

**FISHING VESSEL OWNERS' ASSOCIATION
INCORPORATED**

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Exhibit C.8.c
Supplemental Public Comment 2
November 2000

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OCT 23 2000

PFMC

October 20, 2000

Mr. Jim Lone, Chairman
Pacific Fishery Management Council
2130 S.W. Fifth Avenue, Suite 224
Portland, OR 97201

Dear Chairman Lone:

The members of the Fishing Vessel Owners' Association submit the following comments regarding provisions for a permit stacking alternative for the fixed gear sablefish primary fishing season. The Association represents the owners of 84 vessels. Twenty-two of our vessel owners hold sablefish-endorsed tiered permits for this fishery. Three of our members hold tier-one permits and three of our owners hold tier-3 permits, while the rest hold tier 2 permits. The Association is a trade association representing hook-and-line groundfish operations and has been doing so since 1914.

The following represents the recommendation of the Fishing Vessel Owners' Association regarding final action for a permit stacking program for the fixed-gear sablefish fishery.

Provision 1: Basic Stacking (No Options)

The Association's membership supports a basic stacking option, where the full cumulative trip limit for each permit for the primary sablefish fishery is allowed to be harvested. The members only support this option if an extended season is provided so that if permits are stacked, there is adequate time to harvest the additional amount of fish associated with the additional permits.

If the current nine-day season is all that becomes available, very little stacking will occur, because of the inability to harvest the fish associated with an additional permit. Only with additional time will the marketplace recognize the additional value of stacking permits. The additional time provides for a market incentive to stack permits.

Provision 2: The Base Permit and Gear Usage.

The Association's members support option 2C. This option will require one permit, known as a base permit, to meet the length and gear requirements of the vessel it is used on. Other permits stacked on a vessel having one base permit, would not need to meet the length or gear

requirements, that is the pot or longline endorsements.

Provision 3 Limits on Stacking and Ownership.

Stacking. The Association's members support a limitation of a maximum of three permits to be stacked per vessel. In the event someone owns more than this prior to the final action of the Council, that person should be grandfathered to stack in excess of three (3) permits, up to their existing holdings. The limitation on use of permits per vessel will provide for adequate amounts of consolidation to take place and help achieve the goal of the Strategic Plan to reduce harvest capacity by 50%. The limitation to use no more than 7 percent per vessel will help prevent excessive control of the harvesting privileges and help minimize the loss of harvesting jobs.

Limitation on ownership. The Association supports that no individual or entity can own any more than three permits. The Association recognizes that not all the permits have equal harvesting endorsements and that three Tier 1 permits have significantly more harvestable fish than three Tier 3 permits. The concern that FVOA has, is to provide reasonable and fair access to the permits and also achieve a reduction in vessel capacity. The Tier 3 permits are generally associated with smaller vessel operations and the proposed limitation is intended to help provide some access by the smaller vessel operations. Those operations that require or desire larger harvestable amounts can focus on acquisition of Tier 2 and Tier 1 permits for stacking. The Association recommends against a straight percentage of 5% for an ownership control. If 5% were the cap, it would allow some to acquire nearly 200,000 pounds of the fixed-gear quota. A Tier 3 permit in 2000 was 21,000 round pounds. A 5% limit would allow for nine Tier 3 permits to be consolidated. This fishery is managed with permits and therefore excessive shares and use need to be addressed on the accumulation of permits. Should the stacking program evolve to a pure IFQ program, where poundage is transferred and not endorsed trip limits, a straight percentage would work best. Congress may preclude a pure IFQ for this fishery, therefore, we recommend an excess use cap based on the number of permits being controlled.

The Association recommends trying the above limitations on consolidation and re-evaluate the situation in a few years to see if the desired amount of consolidation has taken place. If it has not, the ownership and use restriction per vessel and per owner can be liberalized.

Provision 4: Combination of Stacked Permits.

