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PETER H. FLOURNOY

June 5, 2008

Mr. Donald K. Hansen
Chair, Pacific Fishery Management Council
7700 NE Ambassador Place, Ste. 101
Portland, Oregon 97220-1384

Re: Request for Council to Request HMS-MT Study

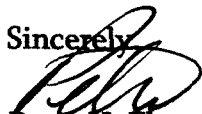
Dear Don:

I am sure you are well aware of the diesel fuel crisis which hits the commercial and charter boat fishing communities very hard. I have attached some email copies of what is happening to fishermen around the world. But, as you can see from these clippings, not all commercial fishermen are in the same boat (no pun intended)! Particularly in the European Union, where many of our U.S. fishermen sell their fish. The fishermen there are not striking because they are getting no help from their governments, but rather because they are *not getting what they believe is enough help.*

There is bill pending in Congress which would give fishermen, farmers, and other food producers a tax credit to help offset fuel costs. This compares to the E.U. providing some of their fishermen up to \$300 million in fuel *subsidies!* As we understand Council policies, the Council is not permitted to lobby for legislation. Therefore, I have been wondering what the Council could do to help fishermen survive this crisis.

We were very grateful when economists were put on the HMS-MT. We think it could be very helpful if the Council were to task the HMS-MT with researching and presenting a report at the September Council meeting concerning the devastating economic effects on commercial and charter boat fishermen on the West Coast due to the huge increase in the price of diesel fuel. This report then might be used to help fishermen in State and Federal legislatures. Thank you for your consideration of this idea.

Sincerely,



Peter H. Flournoy

Fishing fleet in Northern Australia near collapse due to fuel prices

SEAFOOD.COM NEWS [Australian Broadcasting Corporation: News Online]- June 3, 2008

The Queensland Seafood Industry Association says high fuel prices are pushing the state's fishing fleet to the brink of collapse.

Association president Neil Green says the high Australian dollar, cheap imported seafood, and sky-rocketing diesel prices are crippling the industry.

He says the entire prawn and fishing fleet from the Torres Strait to the New South Wales border is struggling to continue operating.

'In Queensland, our guys are tying up in huge numbers at the wharves and just walking away from their boats,' he said.

'We just can't keep going and with the price of diesel around the \$1.70 mark and low prices that's being offered for our product ... unless there's a change and a demand to our product ... this is just about the end.'

LOSE-LOSE SITUATION: 140 Tuna Fishermen Face Losing Money On Fuel Or Losing Fish By Staying In Port Japan, June 2, 08

Rising fuel costs may force one-third of ocean-going long-line tuna fishing boats across the world to halt operations, an industry group said last week.

About 140 boats from Taiwan, China, South Korea, Fiji and elsewhere are already standing idle at port, said Yuichiro Harada, managing director at the Tokyo-based Organization for the Promotion of Responsible Tuna Fisheries.

Another 260 boats are considering suspending operations, bringing the total number to about 400 out of 1,174 boats operated by members of the organization, Harada said.

The more you operate, the more money you lose because of high fuel costs, he said, adding that a typical Japanese boat would lose JPY100,000 (US\$970) in one day of long-line open-ocean fishing.

How long the boats might stay in port for could vary from region to region and depend on whether fuel prices cool, he said.

The organization groups long-line open-ocean tuna fishing boats from Japan, Taiwan, South Korea, the Philippines, Indonesia, China, Equador, Seychelles, Fiji and Vanuatu. Most operators of such ships worldwide are members.

The halt is bound to cause a shortage in raw tuna meat used for Japan beloved sashimi, the organization said.

While regretting the looming shortage, Harada blamed speculative investment for pushing up oil prices.

It is a very big problem for the food industry that it is affected by speculation, he said.

Truckers join blockading fishermen as fuel price protests spread across Europe

SEAFOOD.COM NEWS [Agence France Presse] May 28, 2008 European leaders are struggling to defuse growing anger over soaring fuel prices, as fisherman and truck drivers staged protests in several countries, with more strikes planned in coming days.

The protests came as French President Nicolas Sarkozy called for a Europe-wide cut in oil taxes to help consumers and European ministers appealed for direct EU economic aid to help the hard-hit fishing industry.

Fishermen and truck drivers were in the vanguard of the protests across western Europe over rising fuel costs, amid recent record global oil prices over 130 dollars a barrel.

French riot police cleared blockading fishermen from an oil depot at Fos-sur-Mer near Marseille, but off the north coast of France, fishing fleets resumed blockades of ports and cross-Channel ferries over high fuel prices.

In London meanwhile, hundreds of angry haulage truckers, horns blaring, drove their lorries in a rolling protest through the centre of the capital.

They handed in a petition to Downing Street demanding a rebate in fuel tax.

