



April 1, 2009

Pacific Fishery Management Council  
7700 NE Ambassador Place, Suite 101  
Portland, OR 97220-1384

**RE: Pacific Fishery Management Council meeting, San Francisco, April 2009**

- A) Agenda Item F.3 Groundfish Fishery Management Plan Amendment 21 - Intersector Allocation**
- B) Agenda Item F.4 Groundfish Fishery Management Plan Amendment 20 - Trawl Rationalization - Community Fishery Association and Miscellaneous Clarification Issues**
- C) Agenda Item F.5 Groundfish Fishery Management Plan Amendment 20 -- Trawl Rationalization - Analysis Parameters for Adaptive Management Program**

Honorable Chairman and Pacific Fishery Management Council (PFMC) members,

Food & Water Watch (FWW) is a national consumer action organization that defends, and advocates for robust public management of essential resources, including fish.

Further to public comment provided by FWW at the April 2009 PFMC meeting in San Francisco, in relation to the above matters, for the consideration of Council please find below a review of FWWs general and specific comments and recommendations, and conclusion.

General comments and recommendations:

FWW appreciates that PFMC members and related stakeholders have invested a substantial amount of time, energy, and resources into the development of Amendment 20 and 21.

FWW has made it clear that we strongly believe 'rationalization' of the groundfish trawl fishery is contrary to the public interest. As structured, these amendments privatize profit and socialize loss. They do not conserve the public's marine ecosystem assets, or allocate the groundfish resource in a strategic manner to maximize long-term national benefits.

FWW, in written and public comments on prior occasions, has recommended Council maintain status quo management and go back to the drawing board to design a process to allocate the groundfish resource in a strategically informed and fair and equitable manner.

We have highlighted the difficulty of completing this task in the absence of a robust, federal regulatory Limited Access Privilege Program (LAPP) design framework, and federal LAPP design guidelines. And for this reason, recommended pausing the allocation process for 6 months, whilst FWW and the Pacific Coast Federation of Fisherman's Associations jointly pursue congressional oversight hearings to revisit controversial fish stock allocation issues - with the view to gaining congressional support to develop the missing allocation framework.

FWW, asserts that any new federal allocation framework should take a diagnostic approach to allocation issues, and be able to clarify a broad range of issues from resource rent capture, to referenda criteria, to community-based allocations, to the equity of granting access privileges essentially in perpetuity.

FWW again requests Council pause the current allocation process, and support Congressional hearings in the national interest.

Specific comments and recommendations:

With respect to agenda items:

- A) F.3 Groundfish Fishery Management Plan Amendment 21 - Intersector Allocation
- B) F.4 Groundfish Fishery Management Plan Amendment 20 - Trawl Rationalization - Community Fishery Association and Miscellaneous Clarification Issues
- C) F.5 Groundfish Fishery Management Plan Amendment 20 -- Trawl Rationalization - Analysis Parameters for Adaptive Management Program

FWW recommends:

F.3 Intersector allocation

As intersector allocations are needed to support the giveaway of the public's groundfish resource asset under the Amendment 20 limited-entry trawl 'rationalization' program - FWW opposes Amendment 21 outright. Hence our call for a minimum 6-month pause on allocation decisions applies to both Amendment 20 and 21 (and A15).

FWW notes that in the way Amendment 21 is drafted, it is not possible for fishermen in non-treaty non-trawl sector to select between alternative options, as only in Alternative 2 is the non-treaty non-trawl sector broken out into its three components: fixed gear, directed open access, and recreational.

Although not inclined to comment on specific species allocations, FWW believes a strong logic exists for Council to weight the allocation of rockfish, sablefish, and lingcod in favor of the fixed gear, open access and recreational sectors. A comparative environmental risk assessment to identify and evaluate risks - such as discards and damage to seafloor habitat - may be used as the decision tool to support this logic.