Option 4a is supported by the membership of FVOA. Option 4a would allow permits to be stacked and unstacked. This option provides the maximum flexibility to a permit holder or vessel owner to consolidate permits and reduce vessel capitalization at the lowest cost. If permits are unstackable, the functional result of stacking a permit, is the owner of the permit can never retrieve their asset back, if they stack it on another vessel. Therefore, unstackable options will force a permanent sale of the permit, hence, increasing the cost of stacking. The unstackable options will likely result in fewer permits being stacked and less reduction in vessel capitalization on the water.

Option 4a is hopefully visioned as a long-term fix to this industry. When current permit holders

wish to sell out due to retirement, if the permits are unstackable, it may become financially burdensome to crew members who want to buy into the fishery if they are forced to purchase three combined permits as opposed to purchasing one at a time.

Additionally, at this time, we do not recommend that the sablefish endorsement be divisible from the fixed-gear groundfish permit. This could result in consolidation of fixed-gear sablefish operations, but also could result in more useable rockfish fishing operations. The current permit and sablefish endorsement should remain one tradeable unit.

Provision 5: Fishery Duration.

The members of the Association support option 5a. "After 2001, April 1 through October 31; for 2001, as early as possible through October 31st."

Providing for an extended season is the most important part of the stacking option. The extended season takes the current race for fish out of the fishery. The race for fish presents the fleet with undue safety risks, both to crews and equipment. The current 9-day season was picked based on the use of weather pattern charts on the West Coast. Even with this forethought, it must be recognized that the coastline for this fishery is 1200 miles long and weather can be adverse in different geographical areas of the current coastal opening. Weather patterns vary considerably at any given time in this 1200 mile area. The extended season allows the vessel operator to fish around local storms.

The National Academy of Science's Executive Summary on IFQs entitled, "Sharing the Fish" stated relative to the Alaska IFQ programs, that

"The derby has been eliminated, safety has improved, and ghost fishing has been reduced."

Safety is only one element that is addressed by extending the season. There are conservation benefits of less gear being fished and less gear being lost. Time allows the crew to take care of saleable bycatch in a more prudent manner as well.

In order to economically encourage people to stack permits, there must be a reasonable expectation that there is time to harvest the additional poundage of a new permit. If the fishable time remains at nine days, very little stacking will occur as it will not be economical to purchase or acquire an additional permit if you cannot harvest the fish that the new permit is endorsed for. The extended season with option 5a creates the economic opportunity to harvest multiple permits and allow the market to function for these transferable permits.

Provision 6: At-Sea Processing.

Option 6a is supported by the members of the FVOA. This provision would prohibit at-sea processing except for vessels that can demonstrate the landing of at least 2000 pounds of frozen

sablefish in 1998, 1999, or 2000. This provision is supported by the members of the Association. The ability to stack permits with an extended season will address the problems facing the vessel operators, such as the race for fish, safety, and provide the ability to stack permits and reduce vessel capitalization. It is not the intent of FVOA to move the current shorebased processing employment to at-sea processing, which could easily occur in the sablefish fishery. Option 6a preserves the existing character of the industry, where sablefish is landed in the round or a headed and gutted condition with the need for shorebased freezing activity. The shorebased communities have been devastated by the significant reduction in harvest levels of the rockfish complex. Keeping the sablefish processing jobs in the community is an important consideration.

Provision 7: Permit Ownership and Permit-Owner-on-Board Provisions.

Option 7a is endorsed and supported by FVOA. The intent of this provision is to promote an owner on board provision. The requirement that the new owners be present on board helps promote safety at sea. People who will go to sea to harvest their fish on someone else's vessel or their own vessel, will not likely set foot on a poorly maintained vessel.

There are several examples of IFQ-type fisheries that have not required an owner to be on board. The Canadian sablefish fishery does not require this. Investors from outside the fishing industry have become owners in sablefish IFQs. Individuals who have no knowledge of seaworthiness of a vessel or its operations. The term "sharecropper" is used to describe this fishery. The National Academy of Science mentioned the contradiction of what occurs between a fishery that is not owner operated and one that is. They referenced the Alaska Halibut and Sablefish program as one with owner operators and the East Coast Ocean Quahog IFQ, as one that did not have owner operators.