About a hundred lorry drivers staged a similar protest in the Welsh capital Cardiff.

In Spain, lorry drivers joined striking fishermen in calling for government help to cover soaring fuel costs, before a meeting between road transport firm bosses and transport ministry officials.

Italian, Greek and Portuguese fishermen may strike later this week.

Sarkozy said in a radio interview on Tuesday: 'I want to ask the question to our European partners: if oil continues to increase, should we not suspend the VAT taxation on the price of oil?'

The effect of skyrocketing fuel prices on fishermen has steadily gained attention throughout the continent, and European ministers on Tuesday called for direct EU economic aid to the industry. French Agriculture Minister Michel Barnier, on the sidelines of an informal meeting of his EU counterparts in Slovenia, said other EU ministers had agreed that 'a budget should be earmarked' for economic assistance to fishermen.

Spanish Agriculture Minister Elena Espinosa Mangana called for direct EU intervention. Sarkozy's government has already promised a 310 million euro (485 million dollar) emergency aid plan for French fishing fleets, though many fisherman, dissatisfied with the offer, have continued their actions.

Portugal's economy minister Manuel Pinho on Tuesday called on the Slovenian head of the European Union to hold an urgent debate on the crisis, to identify 'short- and long-term measures' to minimise the effect of high oil prices.

On Tuesday the price of a barrel of crude oil fell in New York 3.34 dollars to close at 128.85 dollars a barrel; in London, the price of Brent North Sea crude fell 4.06 dollars to 128.31 dollars.

But Europe's political leaders were under no illusion that the problem was going to go away. Brown faces mounting pressure from lawmakers in his ruling Labour Party to abandon a planned hike in road tax. British truck owners say they face unfair competition from continental haulers

who they say can buy cheaper fuel.

And Sarkozy's proposal came amid three weeks of protests from fishermen and pressure to address France's cost of living, with polls showing it a top concern among the public.

French consumers pay about 19.6 percent VAT on the price of fuel.

Sarkozy said he could not take a unilateral decision to suspend or cap the tax. But he warned that the price of oil 'is going to continue to increase.'

France would channel additional revenue from VAT on oil products into a fund to help those struggling with higher fuel prices, he said. That would generate 150-170 million euros per quarter, he predicted. But a European Commission spokesman warned against tinkering with VAT on oil, as the French president had suggested.

'We would be saying that we can raise oil prices and this will be paid for by the taxes of Europeans. This would, in principle, be a very bad signal that we do not want to send,' the spokesman on energy issues said. French Prime Minister Francois Fillon meanwhile said the country had to boost its nuclear power to address the problem. 'We are dealing with a long-term increase of the price of oil.'

On Monday, The Czech, Slovak and Lithuanian premiers advanced a similar argument at the Nuclear Energy Forum in Prague.

Kodiak fishermen petition for fuel relief

Article published on Wednesday, May 28th, 2008

By RALPH GIBBS

Mirror Writer

With Kodiak diesel prices nearly \$5 per gallon and energy analysts predicting additional increases through the summer, fishermen are feeling the pinch and they're asking Congress for help.

Local fishermen Dennis Cox and Al Burch are circulating a petition that calls soaring fuel prices "crippling" and says fishermen need immediate help.

Petersburg fisherman Sara Stoner, fed up with the escalating fuel prices, started the petition several weeks ago. It was picked up by Southeast Alaska Fisherman's Alliance director Kathy Hanson and forwarded to The United Fishermen Association.

With UFA backing, the petition is starting to show up in fishing communities throughout the state, including Kodiak, where Al Burch said he collected more than 100 signatures in just a few days.

"In Petersburg, they got over 300 signatures in a weekend," said UFA executive director Mark Vinsel.

The petitions will be collected at the end of the month and forwarded to Alaska's congressional delegation.

Vinsel hopes the petition will show not just Alaska's congressional delegation, but all of Congress, that Alaska's fishermen are hurting and in need of assistance.

Vinsel said fishermen are not only frustrated at the rising costs of fuel, but also at Washington lawmakers for writing them out of the farm bill at the 11th hour. The bill could have offered assistance.

“There is several ways that fishermen can cut fuel costs,” Vinsel said. “One of those ways is with repowering (their boats) with newer, more clean-burning, very-efficient Tier 2 diesel engines.” Unfortunately, Vinsel said, upgrading is cost-prohibitive to many fishermen, even though most upgrades would pay for themselves in one or two seasons.

“We’re hearing from people who have upgraded to modern engines and they’re getting as much as a 50 percent decrease in fuel consumption,” Vinsel said.

The farm bill would have allowed fishermen to obtain farm-operating loans.

“That would have been perfect for modernization,” Vinsel said. “Somehow, in the conference committee, it got dropped. Frankly, if we were farmers, we could gain low-interest long-term loans. The world would be a cleaner place and we’d be wasting less fuel.”

