

**Subject:** [Fwd: Allocation of the Sardine Resource]  
**From:** Donald McIsaac <donald.mcisaac@noaa.gov>  
**Date:** Tue, 25 Mar 2003 08:23:38 -0800

Public Comment on G.2

----- Original Message -----

**Subject:** Allocation of the Sardine Resource  
**Date:** Tue, 25 Mar 2003 00:34:40 EST  
**From:** <HFBJOHNG@aol.com>  
**To:** donald.mcisaac@noaa.gov  
**CC:** dplesch@earthlink.net

Dr. Hans Radtke, Chair, Dr. Don McIsaac, Executive Director and Members of the Pacific Fishery Management Council

Dear Sirs, I am a processor in Southern California who depends on all pelagic species available to us to process and sell. In recent years the squid fishery has been good, however, this season the fishery is down and as a processor/boat we need the capability to put up different commodities to survive. By limiting the amount of sardines to California by shifting quotas to Oregon and Washington, established shore based facilities, like mine, are limited on possibilities for revenue. I realize that Oregon and Washington processors are having hard economic times, but we have more of a hardship because of the population source, the tax base on the property and the demand for off loading space. Oregon and Washington need more research on the fishery before you expand their quota.

Thank you for your consideration.

John W. Gingerich  
Hueneme Fish Processors, Inc.

Dr. Hans Radtke, Chair  
Dr. Don Mcisaac, Executive Director  
And members of the Pacific  
Fishery Management Council  
7700 NE Ambassador Place  
Suite 200  
Portland, Oregon

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MAR 28 2003

PFMC

March 27, 2003

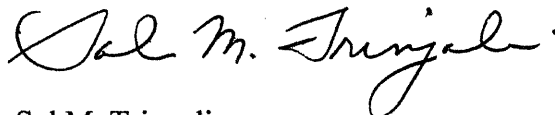
Subject: REALLOCATION OF SARDINE RESOURCE

Dear Dr. Radtke, Dr. Mcisaac and Council Members-

My name is Sal Tringali and I am Vice President of Monterey Fish Company in Monterey California. I would like to clarify our position on the reallocation of the Sardine quota. In 1997 we constructed a new six million-dollar canning facility in Salinas California for the main purpose of canning Sardines and Squid. We also built a new 88-foot modern purseine vessel that could travel a long distance carrying 100 tons of Sardines in six refrigerated wells. This vessel was built to support the new Cannery on Sardines especially when the smaller vessels are fishing for squid, which brings a much higher price and is more profitable for smaller vessels. The cost of this vessel was One and a half million dollars. We made these capital investments based on a limited entry coastal pelagic fishery and a 33% guaranteed quota for Northern California. When Oregon and Washington started fishing a few years ago we did not see a problem because we were under the impression that if the overall quota dropped below a certain level Oregon and Washington would be cut off. We are now very concerned with moving the Northern boundary further North to Point Arena where 33% of the overall quota would be guaranteed to the Northwest. And if that overall quota should be substantially reduced we in Monterey would not have much fish to harvest if we were combined with Southern California. Monterey Fish Company has been in business since 1941 and employs 400 people in our freezing and canning plant. We also support Seven purseine vessels employing a total of forty-five people.

We are all for maintaining a fishery in the Northwest as long as the stocks are healthy but feel we need to do the research in the Northwest to determine where those fish go and if they are a separate biomass. We are not seeing the fish in the Monterey area that we saw Five years ago. Maybe this last El Nino had an effect or the stocks could just be declining. Our position is to support alternative 4, moving the automatic reallocation date to September 1, and opening the harvest coast wide. This seems like the simplest solution to offset economic impacts in the short term. While research is underway to better understand stock structure and migration of the Sardine resource.

Sincerely yours,



Sal M. Tringali  
Vice president -M.F.C

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MAR 31 2003

PFMC

March 21, 2003

Dr Hans Radke. Dr. Don McIssac  
Members of the Pacific Fisheries Management Council

Re: Sardine Allocation

The sardine fishery is very important to Southern California. At times we are fishing hard to fill seasonal orders At other times it is common to be given a squid or mackerel order - when nothing is available (which is exactly the situation this season) then we are able to put sardines on board keeping the boat and shore based crew running.

We need steady supply to maintain the markets we have worked so hard to build these last few years.