#### F.4 Community Fishing Associations

FWW notes, the Council's primary task under this agenda item is to identify the criteria entities would need to meet in order to qualify as a CFA (i.e., to define CFAs).

FWW suggests CFAs may come in many forms. For example, CFAs may organize as groups of fishermen pooling their access and/or allocation entitlements, or a community trust established principally for community development purposes.

FWW believes work on development of CFA qualification criteria has got off to a good start, and requires further work. This work may be done best through a collaborative and perhaps national stakeholder workshop(s) funded by the Department of Commerce. CFAs are a new conceptual undertaking and should be designed well from the outset - to protect them from abuse if for no other reason.

FWW asserts that the common thread uniting CFA entities should be the public interest - achieved by the participation of coastal communities, small-scale fishermen and small processors in value chains that supply the growing demand for local and sustainable seafood. This common thread - public interest sustainable seafood value chains - should be 'front and center' in CFA organizational and operating standards.

Once the CFAs are characterized, FWW highlights that robust analysis is required under the Magnuson-Stevens Act (MSA) P.L. 109-479, sec. 302(f), with respect to how they will operate in the Pacific groundfish fishery specifically. This analysis is required by law - and serves as yet another reason for the Council to pause decision-making for 6-months.

#### **P.L. 109-479, sec. 302(f) [uncodified]**

##### **PACIFIC FISHERY MANAGEMENT COUNCIL.—**

(1) **IN GENERAL.**—The Pacific Fishery Management Council shall develop a proposal for the appropriate rationalization program for the Pacific trawl groundfish and whiting fisheries, including the shore-based sector of the Pacific whiting fishery under its jurisdiction. The proposal may include only the Pacific whiting fishery, including the shore-based sector, if the Pacific Council determines that a rationalization plan for the fishery as a whole cannot be achieved before the report is required to be submitted under paragraph (3).

(2) **REQUIRED ANALYSIS.**—In developing the proposal to rationalize the fishery, the Pacific Council shall fully analyze alternative program designs, including the allocation of limited access privileges to harvest fish to fishermen and processors working together in regional fishery associations or some other cooperative manner to harvest and process the fish, as well as the effects of these program designs and allocations on competition and conservation. The analysis shall include an assessment of the impact of the proposal on conservation and the economics of communities, fishermen, and processors participating in the trawl groundfish fisheries, including the shore-based sector of the Pacific whiting fishery.

(3) **REPORT.**—The Pacific Council shall submit the proposal and related analysis to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Resources no later than 24 months after the date of enactment of this Act.



Of note, to facilitate the emergence of CFAs as viable entities, realistically, direct initial allocations are required. On this point, FWW draws Council attention to the views of the Government Accountability Office in reference to methods for community protection under IFQs:

*'Several methods are available for protecting the economic viability of fishing communities and facilitating new entry into IFQ fisheries. The easiest and most direct way to help protect communities under an IFQ program is to allow the communities themselves to hold quota.'*<sup>1</sup>

To facilitate direct allocations to communities, FWW believes a significant reserve quota pool must be established. To this end, quota shares from the buy-back program, and from those divesting themselves of excess shares, should be retained.

Further thought is required in respect to how the transaction between the public resources reserved in this quota pool and a community-based entity should occur.

#### F.5 Adaptive Management

FWW recommends that the adaptive management set-aside should be used to mitigate one-off transition impacts including making quota disbursements to community-based entities, and the one time resolution of proven stranded capital issues. It should then be held, to provide an incentive pool for conservation results in the groundfish fishery, and for further transitions or research as required to improve the program.

FWW also supports the future use of the adaptive management set-aside for the generation of rental returns to the public resource owners.

#### Conclusion:

As a final comment we encourage Council members and other stakeholders to reflect on whether in this groundfish allocation process, too much attention has been focused on the means of delivering fisheries policy (e.g. IFQs), and the end stages of decision-making - rather than on refining at front end of this process the values and principles - such as fairness and equity - on which access to the public's valuable fish resources should be based.

