionally enhanced with recent regulatory amendments that allow quota share holders operating small vessels to buy quotas from larger vessel classes and fish that quota on the smaller vessels. IFQ holders operating larger vessels cannot use smaller vessel class quota on their larger vessels. This new provision gives smaller vessels, which tend to operate closer to shore, more purchasing opportunity.

As noted above, the 1996 amendments to the Magnuson-Stevens Act provided for a government loan program funded in part from landing fees of the IFQ participants. TUC 1853(d)(4). Those who can apply for the loans are fishermen with little or no holdings of IFQ. The cap on loans is limited to about 8000 lbs. of resource and applies only to controlling 50,000 lbs. or more of quota not eligible for the loans. Congress designed to help those fishermen looking for upward mobility in the industry. This program should help rural citizens who have few cash-generating industries.
However, I cannot leave this subject without noting that the conference report on appropriations for Commerce, Justice, State and other agencies for fiscal year 2000 purported to divert halibut/sablefish IFQs from their intended purposes in the North Pacific to Hawaiian communities. To comply with this conference report directive would be a gross violation of the express provisions of the Magnuson-Stevens Act and an unconscionable breach of the Federal Government’s commitment to the fishermen, communities, and fisheries of the North Pacific. I urge our elected representatives in Congress to stop this ill-considered diversion of funds.

Comment on Gulf coastal communities proposal

The Gulf of Alaska Coastal Communities Coalition will be sponsoring a proposal which would allow certain tax exempt coastal village corporations of Alaska to participate in the purchase of IFQ for halibut and sablefish. The villages are part of the large native regional corporations set up under the Alaska Land Settlement Act program. There are about 42 villages in the Gulf of Alaska that have been identified that would participate in these purchases. The Fishing Vessel Owners Association and Deep Sea Fishermen’s Union oppose this for the following reasons:

1. The halibut and sablefish IFQ program was set up to ensure an owner operated fleet in the future. For the past 5 seasons crew and boat owners have been purchasing QS on this basis. The GACCC proposal would allow corporations to bid against crew and boat owners in the market and lease back to certain village fishermen. This would begin to turn the fishery into a company store fishery with the fisherman not being the owner of the QS.

2. The 42 villages are part of five large native regional corporations that generated well over 200 million dollars in net operating profit last year. There is no reason these regional corporations cannot assist the villages and underwrite the local fishermen if there is a problem.

3. Some of the existing sources of funding at this time are as follows: (a) The Bureau of Indian Affairs provides individual business loans of up to 500,000 dollars and has a loan for a village of a 1,000,000 dollar loan which could be used to help local residents. (b) The State of Alaska has its own loan program for Alaskans. In fact, the State provided loans for 1,001 IFQ holders, according to the RAM Report, 1999 page 23. (c) The village fishermen can participate in the existing IFQ program established under the 1996 Magnuson-Stevens Act amendments. The NMFS IFQ loan program has provided 374 IFQ operators, according to the RAM Report, 1999 page 23. (d) Private banks have provided loans for 1,234 IFQ holders, according to the RAM Report, 1999 page 23.

We also have the concern that if 42 villages maximized the ownership privileges that this could result in 40 percent of the resource of sablefish and 20 percent of the halibut being bought up from the existing quota pool. This is a concern that over the long term may decrease the existing IFQs, which may result in future purchases of an increased price. In addition, the villages are a tax exempt, which will give them a 20 percent advantage over crew and boat owners.
Major groundfish fisheries off the coast of Washington, Oregon and California are in severely depressed condition. The impact on the affected industry and dependent communities is serious.

Key facts about stock conditions and economic impacts

Certain key groundfish fisheries off Washington, Oregon and California have had the following reductions in allowed harvest since 1982, when the Pacific Council adopted its groundfish management plan:

<table>
<thead>
<tr>
<th>Species</th>
<th>1983 ABCs</th>
<th>2000 ABCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sablefish</td>
<td>13,400 mt</td>
<td>9,692 mt</td>
</tr>
<tr>
<td>Widow rockfish</td>
<td>18,300 mt</td>
<td>5,750 mt</td>
</tr>
<tr>
<td>Lingcod</td>
<td>7,000 mt</td>
<td>700 mt</td>
</tr>
<tr>
<td>Bocaccio</td>
<td>6,100 mt</td>
<td>164 mt</td>
</tr>
<tr>
<td>Canary</td>
<td>2,700 mt</td>
<td>356 mt</td>
</tr>
<tr>
<td>Dover sole</td>
<td>19,000 mt</td>
<td>9,426 mt</td>
</tr>
</tbody>
</table>

The cut back in harvest level in 1998 resulted in revenues to the vessels dropping from $99,479,252 to $67,803,000. SAFE document, 1999, Pacific Council. This represented a 32 percent drop in income. There is information from 1999 is not available, but should have a further income decrease as the Council reduced the rockfish harvest in 1999. The 2000 harvest levels have been reduced from the 1999 levels with the addition of 5 overfished species. When a resource has been declared overfished additional restrictions are required. It is anticipated some fishing will have to be curtailed in 2000 because certain overfished resources will hit their harvest limits midway through the year. This will result in the allowable harvests of the healthy resources not being fully taken. The State of Oregon has predicted that the 2000 cuts in harvest could result in an additional $24 million in lost income.