**We can support moving the reallocation date from October to September** to give the Pacific Northwest more fishing opportunity.

We cannot support the other proposed alternatives.

Many Monterey boats are able to move north and do participate in both fisheries. The southern California fleet by and large does not have this opportunity.

Fishermen see changes in the ocean condition. Water temperature is dropping and it is likely that the quota will be reduced.

We cannot afford to loose this quota which we have worked so hard to get.

As stake holders in the Sardine fishery we have experienced the restrictions of a complete sardine moratorium and the difficulty of the restricted sardine fishery of the 1980's and early 1990's. We have worked with the scientific community and California Department of Fish and Game to get the quota opened.

We encourage research in the Northwest in order to increase the quota, in the same manner as California fishermen have done.

Sincerely,

*Sony Mather* Boat Operator F/V MARY LOUISE  
*Genaro Ruiz*

*Eduardo Medrano* Archero  
*Victor Phau* *Attilio Di Biello*

*Nick Vasilaris*  
*Juni Dech*

*Jorge CAVERO*

*Noel Velasco*

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MAR 31 2003

PFMC

March 21, 2003

Dr Hans Radke.  
Dr. Don McIssac  
Members of the Pacific Fisheries Management Council

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Sincerely,



F/V "MARIA T"

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MAR 31 2003

PFMC

March 21, 2003

Dr Hans Radke.  
Dr. Don McIssac  
Members of the Pacific Fisheries Management Council

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Sincerely,

  
ENRIQUE NEZA  
ROBERTO PERALTA GARATE



Capt. John J. Jara  
F/V MIDNIGHT HOUR

**RECEIVED**

MAR 10 2003

March 7, 2003

**PFMC**

Dear Chairman Radtke and Members of the Council;

My name is Charlie Most. I live in Westport, Wa. And own/operate the 54 foot purse seine/crabber Santa Maria out of Westport. I would prefer to present my ideas in person, however, with our second child due any day now, it would be "politically incorrect" for me to be too far from home at the wrong time. I plan to continue fishing in the developing sardine fishery off the Washington coast, however, I am concerned there will be very little quota left to catch when our local processors are able to process them, in August thru October.

The success of developing quality sardine markets depends on catching quality fish with high oil content. This occurs in August, September and October. An example of this, from Pacific Fisherman Yearbook 1937, page 247, says, "The rapid increase in the fatness of the fish is shown by the fact that on August 6, the yield was 14.8 gallons per ton. While on August 31, the yield was 54.3 gallons; remaining at about 54 gallons until fishing was entirely suspended out of Grays Harbor on September 23. The average yield of oil for the season was 29.5 gallons per ton."

Over the past three years the southern district has underutilized their quota on the average of 67,000 tons. Last year, in 2002, 18,500 tons were left unharvested, while the northern district was shut down for ten days, at a time when the fish had the highest value to the industry.

The southern district is not harvesting their quota. The coastal communities of Washington and Oregon could certainly use the economic boost that harvesting those underutilized sardines would give them. I would like to see more fish reallocated to the northern district for Aug., Sept., and October.

Thank you,  
Charlie Most  
F/V Santa Maria  
Westport, Wa.

*M. Reid Muntz (SP)*

Exhibit 6.2  
Public Comment  
April 2003

Mr. Chairman and members of the Council,

Ladies & Gentlemen:

My name is John Chiang. I am VP/International Sales for West Bay Marketing, Inc. West Bay has a sardine plant located at Port of Astoria, Oregon. West Bay is not only a processor, but also a buyer of sardine processed by other plants, export marketer, and an end user of Pacific Sardine from Baja California to the Great Northwest. West Bay and I have extensive experience in handling Pacific Sardine from fishing boats to end-users. I believe my comments are the most qualified and integrated among all since most only represent the view of one of the followings, fishermen, processors, logistics operators, exporters, importers, traders, or customers. Before the Council, Coastal Pelagic Species Management Team (CPSMT), and Coastal Pelagic Species Advisory Subpanel deciding on any of the alternatives, they should know their decisions are very important and could greatly impact anyone involving in Sardine business. It is strongly suggest that any decision should be decided rationally with consideration of all aspects including but not limited to Economical, Social Structural, Environmental.