Other countries that have implemented similar rationalization programs without thinking through first principles are now gradually moving to unravel them - at significant cost to taxpayers.

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<sup>1</sup> Government Accountability Office, INDIVIDUAL FISHING QUOTAS Methods for Community Protection and New Entry Require Periodic Evaluation, February 2004. website. <http://www.gao.gov/products/GAO-04-277>

In Iceland, after repeated challenges in domestic courts, and a United Nations ruling that its Individual Transferable Quota system violated international law<sup>2</sup>, the Social Democratic party - expected to win office in April 2009 elections - has proposed buying back all quota. If elected, they plan to purchase 5% of the quotas each year. Thus it would take approximately 20 years for the government to claw-back all quota. Once the government owns the quota, it would rent them out to private parties but also keep some of them off the market to allot to fishing villages to manage within a community-based quota system.

This rental/community hybrid proposal is akin to what FWW envisages would result if the U.S. were to undertake fish resource allocation in a fair and equitable manner - whilst maintaining public control of the public's assets. We recommend saving the expense of a future claw-back, and getting allocation right the first time.

Sincerely,



Ben Bowman  
 Policy Analyst  
 Food and Water Watch

<sup>2</sup> Iceland's ITQ system has been challenged repeatedly in court. The first case concerned the manner in which Iceland initially granted fishing licenses; the government distributed licenses to only those people who owned vessels during the short period November 1982 to October 1993. In the *Valdimar* case, a fisherman filed a case after he was denied a fishing license and catch quota because he did not own a boat during this period. In December 1998, the Supreme Court ruled that it was unconstitutional to restrict the right to fish to the small group of people who were fishing during a restricted period of time. In response to the decision, the government of Iceland revised the fisheries management law to allow fishing licenses to be granted to all new vessels, with or without quotas, but did not change the ITQ system.

Two years later, another fisherman challenged the ITQ system in the *Vatneyri* case. This time the Supreme Court sided with the Ministry of Fisheries and found that ITQ system was legal and the government could make permanent allocation of quotas to a restricted group of people.

In 2001, fishermen Erlingur Sveinn Haraldsson and Orn Snaevar Sveinsson challenged the ITQ system again. The two fishermen had purchased a boat in 1998 but were unable to obtain a quota despite repeated applications for catch entitlements. They were able to lease a quota but paid such an exorbitant rental fee that they faced bankruptcy. In September 2001, the fishermen wrote to the Ministry of Fisheries and declared that they intended to fish without quotas and planned to challenge the ITQ system in court. After the fishermen broke the law, they were charged with fishing without a quota. Haraldsson and Sveinsson filed a claim challenging the constitutionality of the ITQ system but the Supreme Court of Iceland ruled that the quota system was legal.

After losing their case in Iceland, the fishermen filed a claim with the United Nations Human Rights Committee. They alleged that Iceland's ITQ system violated the International Covenant on Civil and Political Rights because the system forced them to pay money to a privileged group of citizens, the owners of fishing quotas, in order to pursue their occupation.

In October 2007, the United Nations Human Rights Committee ruled that Iceland's ITQ system did violate international law. In its written decision, the Committee reasoned that although Iceland's Fisheries Management Act stated that the fishing banks around Iceland were the common property of the nation, the ITQ system transformed the right to use and exploit public property into individual property. The committee found that "the property entitlement privilege accorded permanently to the original quota owners... is not based on reasonable grounds." The Committee further argued that allocated quotas that were no longer used by their original holders should revert to the State for allocation to new quota holders in accordance with fair and equitable criteria. The UN ruled that the two fishermen should be compensated for their damages and that Iceland should take measures to give effect to the Committee's decision. As of this date, the Government of Iceland has neither paid damages nor changed its ITQ system to comply with the UN's decision.

Zeke Grader testimony F.A.

## Pacific Coast Federation of Fishermen's Associations

The following article is the opinion of the writers and does not reflect the opinions of Fishermen's News or Phelps Publishing Group.