The condition of these fisheries has resulted from failures of local science, regional management, and national policy. Delays in a abundance of data and dubious scientific analyses, stock assessments have been fatally flawed. Lack of confidence in the science and failure to employ the precautionary approach resulted in excessive allowable catches. Related management responses to the deplorable condition of the groundfish fisheries have been tampered by the moratorium on IFQs and overly broad interpretations of it. The Pacific Council has reduced harvests instead of the past three years, but has been unable to institute a management system that would mitigate economic impacts and reduce excessive capacity.

Management of trawl and fixed gear operations is accomplished with the use of trip limits. The trip limit management tool can be successful when the amount of fishing effort matches up with sufficient quantities of fishery resources. The tool fails, where there is an imbalance. The lower Pacific Coast has too much effort and too little resource.

Other than for fixed gear sablefish harvests, all trip limits are the same for every vessel. There is one set of trip limits per vessel, and that set applies uniformly to all vessels sizes and gear types. Currently, two more licenses cannot be combined or "stacked", for a single vessel, thus producing an inefficient means of consolidating excessive effort. Consequently, the fisheries remain extremely inefficient and difficult to manage for conservation.

For each trawler or longliner, trip limits apply to 31 species. These trip limits are supposed to be harvested once every two or three months, and sometimes, once every two months. These limits are among the highest in the world and the harvest is usually in excess of the available catch. The Pacific Council has taken, and will take, steps to reduce the number of trips and increase the length of the time between trips. Most of the economically important species for the fixed gear industry have allows trip limits that the fixed gear vessels have in many cases ceased to operate except for sablefish. The recent reduction for the 2000 season will likely be as disastrous to the trawl fleet as preceding reductions have been to the fixed gear fleet.

The fixed gear sablefish fishery is managed with three tiers, each tier having a different trip limit based on the historical production of the participating vessels. In 1999, each vessel that had a sablefish permit was allowed a nine-day season regardless of the poundage caught.

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andtrip limit sizes for the fixed gear sablefish fleet in a manner that creates a 26% probability that a trip limit will not be achieved during a given fishing time. This percentage is called “overhead”. Overhead guarantees that the race for fish in highly constrained fisheries suffering from excess capacity will be greatly accelerated. Conservation and safety risks, as well as economic inefficiency, increase accordingly. Ever greater financial pressures lead vessel owners to take greater risks and fishing operations around the clock, and fishing in hazardous weather conditions. For their part, the government managers occupy themselves with readjusting the fishing periods to account for fluctuations in the fisheries in a manner that will ensure continued achievement of the 26% probability that the trip limits will not be reached.

The fixed gear solution that has been discussed and supported by many of the affected permit holders would include allowing the existing sablefish tiers to be harvested over a nine-to-twelve-month time frame. Because this would require removal of the overhead requirement, a season so long would result in the certainty of a permit trip limit being harvested. In view of the prevailing legal ruling, the removal of the overhead requirement would be permissible only if the Magnuson-Stevens Act moratorium were lifted for this fishery.

The ability to “stack” the permits and provide for reasonable cumulative trip limits for sablefish and other groundfish species is also supported among those who operate in these fisheries. This approach would allow the fleet size to be reduced so that harvesting capacity would better fit with the available resource and management would be less difficult. NOAA General Counsel has indicated that allowing stacking begins to assure fishermen, certain levels of achieving trip limits, and therefore, cannot be reconciled with the moratorium. Again, the need for lifting the moratorium becomes evident.

As noted above, the other vital need is to authorize an industry-funded observer program for the West Coast groundfish fisheries. This requires an amendment to section 313 of the Magnuson-Stevens Act. 16 USC 1862. I have indicated that the present economic conditions in these fisheries is such that industry fees to fund an observer program would be welcome. However, as I have indicated, the establishment of an industry-funded observer program is indispensable to gaining an understanding of the groundfish fisheries that will allow their effective conservation and management. If Congress will not appropriate the funds in the public interest to provide for such a program, then there is no alternative but for industry, in its own interest, finding the means to do so.

There are provisions of the Magnuson-Stevens Act that would appear, at first blush, to have some potential for ameliorating the conditions in the West Coast groundfish fisheries. However, upon closer examination each of these provisions has its deficiencies. Fisheries disaster assistance, as provided by section 312(a) of the Magnuson-Stevens Act (16 USC 1861a(a)) has merit, within limits. It does not answer the need for a long-term resource recovery program and there are many issues concerning appropriation and allocation of funds under this section that would have to be addressed before it could be implemented. An industry-funded capacity reduction program, as authorized by section 312(b)-(c) of the Magnuson-Stevens Act has some superficial appeal. However, the economic and resource conditions of the West Coast groundfish fisheries are so badly deteriorated, it is difficult to see how these statutory requirements can be satisfied for financing a buyback.

CONCLUSION

By any rational measure, the halibut/sablefish IFQ program has been a great success. With this example firmly established, individual transferable quotas should be available to fisheries managers nationwide and, in particular, should not be barred for West Coast groundfish fisheries. In addition, Congress should authorize an industry-funded observer program for the West Coast groundfish fisheries so that, if federal funds are not forthcoming, vitally needed observer data can be secured nonetheless.