He said it’s frustrating that as water-based food producers, American fishermen don’t have something similar to what American farmers have.

If diesel prices continue to rise, it might force smaller fishing vessels to tie up — as many Kodiak boats did over the winter — or get out of the fishing industry altogether.

Burch said that during one trip earlier this year with his 86-foot trawler which produced \$12,000 gross, \$7,000 went to fuel. In addition, he had to pay observer fees and after other expenses, crew shares for two crewmen were \$180 each.

“It’s pretty hard to ask the guys to go out unless they’re going to a hotspot,” Burch said.

Burch said he didn’t fish the last 12 days of the flatfish fishery because of high fuel prices and the low prices for the fish.

Linda Kozak, a fishery consultant with Kozak and Associates whose clients include large boat crabbers and freezer long-liners, said rising gas prices are hurting the large fishing vessel industry as well.

“One client burns 1,000 gallons of fuel a day when he’s running,” she said. “There is no question that my clients are expressing concerns to me about the fuel costs.”

Vinsel and other fishermen hope the petition will get the attention of those in Congress, but Vinsel isn’t holding out much hope.

“Mostly we’re doing this to just gather and document the level of impact this has,” Vinsel said.

“We don’t always expect something like this will really make a difference in Washington, but I’m pretty sure we’ll end up with about 1,000 signatures.”

The Associated Press contributed to this article.

Fuel Cost Commentary San Francisco Chronicle March 25, 2008

The U.S. fishing industry, founded by hard-working citizens in the early part of the 20th century, now risks being tossed aside by its own government while foreign nations’ fleets survive. The U.S. fishing industry - not just on the West coast, but from the East coast to the West and from Alaska to Hawaii.

U.S. vessels currently must compete against low-priced raw products in the international market, forcing many fishermen completely out of business. American fishermen can catch fish competitively with other international fleets. However, increasingly burdensome domestic regulations, skyrocketing energy costs, and rock-bottom prices are increasing financial burdens on the U.S. fleet.

More than ever before, fuel oil prices in 2008 will be a major factor in the profit margin for albacore fishermen. In the albacore fishery alone – which includes about 400 trollers on the West coast - operating costs for fuel alone will run 40 to 50 percent. At the same time, prices paid to fishermen for albacore remain at the same levels they were 25 years ago. Fuel oil prices for our vessels are now exceeding \$4.00 per gallon in many Western ports. These prices are up at least 400 percent since 2002 and up 30 percent just since the 2007 season.

Some countries, including Spain, provide fuel subsidies for their fishing fleets. In Spain, which is one of our prime export markets for the albacore troll fleet, the Spanish Ministry of Fisheries announced that fuel subsidies totaling EUD 53,713,728.52 (about \$75 million U.S.) will be distributed to the Spanish fishing industry .

The fish our fishermen catch is priced according to world market. Because there are no domestic canneries of any size left, we have to ship our product overseas to Asia or Europe. At the same time the U.S. consumer purchases mostly foreign albacore processed overseas. Both of these trade paths are obviously very inefficient in terms of fuel use.

All major U.S. canners have moved overseas to lower their costs so they can compete in an international market; they're also closer to their prime suppliers. But fishermen do not have that luxury.

The albacore fishery is the last bastion for many U.S. fishermen who've been regulated out of other fisheries, such as the West coast salmon fishery. They, as commodity resource harvesters, cannot easily pass costs on to consumers as the processors, wholesalers, and retailers do. Fisherman can't just move on to other lines of work, either; they have a considerable investment in a vessel and equipment that cannot be easily sold or converted to other uses.

Beside the problem of fuel costs, the U.S. industry faces unfair competition that is in effect "sanctioned" by the U.S. government. U.S. vessels fall under federal regulation in international fisheries where unregulated foreign boats fish unhindered. Foreign boats have also increased their efforts and historical catch levels in anticipation of the establishment of national quotas. The U.S. West coast albacore troll fleet traditionally catches 15 percent of the North Pacific stock annually, and has little effect on the resource or the environment compared with that of the foreign fisheries.

Even as Americans increase their consumption of fish as a healthy source of protein, the U.S. fishermen's share of the U.S. market for fish has declined from 40 percent to 20 percent – nearly 80 percent of the fish that Americans consume is from foreign fleets.

It's time for the federal government to take a look at the international fisheries and markets, and how the U.S. regulations and fuel prices affect this country's supply of fish and seafood for U.S. consumers. When other countries subsidize fuel costs for their fleets while imposing less restrictive regulations on their fleets, the natural result is that an increasing percentage of fish and seafood available to the U.S. consumer is caught and/or processed by, or in, other countries. It's time for the federal government to question this, and for U.S. citizens to question the federal government.