**Economical Aspects:** California Sardine average size range from 30 - 60 grams has only canning and feed markets, the lowest market in value, have been selling at an average of \$190/MT FOB or \$290/MT CNF Asia for canning market. It is clearly that the natural resources, fishermen and processors are subsidizing foreign canneries by penalizing themselves. Not only fishermen and processors cannot survive at \$190/MT FOB level, but natural resources are wasted to subsidizing foreign entities. Even Mexican sardine are selling at higher prices. Meanwhile, Oregon Sardine size range from 100 - 250 grams, stronger and fattier fish, are selling at much higher price levels from minimum of \$550 to \$750/MT or higher for the preferred sizes. Scraped fish can salvage for Crab bait market @ \$450/MT FOB. Tuna bait, fresh sushi, further processing, and domestic crab baits are the target markets for Oregon Sardine. More higher value applications are undergone developing. This has clearly proven there is a big mistake in the existing Fishery Management Plan (FMP). The new FMP should prioritize on Oregon Sardine. It is ridiculous to penalize the winner (the north) and subsidize the loser (the south). Instead of 33% north, 66% south, it should be the opposite, 66% to the north and 33% to the south.

**Social Structural Aspects:** Oregon Sardine processors create more jobs and more money to boats per ton, which means Oregon Sardine is much better utilized sardine than anywhere. Oregon Sardine also produced and processed in the communities which generally rely on more job opportunities while California sardine doesn't really have any influential impact to the local community/economy.

**Environmental Aspects:** Since Oregon Sardine has the highest value and is best utilized than anywhere in the world, why let the wasting resources California Sardine has better allocation. We are talking one ton Oregon Sardine harvested equals to three tons California. One ton profiting Oregon Sardine and three tons losing California do not take much to figure out. If the sardine are the same bio mass whether south or north, why the existing FMP allows the small sardine 30 - 60 grams to be harvested three times in tonnage more than the big sardine? If we count the number fish, taking 200 grams as an average for big fish divided by 50 grams for small fish, this three times number will magnify to 12 times more number of small fish than big fish. Let's stop penalize the winner.

West Bay markets sardine from Mexico to Washington and we have documents supporting our points. Therefore, I suggest allocation percentages of 66% to the north, 33% to the south; or coastwide allocation and let the market determine what fish has more demand (free enterprise).

Sincerely,



John Chiang, VP/International Sales, West Bay Marketing, Inc.



G. COASTAL Pelagic  
2. SARDOINE ALLOCATION

April 9, 2003

CITY OF ASTORIA  
OFFICE OF THE MAYOR

Mr. Donald McIsaac  
Executive Director  
Pacific Fishery Management Council  
7700 NE Ambassador Place, Suite 200  
Portland OR 97220-1384

RE: Northern Sardine Quota

Dear Mr. McIsaac:

I write on behalf of the City of Astoria to support fully and without reservation the efforts to expand the northern quota for the Pacific Sardine Fishery for 2003.

The resurgence of the sardine fishery off the coast of Oregon has been tremendous for the Astoria area. The impact on seasonable employment is obvious, but more subtle but equally important benefits have been increased investment in plant and facilities, additional revenue for local government, and increased activity for businesses which support the fishermen and processors, such as fuel, gear and supplies, vessel maintenance and repair, and even housing. As a local businessman myself, I know that any increase in economic activity, particularly natural resource harvest and production, benefits the entire business community and all of the people who live in this area.

Although Astoria is taking steps to transition from its long dependence on natural resources, the resurgent sardine fishery assists even that effort. A favorite stop for our local riverfront trolley is at one of the sardine processing facilities. We have a number of processors of sardines and their investment has helped to rejuvenate Astoria's waterfront. The City of Astoria hopes this can continue.

On behalf of the City of Astoria, I strongly recommend an increase in the northern portion of the Pacific Sardine harvest quota for 2003. This is an important issue for Astoria and I hope that the Council will take the steps necessary to help our local economy. Please call me if you have any questions.

