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September 25, 2012

Mr. Eric Olson
Chair
North Pacific Fishery Management Council
605 West 4th Ave, Ste 306
Anchorage, AK 99501

Dear Chairman Olson and Members of the Council,

Re: Halibut Catch Sharing Plan (CSP) Agenda Item C-1

The Halibut Coalition includes thirteen member groups and over 500 individual members. Coalition members live both in and outside Alaska and process or fish in halibut areas across the Gulf, Bering Sea and Aleutian Islands. On behalf of the Coalition's members and families, we are submitting these comments.

In 1993, commercial halibut fishermen asked the North Pacific Fishery Management Council to design a management plan for the charter industry that stopped the open ended reallocation of halibut from the commercial to the charter sectors. In 1997, the Council adopted the first charter Guideline Harvest Level (GHL), awarding the charter sectors in Areas 2C and 3A 125% of their 1995 harvest, which was their historic high year at the time of Council action. In 1995, charter harvest in Area 2C was 9% of the combined charter commercial limit (CCL); in Area 3A charter harvest was 12% of the combined CCL. In 2000 the Council adjusted the GHL upward, again awarding the charter fleet 125 percent of their historic high harvest years (95-99). The charter allocation translated to 13% of the combined CCL in 2C and 14% in 3A. In 2008, the Council adopted the Catch Sharing Plan, again increasing charter allocations, particularly in Area 2C in times of low abundance (17%)—which, due to reapportionment, is likely the new norm. In 2012, the GHL has allowed the charter allocation to increase to 26% of the combined CCL in Area 2C and to 20% in 3A. Clearly the reallocation has continued; the GHL has failed to provide commercial fishermen, who are making substantial investments in quota in order to fish for halibut, with any protection.

In short, through Council and Agency inaction, the charter harvest has grown from approximately 10% of the combined CCL in Areas 2C and 3A to 26% and 20%. For almost 20 years we have asked the Council to

Alaska Longline Fishermen's Association • Cordova District Fishermen • Deep Sea Fishermen's Union •
Fishing Vessel Owners Association • Halibut Association of North America • Kachemak Bay Fisheries
Association • North Pacific Fisheries Association • Petersburg Vessel Owners Association • Sea Food
Producers Cooperative • Southeast Alaska Fishermen's Alliance • United Cook Inlet Driftnetters Association
• United Fishermen's Marketing Association • United Southeast Alaska Gillnetters Association

stop the reallocation of halibut from the commercial to the charter sector but the reallocation has continued. And yet at this meeting the Council is again considering further reallocation.

To our industry, people who have wiped out their savings to purchase quota, put up their houses as collateral, and are now under water on their loans, most of the alternatives before the Council are unfathomable. None of the alternatives restrict charter harvest to the 2000 GHUs of 13% and 14% respectively of the Area 2C and 3A combined CCL. There is no one alternative that addresses the continued impact of the charter sector on commercial processors, subsistence harvesters, unguided anglers, or the public who buys halibut through the commercial harvest. For these reasons, the Halibut Coalition cannot support any alternative as currently written. **What we do support is a modified Alternative 3—modified to retain allocations from the 2008 CSP but streamlined to eliminate the allocation range and the management matrix.**

THE ALTERNATIVES

The problem statement that launched the CSP is as relevant now as it was in 1993 and 2007: *The absence of a hard allocation between the commercial longline and the charter halibut sectors has resulted in conflicts between sectors and tensions in coastal communities that are dependent on the halibut resource. Unless a mechanism for transfer between sectors is established, [the existing instability and conflict will continue. The Council seeks to address this instability while balancing the needs of all who depend on the halibut resource for food sport or livelihood.*

Because the GHU ties the charter allocation to the Constant Exploitation Yield, instead of the combined charter/commercial catch limit (CCL), it has not stopped the reallocation of halibut from commercial to charter harvesters. As described above, the GHU unfairly burdens commercial harvesters during times of low abundance. By way of example, the Area 2C commercial quota has been reduced by 75% between 2006 and 2012 while the charter allocations only decreased by 35%. For this reason, Alternative 1 is unacceptable.

The CSP adopted by the Council in 2008 set fair allocations based on historic harvest levels. The CSP fairly ties both sectors to the same index of abundance and, with the Guided Angler Fish program, establishes a mechanism for limited transfer of quota between sectors to eliminate future allocation battles. These components address the Council's problem statement and are supported by the Coalition. That said, the Coalition supports the efficiency afforded by the newly recognized authority of the IPHC to annually implement changes to charter management measures as recommended by the Council, and support substituting this approach for the management matrix and allocation range, which makes Alternative 3 an improvement over Alternative 2.

While the Coalition supports the management approach used in Alternative 3, **we cannot support the additional reallocation incorporated into Alternative 3.** The Halibut Coalition does not support the "logbook adjustment" reallocation. The "adjustment" reallocates quota as part of the switch to managing the charter fleet with logbook data instead of the State Wide Harvest Survey. The Coalition fully supports more timely and accurate catch accounting for the charter fleet, and supports a verified logbook program. It is, however, unprecedented to base a reallocation on matching one unverified self-reported data set that didn't exist during the allocation base years to a data set that managers have staunchly defended for 20 years.

The reallocation is also in direct contrast to Council policy when the GHL was set. Although few Council members may remember, after the GHL baseline years were selected, ADFG corrected faulty average size data used in one of the base years, which significantly lowered their estimate of catch for that year, but the GHL was never adjusted downward. If the logbook adjustment is made, then the CSP allocation, which was based on the GHL allocation, should likewise be adjusted. The Council might also consider the precedent being set by this action: if the new observer program indicates halibut or salmon bycatch have been underestimated, will the Council simply reallocate PSC? The Halibut Coalition would not support that reallocation, nor do we support this proposed reallocation.

