



# Pacific Marine Conservation Council

*"Dedicated to the health and diversity  
of our marine life and habitat"*

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March 30, 2001

Peter Leipzig, Executive Director  
Fishermen's Marketing Association  
320 Second Street, Suite 2B  
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Dear ~~Mr. Leipzig,~~ **Pete**

At the March meeting of the Pacific Fishery Management Council (PFMC), you provided an update, including results of the recent survey, on a West Coast groundfish buyback. You sought input from the Council. You may recall I offered to take the information to our board of directors for review and respond with their thoughts and ideas. This correspondence includes their input to your process and plan.

First of all Pete, we wish to extend appreciation to you, Fishermen's Marketing Association and others for taking the lead to initiate development of the buyback concept in the groundfish fleet. It is important work we wish to support.

The agenda for the Pacific Marine Conservation Council (PMCC) is sustainable fisheries coupled with healthy coastal economies. This provides the opportunity to work for habitat protection and healthy ecosystems for the fish, and to seek short and long-term management practices that sustain fishing family and coastal community economic vitality.

The PMCC board of directors met over the weekend of March 23-25. As you know, that board includes a diverse group of commercial fishers representing all gear types, charterboat owners/skippers, marine scientists and environmental activists who reside in West Coast communities from Seattle to Santa Barbara. They spent part of the three-day session in review of and discussion over the current buyback proposal, a vision of which is found in the paper entitled "*Solving the Problem in the Pacific Groundfish Fishery*".

PMCC believes it is critical to reduce, across the board, groundfish fleet harvest capacity – to more closely match fleet capacity with the total allowable catch (TAC). This is important both biologically and economically. Harvest capacity reduction is an important part of the sustainable fishery "toolbox". We agree with others that

- 1) sustainability cannot be reached given the current fleet size and harvest capacity, and
- 2) fleet members who want out should be able to do so with dignity intact and with financial compensation for their forfeited investment in vessel and permits.

It is important that this precedent setting buyback plan be properly crafted. Any flaw in the program could make or break it. Because of this, you are right to seek careful scrutiny and evaluation, with ample amounts of input, before sending it on to Congress.

It is too important to those expecting to participate in the buyback program to do otherwise. Hopefully, the PFMC will provide you with valuable insights.

Buyback is important not only in its design but in its goals and objectives. It will be important to implement buyback strategies that facilitate the conservation of resources and protect the fragile economies of coastal communities.

PMCC has identified a nine-part position statement on groundfish buyback, the full text of which is attached as addendum A. In short, these are:

- 1) buyback must remove vessels from the fishery
- 2) buyback must retire all permits connected to the vessel and vessel owner(s)
- 3) buyback must include a moratorium on harvest capacity increases
- 4) buyback must be in compliance with the Magnuson-Stevens Act
- 5) buyback should include all fleets which take groundfish
- 6) buyback must have measurable goals
- 7) buyback planning must be a public process
- 8) buyback must make business sense
- 9) buyback must not be allocative

Any buyback plan must meet with generally accepted management beliefs, pass scrutiny by the public as it pertains to good public policy, and be in compliance with provisions of the Magnuson-Stevens Act and the PFMC's Strategic Plan "*Transition to Sustainability*".

While a strong case can be made for a full federally-funded buyback, which, by the way, PMCC would also support, your current plan calls for 50% participation by the industry. Our comments relate to a joint federal/fleet buyback.

PMCC recognizes the plan already meets several of the nine provisions of its buyback position statement. We are pleased to see the plan intends to remove vessels and all permits, including state-issued permits, associated with that vessel. We are also pleased to find that groundfish fleets beyond trawl are able to participate in buyback and that port meetings are being planned. A really good move was avoiding allocation as part of the program

Therefore, in the spirit of creating the best possible buyback, PMCC offers the following recommendations, provided here in no particular order:

**1) Include a provision similar to this: there shall be placed on the fleet remaining in the fishery a five-year moratorium on any activity that would increase harvest capacity.**

**Comment:** This is consistent with the provisions of Magnuson, Section 312(b)(1)(A)(i), the Council's Strategic Plan, page 21, Regulatory Solutions, and PMCC's position.

We recommend a five-year moratorium in the belief this will provide time for stabilization in the transitioning industry and provide sufficient time to gather and analyze catch data to learn if the biological/conservation/economic assumptions and goals associated with harvest capacity reduction are being realized. It would not be prudent to purchase harvest capacity through buyback while those remaining in the fleet were allowed to ramp-up their operations in anticipation of taking more fish. This relates to the commercial fleet and would include moratoriums on activities that could increase harvest capacity such as increasing horsepower, or increasing net size or the number hooks fished.