Sincerely,

THE CITY OF ASTORIA

Willis L. Van Dusen  
Mayor

WLVD:jl

cc: Rodney R. McInnis, Assistant Administrator  
National Marine Fishery Service  
Southwest Region  
501 W. Ocean Blvd, Suite 4200  
Long Beach CA 90802-4213

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ERIC FRUITS, PH.D.  
SENIOR ECONOMIST

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April 9, 2003

*Presented by  
Eric Fruits*

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

Re: Sardine Allocation Alternatives—Economic Impacts on Oregon and Washington

Dear Dr. Radtke and Council Members:

Astoria Holdings, Inc. asked ECONorthwest to estimate the economic impacts on the Oregon and Washington economies associated with the allocation alternatives under consideration by the Council. Using 2001 and 2002 production data supplied by Astoria Holdings, publicly available data, and a widely-used regional input-output model, ECONorthwest estimates the following annual economic impacts, summarized on Table 1 (attached):

- Alternative 5 has the greatest positive economic impacts on Oregon and Washington, adding over 149 jobs and nearly \$10.7 million annually to the states' economies relative to the status quo. Alternative 5 (along with Alternative 3) present the smallest probability of an early closure of the Oregon and Washington fishery.
- Alternative 4 will almost certainly result in an early closure of the Northern fishery by as much as six weeks. If the fishery closes in the first week in August, as many as 164 jobs in Oregon and Washington will be lost. These job losses will result in a loss of \$11.8 million in wages, business income and other income.
- The Coastal Pelagic Species Management Team (CPSMT) forecasts are entirely unreliable for allocation policy purposes. For the current year, the CPSMT forecast overestimates the Southern California harvest by nearly 30 percent and understates the Northern California harvest by over 200 percent.
- Southern California will unlikely see any negative impacts from any of the alternatives this year. In the first three months of this year, the Southern California

sardine harvest is well under that projected by CPSMT. If this trend continues throughout the year, California will not harvest its entire allocation and none of the alternatives will result in an early closure of the California fisheries.

**ALTERNATIVE 5 HAS THE GREATEST POSITIVE ECONOMIC IMPACTS ON OREGON AND WASHINGTON**

Alternative 5 has the greatest positive economic impact on Oregon and Washington. Relative to the status quo, Alternative 5 adds 149 jobs and \$10.7 million to the states' economies. The benefits are derived from moving the north-south line to Pt. Arena and from opening the harvest guideline coastwide on September 1. With the line drawn at Pt. Arena, the Oregon and Washington fishery face a lower chance of closing early. The September 1 coastwide harvest guideline provides flexibility in the face of Oregon and Washington's uncertain weather in September.

**ALTERNATIVE 4 WILL RESULT IN AN EARLY CLOSURE OF OREGON, WASHINGTON, AND NORTHERN CALIFORNIA FISHERIES**

Both Alternative 4 and the status quo almost certainly guarantee an early closure of the Northern California, Oregon and Washington fisheries just prior to their most productive months. Like the status quo, Alternative 4 divides North and South at Pt. Piedras Blancas, and provides the Northern fishery an initial allocation of 36,600 metric tons. Already Northern California has harvested 5,075 metric tons—three times what was forecast by CPSMT (March 2003). This leaves 31,525 metric tons of allocation available for Northern California, Oregon and Washington until September 1. This means that the fishery will close 53 days after Oregon and Washington begin harvesting, as shown in Table 1. Depending on when the season begins in Oregon and Washington—usually between June 1 and June 15—Alternative 4 will close the Northern fishery by as much as six weeks early (between July 23 and August 6).

**Table 1: Alternative 4—Early Closure of Northern Fishery (No. CA, OR, WA)**

Harvest Guideline	110,908 m/t
Multiplied by: Initial Northern Allocation (No. CA, OR, WA)	33 %
Equals: Northern Allocation (No. CA, OR, WA)	36,600 m/t
Less: No. CA Harvest To Date	5,075 m/t
Equals: Amount Remaining Until Reallocation on 01-Sep	31,525 m/t
OR & WA Forecast Harvest	600 m/t per day
Number of Days Until Initial Allocation is Exhausted	53

Traditionally, August is the most productive month in the Northern fishery. August 2002 accounted for 40 percent of Oregon and Washington annual harvest and 20 percent of Northern California's. Closing the fishery at the end of July or beginning of August will have a substantial negative impact on employment in Northern California, Oregon and Washington. Because the weather worsens in September, the Oregon and Washington fishery likely will have only two weeks to fish after the September 1 reallocation. Alternative 4's December 1 reallocation has no effect on the Oregon and Washington fishery.

