

Dear Senator Murray:

The PFMC appreciates the opportunity to provide comments on the draft of S-973 as the legislation relates to the removal of state issued permits.

To completely understand this issue it is necessary to describe the efforts to date to conduct a Pacific groundfish buy-back program. Immediately following the passage of the Sustainable Fisheries Act in 1996, industry members requested the PFMC to request the Secretary of Commerce to establish a groundfish buy-back program under the new section 312(b) provisions. The industry developed a business plan that would have purchased groundfish trawl permits.

This program was received poorly by many participants in the state-managed fisheries. The primary concern was that if only the federal trawl permits were to be retired, the buy-back participants would still own their vessel and state fishing permits, and a shift in fishing effort into the state managed fisheries would result. Since these fisheries have their own excess fishing capacity problems, it was feared that the trawl buy-back program would exacerbate existing problems in these other fisheries.

The current proposal before Congress attempted to address the concern of participants in the state fisheries by requiring that the groundfish permit, along with all state permits and the vessel be retired from fishing. This approach has been received well by, not only the participants in the groundfish fishery, but also by those involved in the various state managed fisheries as well.

The drafters of the proposal reasoned that if such a buy-back program is to be funded by a loan to those that remain in the fishing industry, then all persons benefitting from the reduction program should share in the cost of repaying the loan. Since repayment of the loan from the remaining fleet would require fees to be collected from federal groundfish and state fisheries, a system to establish and collect those fees at the state level would need to be created through state legislation.

To date the State of Oregon has established such a mechanism. The state of California has passed legislation indicating the state's intent to establish such a mechanism once the Federal program is clearer. The state of Washington has yet to address this issue, but industry is conducting discussions with legislators about introducing the necessary legislation this coming session.

It is the desire of the PFMC to move forward with a groundfish buy-back program that would also retire the vessel and state permits. However, the inclusion of the state permits in such a program should not become an obstacle to the implementation of a groundfish buy-back program.

Given the uncertainty of California and Washington adopting legislation that would allow permit holders in those states to fully participate in a Federal groundfish buy-back program, the Council believes the program should allow the individuals to sell only their groundfish permit, if supporting state legislation has not been adopted at the time of the buy-back.

The Council would also like to see the program modified to exclude from participation those sectors of the groundfish fishery where an IFQ program has been implemented. We suggest the following change in Section 2 (d)(1) at the end of the paragraph, "... and fisheries managed by an IFQ existing as of the date of the legislation".

Thank you for this opportunity.

Sincerely,

Dr. Hans Radtke
Chairman

c: West Coast Senators