



West Coast Seafood Processors Association

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*Serving the shore based seafood processing industry in
California, Oregon and Washington*

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Dr. Hans Radtke
Chairman, Pacific Fishery Management
Council
7700 NE Ambassador Place
Suite 200
Portland, OR 97220-1384

Dear Mr. Chairman:

The following public comments on 2002 Pacific whiting harvest levels (agenda item F.2) are provided on behalf of the West Coast Seafood Processors Association (WCSPA). The members of WCSPA process the majority of Pacific whiting landed on shore during the regular whiting season.

I apologize for the late submission of these comments. Unfortunately, the final Stock Assessment Review (STAR) Panel report and the final version of the 2002 Pacific whiting stock assessment have only just been made available.

These comments cover two broad areas that are being considered by the Council: the science involved with the stock assessment and the accompanying STAR Panel report; and the management options that will be considered by the Council during its upcoming meeting.

SCIENCE ISSUES

The Council has received as an attachment under agenda item F.2 a copy of the STAR Panel Report and the dissenting views that I filed as the Groundfish Advisory Subpanel advisory member to the STAR Panel. While I believe my comments are self-explanatory, let me point out that they are further supported by material contained in the final version of the stock assessment document.

On page 28 of the document, the authors describe a sensitivity analysis where the "catchability" parameter - identified as "q" - was modified. To quote the authors: "The best model fits were obtained at intermediate survey catchabilities considered ($q=0.5-0.6$) for the base model (Model 1)..." The estimated "q" value for Model 4 - the model which I suggest should be considered equally with Model 1 - is 0.53 (page 26 of the assessment). Indeed, the authors also state that: "While model 4 gave generally equally good fits as model 1 to the survey age data composition,

the low q estimated from this run seems implausible.” While it may seem implausible, in fact model 4 is equally likely to be close to the truth as model 1, if not more so.

Unfortunately, the STAR Panel did not spend much time examining this issue. On the last day of the STAR Panel, according to my notes, our outside reviewer, Dr. Norm Hall, asked for arguments as to why $q=1$. The discussion was cut short by our Canadian co-chair who said: “We can’t investigate q not equaling 1 because we don’t have time - it’s a matter of further research.”

A final point regarding the STAR Panel report: when the Council first established our review system, there was a clear understanding that it was to look at science, not management. While the Terms of Reference have become somewhat muddled over time and are in need of editing, the inference of this separation remains in the section on GMT responsibilities: “Successful separation of scientific (i.e. STAT Team and STAR Panels) from management (i.e., GMT) work depends on...” Yet, the STAR Panel report on whiting provides specific management advice to the reader by stipulating recruitment assumptions, high and low yield options, and F percentage rates that should be used.

Obviously, this is not a fatal flaw, as the Council will no doubt rely on advice and testimony from a variety of other sources when making its management decisions. Still, if we want to keep a viable review process - which WCSPA strongly supports - the Council needs to ensure that everyone fully understands their roles and obligations.

OVERFISHED DESIGNATION

Depending on which choices the Council makes, Pacific whiting could be designated as overfished. If so, this will require preparation of a rebuilding plan. Given the biology of whiting, it is likely that rebuilding will have to be accomplished within 10 years. Keep in mind that, once designated as overfished, whiting will remain in that category until the population reaches $B_{40\%}$. It makes no difference that the population goes below $B_{25\%}$ for one year and then climbs right back up under natural circumstances the following year; once you are designated as overfished, you stay there until fully rebuilt. This means that the conservative harvest levels which will be required by a rebuilding plan will most likely remain in effect for the next 10 years, and even that will depend on whether robust recruitment continues. As noted on page 32 of the stock assessment:

“under more conservative harvest strategies such as $F_{50\%}$...the probability that female spawning biomass exceeds 40% unfished by 2006 is markedly higher, but still remains below 50%. The short term trade-off, however, would entail significant reductions in total coastwide yield...”