**2) Assure that fleet-funded participation is realistic and seek flexibility in payment schedules that reflect the uncertainty of drawing income from a fishery resource that can be adversely affected by nature's cycles.**

**Comment:** This is consistent with Magnuson, Section 312(b)(1)(C), and Sections 312(d)(2)(A) and (B).

Many on our board were concerned that segments of the industry might not have the economic resources available to them to repay the loan from year to year, especially considering the variable and cyclical nature of fisheries.

For instance, crab fishers had a season this past year that would probably have made it possible to pay only 50% of the loan annual payment. Flexibility in a repayment schedule could accommodate such anomalies. Another example is the pink shrimp fishery that currently seeks federal relief from an expanded and subsidized Canadian fishery that has driven ex-vessel price below profitability for West Coast fishers. Depending on international trade negotiations, the long term viability of our pink shrimp fleet may be in jeopardy and their ability to participate in buyback uncertain. Based on this year's season, they, too, may have been at or near that 50% loan repayment level, as well.

There appear to be ways within Magnuson to allow some flexibility, but it would be important to clarify options up-front. One example is Magnuson Section 312(d)(2)(B) that states a repayment fee shall not exceed 5% of ex-vessel value. This means it could be less than 5%, providing some flexibility, perhaps even fleet by fleet, year by year, for repayment.

Another example is Magnuson Section 312(d)(2)(A) which allows the Secretary to adjust the fee rate to ensure repayment. While on the surface this would appear to mean increased fees if repayment was lagging, it could also be interpreted to mean reducing fees if it were necessary to maintain the viability of the affected fleet.

Our board also discussed ways in which changes in fishing practices that lead to reduced bycatch could be rewarded. One idea floated was to allow an incentive for individuals who meet or exceed bycatch reduction goals or targets. The incentive would be a reduction in the percentage of an individual's economic obligation to buyback. This would entail establishing such a goal or target that could be verified by participation in the groundfish observer program. With all long-range plans calling for reductions in bycatch and of providing incentives to do so, we believe this is an idea worth pursuing.

### **3) Eliminate allocation as an element of buyback.**

**Comment:** It was a good move on your part to avoid allocation in the plan. In case others may feel a need to drag allocation into this, we offer these thoughts.

For this important plan to move forward will take considerable support from all segments of the fleet. Nothing will divide support quicker than determining allocation. The alternative is to allow the existing process – the allocation committee making recommendations to the Council – to continue, adding buyback repayment fee as another allocation element to be considered. This makes sense, too, from the standpoint it is a public process accessible by all, and allows year by year analysis of information before making allocation changes.

The other aspect of allocation as part of a buyback plan is that it may jeopardize the Council's ability to effectively manage for bycatch reduction, habitat protection, and species rebuilding. It is possible the Council will require the allocation of fish within different industry segments or from one segment to another to reduce bycatch and rebuild stocks. By "locking in" any allocations, the Council may not have the flexibility it needs to meet these federal mandates.

### **4) List the expected benefits of the buyback.**

**Comment:** In the capacity reduction analysis I understand is being produced, it would be important to have a list of the expected benefits of a buyback be made part of the plan text. As you have suggested, these could cover economic, social and conservation benefits such as reduction in bycatch, reduction in harvest capacity, economic viability of remaining vessels, increased price and others.

While it is understood the buyback plan is proposed for economic reasons and not conservation ones, the public is more likely to support the plan if it has identifiable conservation goals and incentives.

Listing anticipated benefits would provide a way to evaluate the effectiveness of the program.

**5) Hold community-based meetings**

**Comment:** We are pleased to learn that a series of port meetings are being planned. If we can assist in spreading the word about the meetings, or make specific invitations to people who should attend, please let us know. Many have a stake in this since buyback will change economic dynamics, so it is important to learn how affected gear groups and community leaders feel about the proposed plan.

**6) Explore Magnuson required studies.**

**Comment:** It appears Magnuson 312(e)(1)(A) will require an analysis of community impacts. Although unlikely, NEPA may require an EA or EIS analysis. Determining as soon as possible if these are necessary will save time and enhance continuity of process.

Again Pete, congratulations on the work done to date. Let me know how this organization can additionally support the buyback plan.

