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May 21, 2005

RECEIVED

Mr. Donald K. Hansen
Chairman
Pacific Fishery Management Council
Portland, Oregon 97220 – 1384

MAY 25 2005

PFMC

RE: Agenda item F.2. FMP Amendment 11 – Sardine Allocation

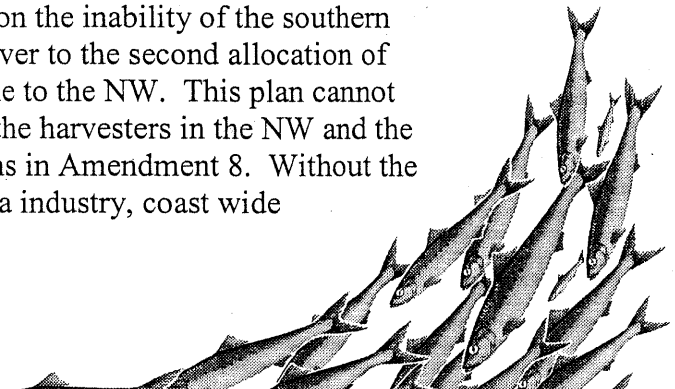
Dear Chairman Hanson, and Council members:

We are writing this letter on behalf of our many employees, our fishermen and our Communities in Astoria and the lower Columbia River. Sardine has become an essential economic contributor and industry in our community. It is supporting many families and businesses in the lower Columbia region. With the fall of the salmon resource and the collapse of the groundfish fishery, sardine has become a vital part of the economic engine that contributes to the area.

Astoria Pacific Seafood (APS) is a sardine processor in Astoria Oregon. Our only business is sardine caught off Oregon and Washington. We operate, processing sardine June into October. Sardine allocation will affect our community greatly. Thus we are pleased to be able to write to you about our concerns on the issue.

Allocation of Sardine between the coastal areas and communities is going to be a contentious issue. We at APS are supporting an allocation plan, which is a geographic allocation to the NW. We believe an allocation based on geographic region can be developed into a rational plan of ITQ's and controlled expansion. If the PFMC does not address expansion then we expect the States of Washington and Oregon to do so. Without a link to the allowable catch, development of such a plan will be harder if not impossible.

Most support from the NW, we believe, will be for "Alternative 3": Coast wide Allocation in Three Periods. This alternative is betting on the inability of the southern area to catch their initial 40% allocation thus rolling it over to the second allocation of 40% thereby greatly increasing the availability of sardine to the NW. This plan cannot work for rationalization because it has no link between the harvesters in the NW and the resource without dismantling the limited entry provisions in Amendment 8. Without the support, which we believe non-existent, of the California industry, coast wide rationalization is impossible.



Alternative 6: Transfer of Unused Allocations Between Sub areas is the best choice. But it should be modified with a change in the Reallocation to the reallocation of Alternative 7. Alternative 7 reallocates on September 1 the remaining harvest guideline which is pooled and 50% of the harvest guideline is allocated to Sub area A (North) and 50% to Sub area B (South). This reallocation of harvest guideline is supported by California in their letters of support for Alternative 7.

Why support Alternative 6 when so many feel it is too complicated?

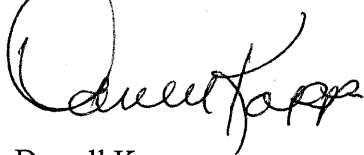
Alternative 6 is really not complicated and with the adoption of Alternative 7's reallocation plan going geographic instead of coast wide it makes the ideal choice achieving the objectives asked for.

Alternative 6 does:

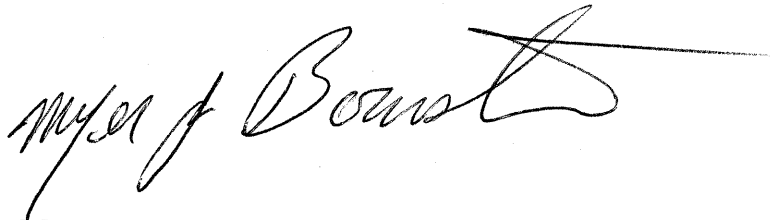
1. Strive for simplicity and flexibility in developing an allocation scheme.
2. Transfer quota as needed.
3. Utilize optimum yield
4. Implement a plan that balances maximizing value and historic dependence on sardine.
5. Implement a plan that shares the pain equally at reduced harvest guideline levels
6. Implement a plan that produces a high probability of predictability and stability in the fishery.

Resource changes and market changes are not addressed in any of the allocation schemes except for alternative 6. Alternative 3 promotes "the race for fish". Alternative 7 "locks up fish". Alternative 6, with the change in reallocation of the combined unused harvest, 50% north and 50% south September 1, is the best plan. It's a plan that can be built upon.