MANAGEMENT ISSUES

If the Council decides to accept the management advice in the STAR Panel report, the allocation break-down would look as follows:

	Coastal OY	US OY	Tribal **	Non- Tribal	Catcher/ Processor	Mothership	On Shore
F_{45%} Low Recruitment	96,000	76,800	17,500	59,300	20,162	14,232	24,906
F_{45%} Medium Recruitment	133,000	106,400	17,500	88,900	30,226	21,336	37,338

**** Please Note:** The tribal allocation shown is for illustrative purposes only and is based on the allocation agreement between NMFS and the Makah Tribe which was rejected by the 9th Circuit Court of Appeals on March 6th. WCSPA believes that this number is artificially high and needs to be reduced to reflect the best scientific information available, as ordered by the Court. **

In addition to the scientific arguments noted above, WCSPA contends that this management advice - which, if accepted, will lead to a designation of whiting as being overfished - suffers from several flaws.

First, the recruitment assumptions are too low. Even though the STAR Panel report tried to downplay the strength of year classes entering the fishery over the next few years, evidence from the various surveys - including those conducted by the Pacific Whiting Conservation Cooperative and the Southwest Fisheries Science Center - indicate a strong 1999 year class. Although this does not compare with the two “super spawning” years of 1980 and 1984, it is nevertheless strong enough to use the “high recruitment” assumption in the stock assessment.

But what if we are wrong, and we use the high recruitment assumption when recruitment is actually medium or even low? The decision table on page 15 of the STAR Panel Report provides the answer. Under every fishing rate (F_{40%}, F_{45%}, and F_{50%}) where we assume high recruitment but the actual state of nature is low, we remain above the overfished level in 2003 and 2004. Even if the Council chooses to accept Model 1 (which WCSPA believes is the incorrect choice), assuming the high recruitment rate - an assumption justified by the data - does not lead to an overfished stock.

Second, following the management advice in the STAR Panel report is equivalent to imposing *triple* precaution on the fishery. Precaution 1 is the assumption of an unrealistically low recruitment rate, as noted above. Precaution 2 is the imposition of yield levels mandated under the Council's 40/10 rule. As noted in the Council's Environmental Analysis accompanying Amendment 11 - which established the 40/10 rule - the rule is designed to be risk averse and to set an optimum yield (OY) that will be below acceptable biological catch (ABC). The yield numbers shown in the projection table on page 14 of the STAR Panel report reflect the reduction below ABC to comply with the 40/10 rule. Precaution 3 is the use of anything other than an F_{40%} harvest policy. The Scientific and Statistical Committee convened a harvest policy workshop in 2000 that resulted in a recommendation that Pacific whiting be managed at F_{40%}. While some will argue that managing at this level will not permit achieving the desired 40% of unfished biomass level, that problem is resolved by using the 40/10 rule.

In short, the Council has a control rule in place that has been accepted by NMFS. That control rule is deliberately designed to keep harvest on track by adjusting yields. The Council should not further reduce harvest by adopting a harvest policy more conservative than recommended by the Scientific and Statistical Committee as the result of an intensive peer-reviewed workshop.

RECOMMENDATION

If the Council chooses to accept the preferred model forwarded by the STAR Panel - a decision which we believe is incorrect - then WCSPA recommends that the Council adopt the high recruitment assumption with the fishery managed at F_{40%} with the yields specified under the 40/10 control rule. This would lead to an allocation break-down as follows:

	Coastal OY	US OY	Tribal **	Non- Tribal	Catcher/ Processor	Mothership	On Shore
F40% High Recruitment	219,000	175,200	15,000	160,200	54,468	38,448	67,284

**** Please Note:** the tribal allocation reflects the same "accommodation" provided to the Makah Tribe in 1996 which has now been ruled illegal by the 9th Circuit Court. WCSPA believes that scientific analysis will demonstrate that this amount (9% of the U.S. OY) exceeds the actual tribal entitlement in their Usual and Accustomed Area. Nevertheless, *if* the Council adopts WCSPA's recommendation for harvest in 2002, WCSPA is willing to provide an accommodation for 2002 only that will allow a transition to the appropriate science-based harvest level.