## Community Fishing Associations: A New Way Forward

By Sara Randall, Nate Grader

You may have noticed over the past few months that nearly every major newspaper in the United States has carried at least one opinion piece touting the benefits of Individual Fishing Quotas (IFQs), albeit under a new name. IFQs, it seems, have been rebranded as "catch shares" for the well-funded Environmental Defense Fund campaign to promote IFQs for every fishery in the United States and the world. Catch shares, according to these op-ed pieces, are going to end overfishing and end the "race to fish."

Proponents of IFQs have been effective at convincing the uninitiated of the merit of the "catch shares" idea, especially when it's disingenuously presented as the only alternative to an "Olympic" style open access fishery, few of which still exist.

It's not just at the editorial boards where quota program proponents have been effective at broadcasting their message. Over the past few years, proponents of IFQs have also been effective at promoting their agenda in Council meetings, legislative venues, NGO events such as the recent Seafood Summit in San Diego, and on the Hill in Washington with the recently published EDF report "Oceans of Abundance."

This simplistic one-size-fits-all approach to fisheries management has done a disservice to the diversity of fisheries management options that have proven effective, and others that show promise. Make no mistake – the proponents of IFQs are explicit in their desire to have every fishery in the US managed by IFQs as part of a plan to parcel up and privatize the ocean (under the aegis of "marine spatial planning").

At the Seafood Summit, these proponents openly asserted that IFQs are the only hope for saving the fishing industry. This may come as a surprise to those of you who fish in well-managed non-IFQ fisheries.

We do know that IFQs, in certain circumstances and if tightly regulated with low accumulation caps, owner-operator provisions, and opportunities for new entrants, can be one way to manage a fishery. The classic example, and one that is mentioned in all the pro-IFQ literature, is the Alaskan sablefish/halibut fishery. However, in practice IFQ fisheries are rarely implemented in this fashion, and generally come under intense political pressure to remove owner-operator requirements and accumulation caps as fishermen age.

We also know that the initial allocation of quota comes at a high social cost. Many fishermen are pushed out of these fisheries in an initial allocation, and young fishermen are burdened with expensive loans to pay for buying their first quota share. IFQs can reduce the race to fish but are certainly not the only way to do that.

Perhaps the most galling aspect of

the campaign, apart from the paternalistic rhetoric about "saving fishermen," is the claim that IFQs will end overfishing. It is the Total Allowable Catch (TAC) based on hopefully good science that is responsible for ending overfishing in a quota fishery, not the way the TAC is divided up among fishermen. If quotas themselves are set too high, over-fishing will still occur, IFQs or no.

Unfortunately, the "catch share" campaign has now drowned out all other ideas and other approaches to fisheries management in public discourse and among policy makers. Amidst all of the discussion about catch shares, another approach to fisheries management has gotten a lot less attention despite its increasing popularity with many fishing communities around the country.

Community Fishing Associations, which fall under the same provision in the Magnuson-Stevens Act (MSA) as IFQs (they are all called "Limited Access Privilege Programs"), are a viable, if somewhat undeveloped, alternative to IFQs and other traditional fishery management tools. In this article we want to suggest that community fishing associations can be an effective way to manage a fishery, as well as to address many of the most pressing challenges facing fishing communities.

However, unlike the proponents of "catch shares," we do not want to suggest that this model is a cure-all for every fishery. Some fisheries are well managed already, under limited entry programs for example, and to suggest a change to these fisheries would be unnecessary.

#### What Are Community Fishing Associations?

The MSA allows for the creation of community fishing associations under two different categories – fishing communities and regional fishing associations – within the Limited Access Privilege Programs (LAPPs) provision of the Act.

First, a fishing community (FC) is made up of residents who conduct commercial or recreational fishing, processing, or fishery dependent support businesses. In order for a fishing community to be recognized, it would have to submit a community sustainability plan to the Council that addresses the social and economic development needs of coastal communities including those that have not had the resources to participate historically.

