



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Oceanic and Atmospheric Administration**  
NATIONAL MARINE FISHERIES SERVICE  
1315 East-West Highway  
Silver Spring, Maryland 20910  
THE DIRECTOR

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PFMC

Donald O. McIsaac, Ph.D.  
Executive Director  
Pacific Fishery Management Council  
7700 NE Ambassador Place  
Portland, Oregon 97220-1384

Dear Dr. <sup>Doz</sup> McIsaac:

Thank you for your letter regarding the views of the Department of Justice (DOJ) on fishing rationalization programs.

The key issue is the participation of processors in individual fishing quota (IFQ) programs, and this participation could assume two forms. First, is ownership by processors of harvest quotas in IFQ programs, and, second, as proposed recently by the North Pacific Fishery Management Council in its Alaska crab rationalization plan, is ownership by processors of processing quotas. Put simply, harvest quotas confer an allocation to fish, and processing quotas an allocation to buy fish. DOJ has expressed concerns about the second type: the allocation of processing quotas to processors. To put this issue in a broader context, I will explain our views on both harvesting and processing quotas.

With respect to ownership by processors of harvest quotas in IFQ programs, the Administration's proposal for revisions to the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), which was transmitted to Congress in June 2003, would allow processors to participate in IFQ programs. Specifically, the Administration bill permits IFQ to be held by or issued to "other persons as specified by the Council," providing the Regional Fishery Management Councils (Councils) with an opportunity to consider allocation of IFQs to processors. Additionally, there is a requirement in the Administration's bill for new IFQ programs to utilize procedures to ensure fair and equitable initial allocations, including the consideration of employment in the processing sector. Because of the socioeconomic impacts of allocating fishing quotas under any IFQ program, the National Oceanic and Atmospheric Administration believes that it is important for the Councils to make decisions regarding processors' participation in IFQ programs on a fishery-by-fishery basis.

In regards to the ownership by processors of processing quotas, the Administration has concerns regarding the allocation of processing quotas within fisheries due to the potential impacts on



competition in the processing sector. The Magnuson-Stevens Act delegates authority to develop fishery management plans to the Councils, subject to review and approval by the Secretary of Commerce. On-shore processor quota systems are not currently authorized under the Magnuson-Stevens Act. Fishery management plans are required to consider socioeconomic impacts, including those in the processing sector. However, processing quotas are not the only mechanism for addressing impacts on processors, and we believe there may be other, more appropriate and effective ways to facilitate economic adjustments by shore-side processors to IFQ programs.

I have asked the National Marine Fisheries Service's Northwest Region to work closely with the Pacific Fishery Management Council during the development of an individual quota-based program for the groundfish trawl fishery. The Northwest Region will need additional details about the program under development before they can advise you on how the DOJ concerns might affect it.

I appreciate your interest in this important topic.

Sincerely,

A handwritten signature in cursive script that reads "Bill".

William T. Hogarth, Ph.D.  
Assistant Administrator  
for Fisheries