Sincerely,



Bob Eaton  
Executive Director

Attachment: Addendum A, Pacific Marine Conservation Council buyback position

Cc: West Coast Congregational delegation members  
Jim Lone, Chair, PFMC  
Judie Graham, Washington Trollers Association  
Mark Cedergreen, Westport Charterboat Association  
Joe Easley, Oregon Trawl Commission  
Nick Furman, Oregon Crab Commission  
Steve Bodner, Coos Bay Trawlers Association  
David Jencks, Mid-Water Trawlers Association  
Zeke Grader, PCFFA  
Onno Husing, OCZMA  
Ginny Goblirsch, Sea Grant

**Pacific Marine Conservation Council**

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**Groundfish Buyback Position Statement**

Updated 3/30/01

Buyback is an important tool in the "harvest capacity toolbox". Buybacks must be carefully crafted and have measurable goals, must pass agency and public scrutiny, and be supported by the immediate fleet members, coastal communities and any others affected by the buyback. Each buyback sets a precedent for future buybacks and, as such, could jeopardize future efforts by the same or different fleets. PMCC's interest is in having good buybacks that meet both conservation and economic goals. In order for a buyback to be effective, PMCC believes the buyback plan must meet the following criteria:

- 1) Buyback must remove vessels from the fishing fleet.** There are no West Coast fisheries that can withstand an infusion of new vessels, or a retooling for greater harvest capacity.
- 2) Buyback must remove all permits connected to the vessel and vessel owner(s).**

This provision provides that participating in buyback does provide a cash incentive to participate in other fisheries. Those who participate in buyback are expected to leave fishing. At the very least, there should be assurances that permits being retired in one fishery do not lead to harvest capacity increases in other fisheries.
- 3) Buyback must include a moratorium on harvest capacity increases.** The moratorium would be put in place for several years following a buyback, five years is recommended, so the effects of reduced fleet harvest capacity can be evaluated before individual fishers invest to increase harvest capacity.
- 4) Buyback must be in compliance with the Magnuson-Stevens Act.** M-S Act implementation guidelines provide new standards for bycatch, discards and fish mortalities. It would not be prudent nor within the scope of the law to authorize a buyback, or management plan designed to facilitate buyback, that wouldn't pass Magnuson muster. A buyback plan should provide a statement that will establish the buyback plan's relationship with the fisheries law of the land.
- 5) Buyback should include all fleets that harvest groundfish.** In the case of industry funded buybacks, this would allow all groundfish vessels to be involved in the buyback regardless of gear and would allow for all vessels which land groundfish to contribute to the buyback through a landing surcharge. The portion of the

revenue from buyback that is derived from industry contributions should incorporate incentives for conservation.

- 6) Buyback must have measurable goals.** How many vessels are to be removed? What is the budget of the buyback? What are the conservation goals of the buyback? How will the reduction help management? In addition, a list of the expected benefits of a buyback should be made part of the buyback plan text. These could be reduction in bycatch, increased price, reduction in harvest capacity, economic viability of remaining vessels, and others. This would provide a way to evaluate the effectiveness of the program so that changes in future buybacks could be considered and implemented. Any buyback plan must not be structured in a way that threatens the economic viability of the remaining fleet.
- 7) Buyback planning must be a public process.** Regardless of the fleet involved, or the proposed funding scheme, it is important that public input be sought and considered. The process involves a public resource, a public fishery authorized by publicly issued fishing permits and managed by a public body and decision-making process. PMCC believes hearings or meetings should be held in coastal communities to learn how others, affected gear groups and community leaders, feel about the proposed program. Many have a stake in this since any buyback will cause economic rippling in coastal communities.
- 8) Buyback should make business sense.** A buyback plan should clearly state its business objectives including how funds for buyback are to be raised, an analysis of the remaining fleet's ability to payback any loans or debt anticipated, who is responsible for any defaulted loans, the estimated cost per permit or vessel. Of most importance is an analysis that determines if the cost of the buyback is consistent with the benefits derived by the public and the remaining vessels of all fleets. As previously noted, buyback must also be analyzed as to how it will affect coastal community employment and economic stability.
- 9) Buyback should not be allocative.** Managers must have every means available to manage resources, including, but not limited to, the possibility of reallocation to protect habitat and reduce bycatch, and reallocate within a gear-type or between fleet segments. An analysis should be prepared for any redistribution-of-catch scenario that could lead to increases in bycatch. Another allocation concern is the effect any change might have on remaining vessels if a management plan, using redistribution to support an industry funded buyback, "guarantees" access to fish in order to assure cash flow for buyback. Such action would set a dangerous precedent for future buybacks if provisions lock in long range actions that could not be changed if fish populations are adversely affected.