A Regional Fishing Association (RFA), on the other hand, must be a voluntary association consisting of participants in the fishery who hold quota share for use in that region. The RFA must have established by-laws and operating procedures and must develop an RFA plan to be submitted to the Council.

The National Marine Fisheries

Service (NMFS) as not yet developed standards or published rules relevant to any of the LAPPs provisions including IFQs. Nor have the Councils developed criteria for community associations, as they are required to do pursuant to the reauthorized MSA. At this point it is unclear what standards are going to be developed at the national level, or what criteria will be developed at each Council.

It is possible that the structure of community associations might differ markedly in each region, based on what

In many cases, small fishing communities have had to change the structure of their operations when presented with decreasing catches or decreasing fishery access. In Port Clyde, Maine, for instance fishermen formed a fishing cooperative that markets and sells fish under a "Port Clyde Fresh Catch" brand directly to consumers through a "community supported fishery" or CSF. Consumers can subscribe to the CSF and receive headed and gutted fish delivered through a network of local churches. The enterprise has proven successful

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criteria each Council develops. PCFFA and other groups around the country are currently working to help develop a national framework that would be broad enough to apply to every fishing community, but still flexible enough to allow communities to tailor the structure of an association to fit local needs.

At the Council level there are already groups that are working to develop criteria for community fishing associations. For instance, in Morro Bay, California, the Nature Conservancy is working to develop a community fishing association with trawl permits that they now own. They have petitioned the Pacific Council to recognize this entity within the groundfish IFQ program and develop criteria that would govern it.

Regardless of the criteria that the Councils develop or the rule making and national standards that NMFS may develop, a community fishing association will, in most circumstances, be structured around an individual port and will be composed of fishermen, processors, and representatives of associated businesses within that port. A community fishing association could hold limited access privileges as an entity in order to anchor access to fish in that community. A community fishing association could also potentially lease quota or other access privileges that it holds to individual fishermen there. In any event, the relationship between individual fishermen and community associations will likely vary according to region.

Many questions still remain concerning community fishing associations, but this has not stopped "proto-community fishing associations" from springing up throughout the country. The formation of these "proto-associations," which are quite different throughout the country, has been driven by the same forces and seeks to achieve the same basic goals.

and profitable. This year the project is expanding due to its popularity. The Washington Post recently profiled the Port Clyde fishermen and the story brought national attention to these new approaches that fishing communities are developing in order to survive.

Some of the issues that will have to be addressed in structuring either a community fishing association or regional fishing association, as either standards or guidelines, include:

**Defining the Community.** Perhaps the initial rule or standard related to a FC or RFA will be the requirement to identify in the initial formation state-



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ment who the members of the FC or RFA are, including its Board of Directors and Executive Committee and executive staff. The statement should define who is eligible for membership, as well as how a member can join or leave. How the rule or standard is developed for defining community for purposes of either an FC or RFA will be important in preventing either an FC or RFA becoming simply the surrogate of a large processor, or even an environmental NGO.

**Purposes of the Organization.** The rules or standards for the FC or RFA will need to state what the purposes of the FC or RFA will be. The purpose could simply be to hold quota on behalf of its members. Or it could be much broader, so as to include a number of community fishing needs such as marketing, purchasing cooperatives, even establishing a group health insurance program for members.

**Financial Structure.** Here a rule or standard should require providing a detailed financial statement on behalf of an FC or RFA when it organizes, and periodically thereafter.

It is conceivable some fishing community organizations might want to be organized as for-profit entities, such as cooperatives, while others may choose to organize as a non-profit type of organization. The statement of the initial financial structure should include the nature of its assets, including whether or not it will hold quota in its own name (as opposed to simply being a loose association of quota holders), or whether it will acquire quota. It should also include what other assets it owns or leases, together with a plan for annual financial disclosure to the regional fish-

ery council or even NMFS, as well as to its members.