Alternatives 4 and 5 allocate more halibut to the charter sector during times of low abundance. As the economic analysis section that begins on page 221 of the RIR establishes, low abundance has had far more draconian impacts on the commercial sector. Table 2-68 (page 229) illustrates that an Area 2C commercial fishermen who held 3,500 pounds of quota share (QS) in 2003 had less than 1000 lbs in 2011, which is a decline of more than two thirds. Although the table indicates that the value of the QS has increased slightly, the ex-vessel revenue has declined by more than one third. In other words, even though ex-vessel prices have increased, the increase has not been enough to off-set the quota decline and revenue loss to commercial QS holders.

Table 2-69 (page 230) establishes that the average vessel harvest has declined, but not by as much as the reductions in the Fishery Constant Exploitation Yield, which indicates that QS holders are fishing together on fewer boats. This consolidation of QS onto few boats eliminates crew jobs and has substantial community impacts.

Table 2-70 (page 231) illustrates the fate of fishermen who purchased QS periodically over the years in an attempt to maintain viable fishing businesses. These fishermen are now so far underwater that they cannot sell the QS to pay off the QS debt. In April 2012 some fishermen testified before the Advisory Panel to using the ex-vessel revenue from their halibut trip to make their loan payment, charging fuel, bait, and food on credit cards, then going cod fishing, salmon fishing or working in town to make credit card payments. The commercial fleet is struggling, and since 75-80 percent of the QS holders are Alaskans with most living in Alaska's fishery dependent communities, the communities are also struggling. Impacts documented in the analysis for Area 3A are less severe, however the trends are the same and, with the additional dramatic 3A quota reduction in 2012, approaching the same magnitude.

The commercial halibut processing sector is also directly and adversely affected by quota reductions and reallocations. "Halibut ...keeps product flowing through the plants when other fisheries are closed or deliveries are slow." (Exec summary p. xxxii) Processors rely on halibut to maintain the local and stable work force critical to the economy of fishery dependent communities.

Tables 2-64 through 2-67 (pp 225-227) tell the opposite story for the charter industry. The tables establish that in every scenario and in both areas annual charter halibut revenue INCREASED between 2005 and 2010. Charter operators have raised prices charged to clients and, since 2007, participated in designing the management measures implemented in their sector. The commercial industry cannot raise prices or switch target species (without investing in limited entry permits), nor can they design management measures that minimize damage to their businesses. The quota is reduced and commercial fishermen stop fishing when their quota is caught—no accommodations are made for continuous season of historic length,

uninterrupted seasons regardless of in-season overage, etc.; harvesting and processing stops. In sum, the analysis before the Council establishes that at low abundance levels every pound counts to the commercial industry—both harvesters and processors—and that the commercial industry has suffered severe economic impact from reduced quotas. Charter operators, on the other hand, have offset the impacts through price adjustments or management strategies that minimize impacts to their sector. Given this analysis, it is difficult to understand the rationale for alternatives that would increase the economic disparity by allocating more commercial quota to the charter industry at low levels of abundance. Alternatives 4 and 5 ARE NOT supported by the analysis before the Council.

PUBLIC ACCESS

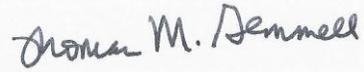
The Council needs to remember that this issue is broader than the commercial and charter industries. The Council's problem statement speaks to impacts on subsistence and sport fishermen, many of whom have testified to the Council requesting reductions in charter harvest. The Council must also consider the public that likes to eat halibut. Longline fishermen bring the fish to the public; charter operators take the public to the fish—but orders of magnitude more “public” are served by the longline industry. Even at these low levels of abundance, longline fishermen in these two areas annually provide access—through high quality, healthy meals—to the halibut resource for 7-9 million Americans plus another 2 million non-Americans through export. The Area 2C and 3A charter industry, on the other hand, provides an expensive recreational opportunity to approximately 230,000 clients per year. In short, **the longline fishery provides 40 times more Americans access to the halibut resource** and provides national economic benefit through export. This broader public would be ill-served by any additional reallocation from the commercial to the charter sector.

SUMMARY

For almost 20 years halibut fishermen have asked the Council to stop the reallocation of halibut from commercial to charter fishermen. The commercial fleet has repeatedly compromised in an effort to resolve this issue and provide a measure of stability to the industry. At each repeat of the charter management cycle, additional quota has been reallocated from the commercial to charter sector. At the October meeting the Council will again consider reallocating quota to the charter sector, this time with an emphasis on reallocations at low levels of abundance. The analysis conducted for the Council does not support the reallocation on any terms—not social, economic nor environmental. Because halibut stocks are likely to be at low levels for most of the next decade—and possibly permanently in Area 2C—the Council's decision on low abundance allocations will dramatically affect the future of the halibut industry and the access of everyone who depends on the halibut resource for food, sport or livelihood. The Halibut Coalition does not support any reallocation above the levels set in 2008. We do support streamlining the CSP management process, implementing the GAF program and finally stopping the open ended reallocation.

Thank you for the opportunity to comment. Members of our Coalition will be on hand to testify to the Advisory Panel and the Council in October.

Sincerely,

A handwritten signature in black ink that reads "Thomas M. Gemmell". The signature is written in a cursive style and is centered within a light gray rectangular background.

Thomas M Gemmell
Executive Director

Copy: Governor Sean Parnell
Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young