## **EARLY CLOSURE IN THE FIRST WEEK OF AUGUST WILL HAVE SUBSTANTIAL JOB AND INCOME IMPACTS ON THE OREGON AND WASHINGTON ECONOMIES**

If the fishery closes in the first week in August rather than continuing through the middle of September (as expected under the status quo and Alternative 4), 164 jobs will be lost. These job losses will result in a loss of \$11.8 million in wages, business income and other income.

It is well known that Oregon and Washington have the highest unemployment in the country. At 7.5 percent, Oregon has the highest unemployment in the country; at 6.6 percent, Washington is exceeded only by Alaska and Oregon. The fishing industry is a vital component of the Northwest's economy. It is an export based industry—it brings outside dollars into the region. Moreover, because much of the harvest is sold overseas, sardine fisheries add to the U.S. trade balance and the national economy.

The processing and export of frozen sardines directly affects the Oregon and Washington economies through the processors' creation of jobs. In addition, the regional commercial fishing industry and others indirectly benefit by catching sardines or providing other intermediate goods and services to seafood processors. The direct and indirect increases in employment and income enhance overall economy purchasing power, thereby inducing further consumption- and investment-driven stimulus.

The economic modeling framework that best captures these direct, indirect, and induced effects is called input-output modeling. Input-output models provide an empirical representation of the economy and its inter-sectoral relationships, enabling the researcher to trace out the economic impacts of a change in the demand for goods and services.

ECONorthwest used a specially constructed, input-output model of the Oregon and Washington economy to trace the effects associated each of the alternatives under consideration. Specifically, ECONorthwest used the IMPLAN modeling software, modified specially for this application. The details of the modeling process and the underlying assumptions are described in report accompanying my testimony in March 2003 (Exhibit I.2.c).

The results of the modeling process indicate that every 10,000 metric tons of sardines processed in Oregon and Washington is associated with 108 jobs and \$7.7 million in wages, business income, and other income. These job and dollar impacts are felt most in the communities that depend on sardine fishing—Astoria, Warrenton, Ilwaco, Westport, Salem, Newport, Woodland, and Bellingham. Some of these communities have unemployment rates over and above Oregon and Washington's already-high unemployment rates.

## **SOUTHERN CALIFORNIA WOULD UNLIKELY FACE EARLY CLOSURE UNDER ANY OF THE ALTERNATIVES**

To date, Southern California has harvested about 71 percent what CPSMT forecast the fishery would catch through March 2003. If Southern California continues this trend of harvesting well under what was forecast, then the none of the alternatives will result in an early closure of the Southern California fishery and even the "worst" alternatives for Southern California will impose non-binding constraints.

Comments by Dr. Radtke and Mr. Fougner indicated the Council's desire to review pricing and economic data for all regions in order to evaluate economic impacts. As the Council is surely aware, processor and financial and economic data is not readily available to the public. CPSMT measured the economic impact of each of the alternatives using a survey of west coast

processors. However, as noted in the CPSAS comments (March 2003), there is some doubt about the reliability of the data provided by the Southern California processors.

The CPSMT Report (March 2003) projected the Southern California fishery would harvest 20,675 metric tons in the first three months of this year. According to the most recent report, the California fishery has harvested only 14,694 metric tons, or 71 percent of CPSMT's forecast.

The weakness of the California fishery relative to the Oregon and Washington fisheries is also reflected in California's low and declining prices paid ex vessel. Figure 1 (attached) shows that California's sardine prices are reaching five-year lows (approximately \$85 per metric ton) while Oregon and Washington's prices have been rising (to \$122 per metric ton in 2002).

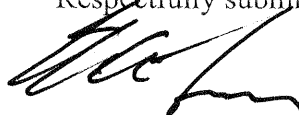
The decrease in price combined with a decrease in quantity caught and sold indicate that the demand for California sardines is declining. Although I have not investigated the cause for the decline, shrinking Australian demand for U.S. sardines as well as decreases and/or variability in quality (e.g., size) have been cited as factors. For example the California Department of Fish and Game has stated the following.