**Rights of the Organization.** A rule or standard will be required to state what inherent rights an FC or RFA would have, including the amount of quota share it would be allowed to hold or control and what authorities it would be delegated by the regional councils and NMFS.

**Rights of Members.** Here there would need to be rules requiring the FC or RFA to spell out in detail the rights of members along with an appeals mechanism for members (as well as non-member fishermen or processors) who believe they have been aggrieved by an FC or RFA. The rights section should also state

show a pretty wide diversity of objectives and capabilities. At the end of the day community fishing associations are just another way to manage a fishery.

#### 1. Developing New Markets

It's no secret that the competition from aquaculture and imported seafood has had a profound effect on the domestic ocean fishing industry.

While imported seafood and aquaculture may have a competitive advantage in price, since they do not pay the true environmental and labor costs of their products, US fishermen still have several advantages over producers of these types of products.

Wild fisheries will always produce

also busy working to develop a domestic aquaculture industry that can tap into these niches. In California, aquaculture companies are interested in developing a "California Grown" brand for farmed fish to meet this demand. The development of "organic" aquaculture is probably also a response to this demand. Community fishing associations could provide a structure to coordinate this kind of marketing and reach key consumers first.

#### 2. Protecting Smaller Ports and Smaller-Scale Fishermen

Community fishing associations are a way to protect smaller ports and smaller fishermen. In an IFQ fishery, many ports could suddenly see their access to fish disappear as quota simply moves out of smaller ports. In the advent of an IFQ fishery, fishing quota could instead be anchored to a particular community through a community fishing association. The fishermen, processors, and other dependent businesses that make up the association in that port could then make decisions on how to use that quota in order to maximize its economic and social benefit to their own community.

Smaller fishermen are likely to lose out in an IFQ fishery, but a community association could help assure that smaller-scale fishermen continue to have access to fish. A community association can also help fishermen diversify their fishing "portfolios" by providing access to fisheries that they do not otherwise have permits or quota for.

We've seen that in order for fishermen to remain in business these days, they need a diverse "portfolio" of fisheries to access. An over-reliance on one fishery makes fishermen vulnerable to fluctuations in that fishery.

#### 3. Maintaining Infrastructure

Maintaining infrastructure is of course related to maintaining smaller fishing ports. As fishing fleets continue to consolidate, infrastructure at many ports has gone into disrepair.

IFQ systems would likely only hasten the collapse of port infrastructure already badly in need of repair, particularly when quota leaves small port communities and fleet consolidation shifts efforts to larger vessels in large ports.

Community fishing associations can help reverse some of these trends by anchoring boats to communities and better assuring local access to local fish, thus helping smaller ports maintain the diversity of fisheries that is necessary to support their infrastructure.

#### 4. Attracting New Entrants

One major challenge that a community fishing association can address is attracting new entrants into the fishery. IFQs prevent people from entering the fishery unless they come from established fishing families already owning boats, or are wealthy enough to purchase quota.

A community fishing association could ease the burden and economic uncertainty of entering a new fishery by providing easier access specifically to upcoming younger fishermen. The uncertainty and volatility of the fishing industry currently keeps many new fishermen outside.

NMFS and proponents of IFQs make the assumption that fisheries can no longer support a significant number of jobs. Consolidating fleet size, they argue, is the only way to maintain the viability of the fishing industry.

## It's no secret that the competition from aquaculture and imported seafood has had a profound effect on the domestic ocean fishing industry.

how members are entitled to use quota held by the community. Or if quota is held only by individuals within that community, how that quota would transfer within the community when an individual member chooses to cash out.

**Transparency and Oversight.** An FC or RFA would be either holding or acquiring quota of public trust resources. Rules would have to be established requiring transparency within the organization as well as for oversight by the regional council.

