

April 22, 2010

RE: Fisheries Catch Shares – letter to Congress

111th U.S. House Committee on Natural Resources
Subcommittee on Insular Affairs, Oceans and Wildlife
187 Ford House Office Building (Oceans and Wildlife)
Tel: (202) 226-0200 Fax: (202) 225-1542

Attn: Staff Director, Jean Flemma (Oceans and Wildlife)
Via Clerk/Legislative Advisor: Katherine.Romans@mail.house.gov

Honorable Chairwoman Madeleine Z. Bordallo and Subcommittee members:

We would like to comment on the catch share proposals now before your committee.

Based on the experience of Aleutians East Borough, we believe the implementation of a Catch Shares system, which privatizes publicly owned fisheries resources, is destructive to local fishermen and coastal communities. We also believe the record shows that implementing Catch Shares does not necessarily protect fisheries resources, and that there are other existing management tools to accomplish this which are less destructive to communities and fishermen.

The Aleutians East Borough has experienced two Catch Shares programs over the past twenty years. Halibut and sablefish (black cod) catch shares were implemented in the 1990s under a program called "Individual Fishing Quotas." The IFQ program eliminated 13,000 jobs in Alaska, jobs which have never come back. The original plan mandated that the owner be on board the vessel and that quota share could not be leased. This plan was not adopted, with the result that the majority of the initial quota share recipients have leveraged more quota share using their initial free quota as collateral.

The second catch share program which has affected the Aleutians East Borough communities is the Bering Sea Crab Rationalization program, which was instituted in 2005. Before crab rationalization there were local vessels that fished crab in the Bering Sea primarily with local skippers and deckhands. Crab rationalization has diminished this local fleet and has dramatically declined the number of crab fishing jobs in our communities. Rationalization has cut into sales of some local businesses that sell to crab boats and crab fishermen such as pot storage, welding, marine supplies, taxis, and provisions. Also, harbor moorage fees collected by some Aleutians East Borough communities have declined. Residents have also indicated that the most important effects might be associated with a restriction on their option to participate in the crab fisheries.

Also, access to the fisheries, the right to fish on a crab vessel, is now leased to crewmen by the crab owners at rates between 50% and 80% of the ex-vessel value of the crab. This is money which is taken off

the amount from which crewmen are paid their percentages of the catch. This money, skimmed off the top, is estimated to be between \$8 and \$10 million over the past five years. The loss of that money, which used to be spent in Aleutians East Borough coastal communities but is now removed from the communities by absentee owners, has had serious and harmful economic and social consequences for coastal Alaskan communities.

These negative effects have occurred despite the assurances by former Chairman Dave Benton of the NPFMC that the concerns and interests of coastal communities would be addressed before catch shares programs would be implemented. In a letter to Congress August 5, 2002, Chairman Benton stated:

“Rationalization will improve economic conditions substantially, for all sectors of the industry. Community concerns and the need to provide for economic protections for hired crew will be addressed”

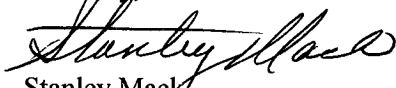
In June of 2006, one year after the implementation of catch shares in the Bering Sea crab fisheries, the North Pacific Fisheries Management Council went to King Cove, the Aleutians East Borough community most impacted by the decision, to listen to the views of the public on the issue. The overwhelming majority who testified spoke against fisheries privatization. Many spoke of the loss of income and jobs. Others testified that crewmen's rights had been ignored in the process of awarding ownership of the public crab resource to only one small segment of the industry- the vessel owners. Some testified that by awarding processor shares and mandating that vessels deliver crab to specific processors, the crab rationalization program had caused ex-vessel prices to fall.

Because of this negative experience of the privatization of fisheries in Alaska, the Aleutians East Borough view with alarm the imminent implementation of catch shares in the New England fisheries on May 1, 2010. We share the concerns of the Governor of Massachusetts, the Massachusetts Congressional delegation, and the mayors of Gloucester and New Bedford about the effects on coastal communities of fisheries privatization.

We urge Congress and NOAA to carefully assess the affect of catch shares on coastal communities and on the men and women who fish from those communities before moving forward with new privatization programs. We also urge Congress and NOAA to examine the role of private investors and speculators in the fisheries privatization process. In order to provide time for these assessments to be made of the effects of catch shares on communities and fishermen, we ask that Congress and NOAA establish a 2 -3 year nationwide moratorium on the implementation of catch shares programs.

We ask Congress to amend the Crab Rationalization program so that the economic benefits are 'fairly and equitably' distributed — in line with economic sharing in accordance with their historical participation — to all segments of the fishery, especially crewmen and new vessel entrants.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stanley Mack", written over a horizontal line.

Stanley Mack
Mayor