Apparently the sardine fishery in Australia has expanded with a much larger quota this year ... resulting in fewer U.S. sardine imports. (Leanne Laughlin, California CPS landings update for December, January 8, 2003)

Lack of fish, no orders and a wide range of fish sizes (some processors prefer a uniform size) when they were caught were given as causes for the decline in landings. (Leanne Laughlin, Coastal Pelagic Species landings for Feb 2003, March 10, 2003)

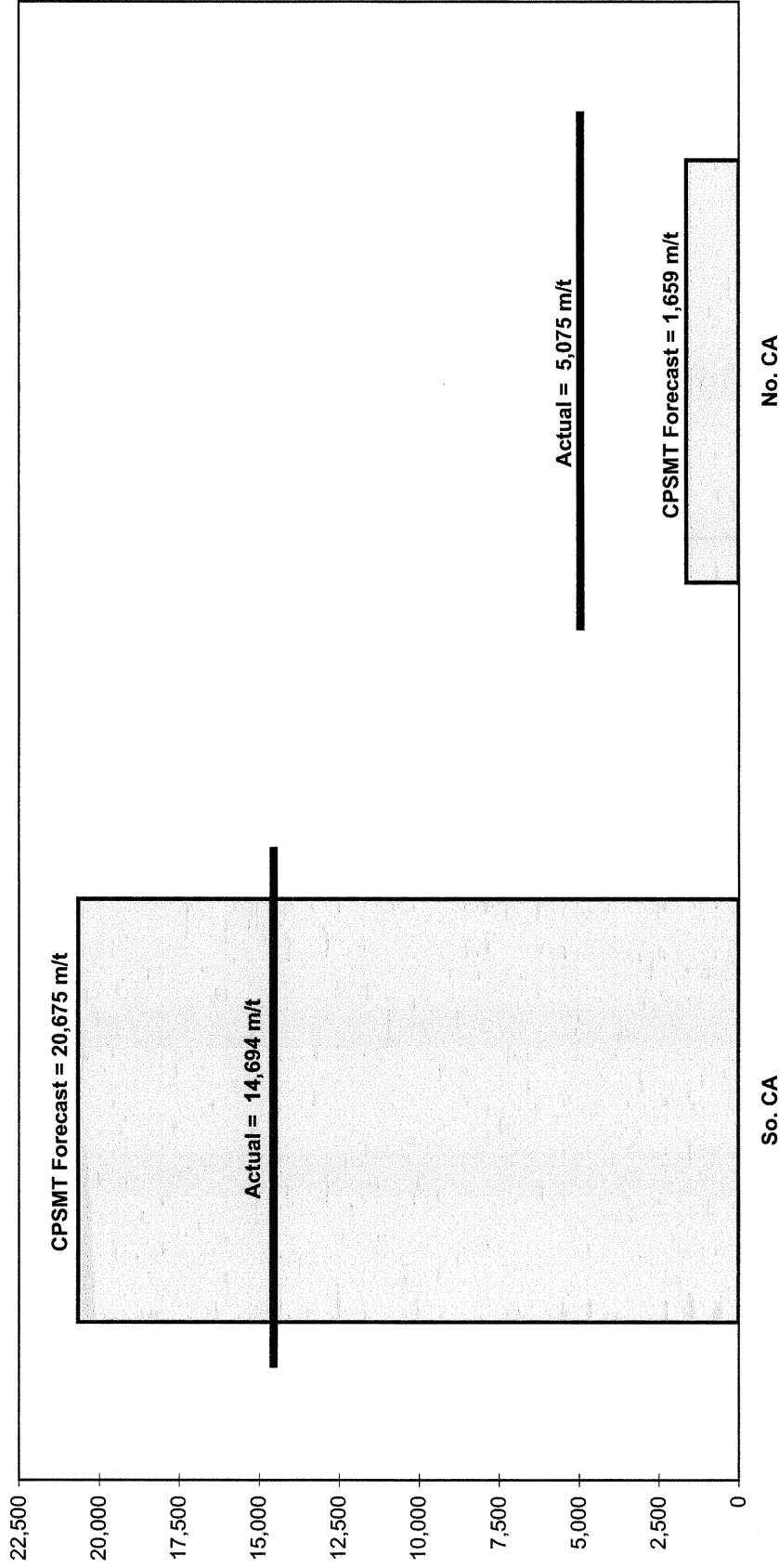
Lack of fish, poor fish quality, and poor market demand limited fishing effort. (Leanne Laughlin, CPS Landings Update for March, April 4, 2003)