With reference to the clam IFQ on the East Coast, the NAS said "although this IFQ program achieved the desired effect of eliminating excessive effort and protecting clam stocks, it also produced levels of consolidation and aggregation of a share that some individuals believe are undesirable". This fishery is almost exclusively controlled by the processors and is vertically integrated, which may be appropriate for fisheries that have had a history of vertical integration. The fixed-gear sablefish fishery has not had that history.

The history and character of the coastal fixed-gear sablefish fishery have been one of distinct separation between the harvesters and processors. There have been a distinct harvester group and a distinct group of processors and buyers. These harvesters and processors have very little vertical integration and control of the sablefish product. Option 7a helps maintain the existing co-dependence and separatism between the harvesters and processors. For the above reasons, FVOA supports option 7a.

Provision 8: Nonsablefish Cumulative Limits.

At this time, the Association's members support status quo. There should be an allowance for the normal rockfish trip limit to be delivered along with the sablefish. The current trip limit levels have

been adequate for bycatch needs, while prosecuting the primary sablefish fishery. The members do not see the need to provide for the stacking of rockfish cumulative limits at this time. Stacking provisions for rockfish may not be provided by Congress, and the Association's members, though supportive of this type of option in the future, believe the Council should allow the Strategic Planning Implementation Team to address this issue first.

Provision 9: Vessels Without Sablefish Endorsements.

Option 9b is recommended. The derby-trip-limit fishery should not be forced into foul weather months to operate, because of the redesign of the primary sablefish fishery. If the extended season for the fixed-gear sablefish endorsed permit holders creates an enforcement problem for identifying which vessel is legally operating in the DTL fishery, then requirements should be placed on the endorsed permit operators. Such requirements might include notification to NMFS prior to harvesting sablefish "tiered" quota or prior notice of delivering of such catches.

Provision 10: US Citizenship Requirement.

The members of the Association support 10a which would allow only U.S. citizens to be allowed to acquire fixed-gear sablefish permits. There are provisions with NFTA that allow for the protection of coastal fishermen and we ask for that protection under this provision. U.S. fishermen should not have to compete for limited natural resource jobs against foreign labor and foreign investors.

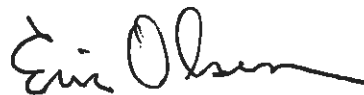
Provision 11: Advance Notice of Landing Requirement.

The members of the Association will defer to the enforcement consultant on this provision. The members see no problem with a 6-hour advance notice of landing or giving a prior notice of harvest.

Provision 12: Stacking Deadline.

The members of the Association defer to the enforcement consultant on a stacking deadline. If there is adequate advance notice of the deadline, this should not be a problem to the fleet.

Sincerely,



Eric Olsen, President
Fishing Vessel Owners' Association
Owner/Operation of F/V Lorelei II

cmb

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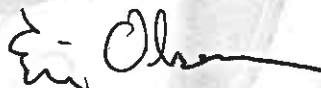
October 20, 2000

Mr. Mark Cedergreen
Westport Charterboat Association
P. O. Box 546
Westport, WA 98595-0546

Dear Mark:

Please find enclosed a copy of the Fishing Vessel Owners' Association's position paper regarding the 12 decision points for the stacking program for fixed-gear sablefish. The members hope you can support our program. Any help you can provide from the Groundfish Advisory Panel will be appreciated.

Sincerely,



Eric Olsen, President
Fishing Vessel Owners' Association

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OCT 25 2000

Regarding decisions to be made at the October/November council meeting: I am in favor of permit stacking with a longer season. I feel that to encourage fishers to stack permits, you need to be more liberal with the season's length. At this time, it would be long shot for vessels within the fleet to partake in the permit-stacking program with a short timeframe. Currently, many fishers need the entire season's length to catch their tier value. With regard to sablefish bycatch accounting options proposed for the year 2001, I am in favor of 2001c. I would also like to see the Council reward the fixed-gear fleet the majority of the sablefish total allowable catch.

If you would like to contact me, I can be reached at (541) 991-6121. Thank you for your time and consideration of my opinion.

Sincerely,



Scott R. Hartzell

SRH/tlh