ECONOMIC IMPACT COASTWIDE

In order to assess the economic impact of the alternatives facing the Council, WCSPA surveyed plants which would operate during the main whiting season. A separate survey was taken of the plants which would operate during the early California season. Plants provided information on the revenue that would be generated for local communities through payroll, packaging, transport,

and cold storage. Information was also provided on plant overhead. Given the short amount of time available, these figures can only be considered as “best estimate” but they are informative as to the economic cost of the Council’s decision. We also suggest that the degree of uncertainty surrounding these economic projections is no greater - and probably much less - than the degree of uncertainty surrounding assumptions and biomass estimates contained in the stock assessment.

Coastal production has averaged 900 mt / day (round weight). For every 900 mt, the following revenue is generated:

Payroll	\$109,920.00
Packaging	25,688.00
Transport	73,393.00
<u>Cold Storage</u>	<u>32,440.00</u>
TOTAL	\$241,441.00

If you look at the estimates in terms of cost, then for every 900 mt by which the allowable on-shore harvest is reduced, there is foregone revenue equaling \$241,441.00, plus plant overhead which cannot be met of \$119,016.00, for a total of **\$360,457.00**.

Putting this in the perspective of the options presented in these comments:

	ONSHORE HARVEST¹	\$ GENERATED²	\$ LOST³	FEDERAL TAXES GENERATED⁴
STAR LOW	23,661 mt	\$6,277,466.00	\$16,220,565.00	\$650,345.45
STAR MEDIUM	35,471 mt	\$9,416,199.00	\$11,534,624.00	\$975,518.19
WCSPA	63,920 mt	\$17,142,311.00	\$0.00	\$1,775,943.20

Remember, this is only the revenue / loss associated with on-shore processing plants. It does not take into account the fishing vessels delivering to those plants, nor the offshore sectors of the fishery.

WCSPA also notes that the estimated Federal taxes generated by the on-shore processing sector of the whiting fishery if the WCSPA recommendation is adopted equals 34% of the amount appropriated under the line item “West Coast Groundfish Research” in the Fiscal Year 2002 NOAA budget - not a bad return on investment .

¹ Total on-shore harvest minus 5% California season share

² Harvest divided by 900 mt multiplied by revenue figure (\$241,441.00)

³ Difference between WCSPA recommendation as adjusted for early California season and harvest level, divided by 900 mt and multiplied by loss figure (\$360,457.00)

⁴ Based on revenue generated, portion of each component (payroll, etc.), and Federal tax as a percentage of that component

ECONOMIC IMPACT - CALIFORNIA SEASON

Because the early California season involves fewer plants and a smaller quota for the period starting April 1st, the economic impacts were estimated separately. California production is estimated at 55 mt / day round weight (a low estimate, given that all plants possibly processing could not be contacted) which means revenue would be generated as follows:

Payroll	\$3,840.00
Packaging	3,967.00
Transport	6,612.00
Cold Storage	<u>2,923.00</u>
TOTAL	\$17,342.00

In terms of cost, for every 55 mt by which the allowable California on-shore harvest is reduced, there is foregone revenue equaling \$17,342.00, plus plant overhead which cannot be met of \$7,273.00, for a total of **\$24,615.00**.

As above, putting it in the perspective of these comments:

	ONSHORE HARVEST	\$ GENERATED	\$ LOST	FEDERAL TAXES GENERATED
STAR LOW	1,245 mt	\$398,866.00	\$959,985.00	\$41,322.51
STAR MEDIUM	1,867 mt	\$589,628.00	\$664,605.00	\$61,088.51
WCSPA	3,364 mt	\$1,057,862.00	\$0.00	\$109,594.51

THE BOTTOM LINE

Of the recommendations examined, those provided here by WCSPA are scientifically defensible, provide necessary conservation, generate the most revenue, and result in the smallest loss. We urge the Council to adopt them.

Sincerely,

Rod Moore
Executive Director