Respectfully submitted,



Eric Fruits

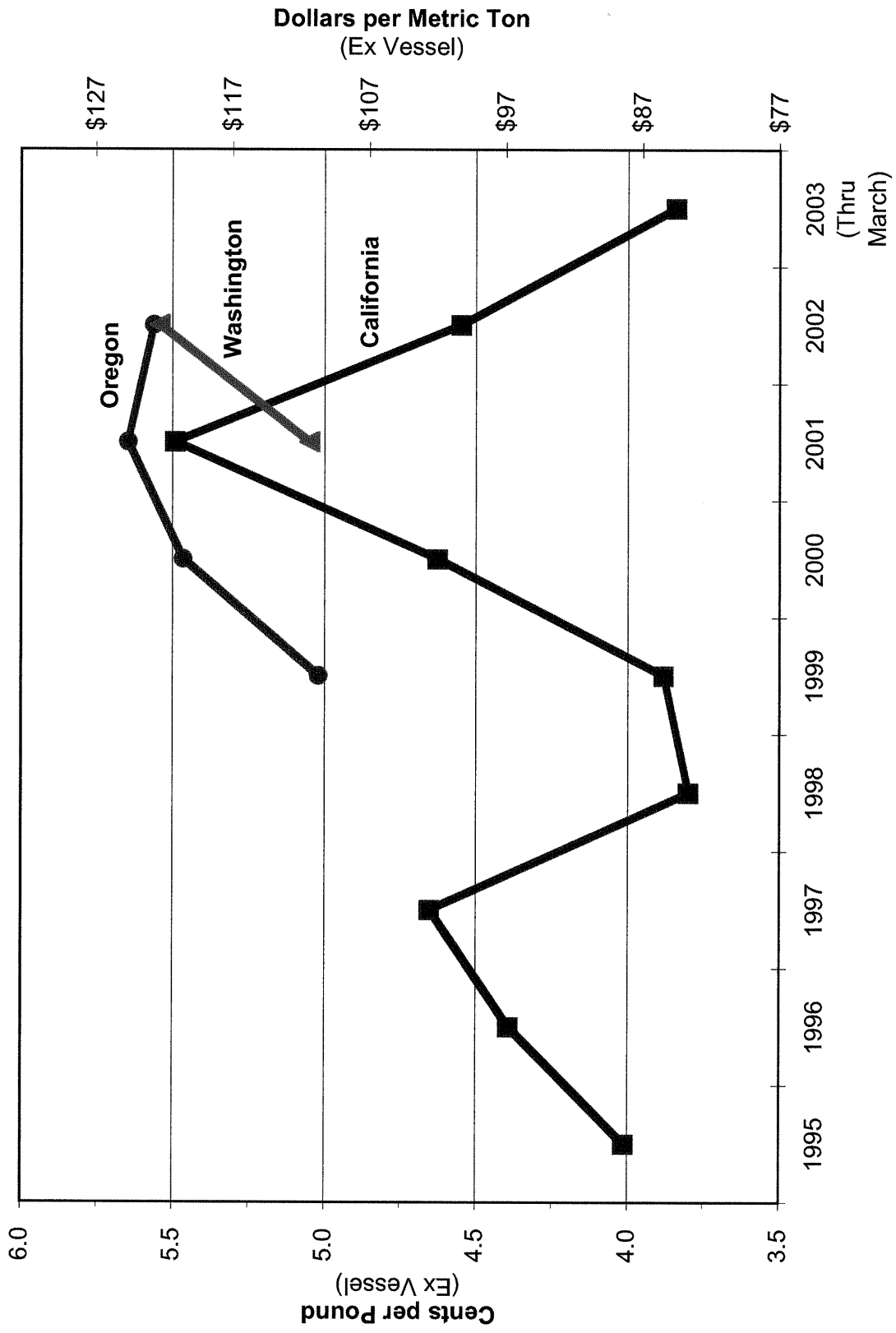
**Figure 1:** Pacific Sardine Harvest, Forecast vs. Actual (January – March 2003)



**Source:** PacFIN, CPSMT Report (March 2003)

**Prepared by:** ECONorthwest

**Figure 2: Pacific Sardine Prices 1995-2003, Ex Vessel (Cents per Pound and Dollars per Metric Ton)**



Source: PacFIN, CDFG All Species Report

Prepared by: ECONorthwest