Sincerely,



Darrell Kapp
Astoria Pacific Seafood



Myer Jay Bornstein
Astoria Pacific Seafood

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May 23, 2005

To: Dr. Don McIssac
Executive Director
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 200
Portland, OR 97220-1384

Re: Agenda Item F.2.d Ammendment 11 Public Comment

Dr. McIssac and Council Members,

For the record, my name is Ryan Kapp and I am a sardine fisherman based in Astoria, OR. My involvement with the Northwest (NW) sardine fishery started with the first landings in 1999 and I have been directly involved ever since. My fishery background has been presented in past testimonies so I will not misuse your time elaborating further. Understanding that most of the NW processing industry is in favor of allocation option #3, which releases HG coastwide on a seasonal basis, I know that my views may be in the minority but I feel strongly enough in my point of view to present some ideas to you today. I appreciate the chance to comment on this issue and wish that more of my fellow NW fishermen would do the same.

There is a way to allocate the HG to maximize fishery value and give every sector an equal chance to tap into it. The sardine fishery has variables in resource availability, fish quality, market capacity, and value. The FMP should be geared to react to these variables. I believe the best way to address the variability in this fishery is with a plan that allows transfer of HG between sub-areas.

I urge the Council to support a plan incorporating a geographic allocation with a transfer component.

Why is a geographic allocation important?

Seasonal allocation increases potential for a race for fish. Making HG available to all sectors, fishing in a commons, would make the rule of capture prevail. *Each fisher in a commons captures all the benefits of catching more fish while facing only a fraction of the cost of stock depletion because the cost is split among all fishers. This disparity between full benefits received and fractional costs paid encourages too many fishers to enter the fishery* (from "Fencing the Fishery" by Donald R. Leal). Too many fishers in a fishery can also be referred to as overcapitalization. Fishery management should relieve the pressure to race for fish and avoid overcapitalization. This is evident in current

management trends: Racing for Halibut and Sablefish was quelled by IFQ's, Buybacks are in place to lessen the race for Bering Sea crab and West Coast groundfish, and a co-op is being used to stop the race for Chignik sockeye. These are only a few examples. What all these abovementioned fisheries have in common is a geographic quota (HG). I feel that an allocation based on geographic region can be developed into a rational plan of ITQ's and controlled development. If the Council does not address expansion then possibly the States of Washington and Oregon can do so. Without a geographic allocation of HG the possible regional development of a rationalization plan will be extremely difficult.

Why is a transfer component important?

The discussion and debate surrounding this Amendment process is remarkably similar to the dialogue during the creation of the interim allocation plan. The debate largely centers on the amount of HG remaining at the end of the year. One side of the story says we can catch it now if our markets improve and the other side says they have the markets and wish to use the remaining portion while it is available to their area. It is as if a seat is being saved for someone who might not show up while somebody else clearly has a desire to sit down for awhile. The transfer component attempts to put the rhetoric aside and demand performance to back up those statements. Transferring HG from one area to another is not permanent, it is performance based. The only way an area would have to give up HG is if they are leaving an excessive amount uncaught. The only way an area would receive additional fish is if they are catching, or nearly catching, all of their area's HG. If both areas are performing, or under performing, there would be no transfer necessary. I believe that over time there would be somewhat of an equilibrium established and ultimately it would be adjusted based on market conditions and resource availability.

At the November meeting I presented the Council with an allocation plan that contained rules for transferring uncaught HG between sub-areas. The Council was insightful enough to include that proposal in the suite of options for CPSMT analysis. It was a lot to digest and I am still grateful for the Council's action. The plan, now called option #6, was an attempt to find some middle ground between locking up uncaught fish and/or racing after it. It was an ambitious plan and was a little more complex than some of the other options. It is difficult to address complex fishery variability with a simplistic plan. Simple plans are for simple things while complex projects require a few more tools to get the job done right.

Option #6 addressed all of the CPSAS Objectives for an allocation program (as outlined in the September 2004 CPSAS Report) which, for review, are:

- Strive for simplicity and flexibility in developing an allocation scheme.
- Transfer quota as needed.
- Utilize optimum yield.
- Implement a plan that balances maximizing value and historic dependence on sardine.
- Implement a plan that shares the pain equally at reduced harvest guideline levels.

None of the other options before you address each of these objectives in fact, some only address 3 out of the 5.

I understand, after listening to the discussion at the last Council meeting, that components of different options may be combined. Originally option #6 proposed a coastwide re-allocation available on September 1st. After some more thought I can see that creating a coastwide allocation could create a race for fish which is the main reason I am not wholly in support of option #3. I now support the September 1st 50-50 re-allocation put forth in option #7. Further, I feel that option #6's initial starting allocation of 60-40 could be adjusted to 66-33 as it is only a starting point. I support the combining of option #7 with the transfer rules of option #6. However, I feel that option #7 alone, without a means of moving HG around, would continue to hold fish unnecessarily in one area.

Unfortunately, I was not able to look over the latest analysis of the options by the CPSMT in time for the briefing book deadline and was unable to attend their May 18th meeting. I hope that after looking over this analysis the Council sees the transfer rules in option #6 are not as complicated as they first seemed to be.

In closing, allocation of a variable fishery resource is a complex issue. Transferring HG from area to area helps to address this variability. For the above reasons I encourage the Council to support an option that allocates geographically and contains a method for transferring HG from area to area. Feel free to contact me with any questions you may have.

Regards,

Ryan Kapp
Gulf Vessel Management