**Relationship to the Regional Fishery Council.** Here rules would be needed outlining the relationship of an FC or RFA to the regional fishery management Council, including oversight, appeals, approval of an FC or RFA by the Council, allocation, where applicable the relationship of quota to the organization, methods and standards for revoking of privileges or even rules for dissolution of the FC or RFA by a regional council.

**Anti-Trust.** Finally, a rule would need to establish that the actions of an FC or RFA do not violate any state of federal anti-trust statutes, particularly where an organization may hold a substantial portion of the quota to a fishery or where it might have control over most or all of the fisheries in a port.

#### What Can Community Associations Accomplish?

Now that we know what a community association is and what they are likely to look like, it's time to look at what they can accomplish.

Hopefully, community fishing associations can avoid many of the pitfalls that IFQ systems are susceptible to. A community association could work in many different fisheries. However, such mechanisms do not necessarily make sense for all fisheries.

It should also be emphasized that a community fishing association can be structured in a way to fit local circumstances. A community association in some fishing communities could be used primarily to market fish, while in another it could be used to acquire fishing quota in order to maintain a small scale port-based fleet and local fishery.

The "proto-community fishing associations" that have developed so far

a healthier product than aquaculture, no matter what the fish nutritionists cook up. Domestic wild fisheries have the advantage of being closer to markets and can therefore shorten the supply chain to provide a fresher product. Wild fisheries can also be marketed to take advantage of the public image of fishermen, in much the same way that some agricultural products take advantage of the image of the small family farmer.

A community fishing association could capitalize on these advantages much better than an individual fisherman by developing a regional brand. Developing a local brand based around a community fishing association would be very much like the marketing efforts of state seafood councils, except on a finer scale.

A community fishing association could also provide more coordination for marketing efforts already underway at the individual level. For instance, in recent years we've seen many fishermen engaging in direct sales at farmer's markets, or straight from their boats or even through shipping by mail.

Fishing groups have also long tried to promote awareness among consumers about local and seasonal seafood options. Some fishing groups have applied for third party sustainability certification for their fisheries in order to increase the profitability of the fishery and differentiate it in the marketplace. But most of these efforts have been haphazard and sporadic. A community fishing association could use all these tools more effectively than each individual going it alone.

The demand for locally caught and fresher seafood is growing rapidly, but right now going largely unmet in many parts of the country. Some in the fishing industry have dismissed this demand as "niche" or "boutique" markets. This criticism greatly underestimates the potential size and importance of these new and emerging markets.

The challenge is reaching these new markets in a more effective way than is happening now. Certainly the Port Clyde effort to take the product directly to consumers is an innovative approach - but by no means the only one.

Emerging market niches becoming available to fishermen have not gone unnoticed. Aquaculture companies are



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A community fishing association model assumes just the opposite – that fisheries can support more jobs by allowing more small-scale family fishermen the opportunity to fish for higher value fish. Community fishing associations would therefore likely lead to a more regionally diverse and economically flexible fleet, as well as stronger fishing communities, than would the massive economic concentration and fleet consolidation that is almost inevitable under ITQs.

#### 5. Building Public Support

One of the most important functions that a community fishing association can fulfill is to provide a way for fishing communities to develop stronger public support, which is no small thing.

At Pacific Marine Expo we had the opportunity to meet one of the founders of the Port Clyde Association, Glen Libby. Libby told us that one of the most important outcomes of their project was the enormous public support they were able to develop. The Port Clyde trawl fishery had been declining because of increasingly restricted access to diminishing stocks. Libby and his colleagues worked to develop more selective trawls with wider windows at the same time they began their CSF. By educating their CSF subscribers about the gear they use and the sustainability of the fishery, they were able to tap into a new ally – the consumer. A community fishing association that is able to build strong public support is more likely to maintain access, and more likely to keep markets to survive economic downturns.

Consumer support can be extremely important to our industry. In California we have seen a recent example of how public support can help maintain access. In 2002, when it looked like much of the Pacific groundfish trawl fishery was going to be shut down, one fisherman in particular was able to keep his fishery open partly because of the strong public support he received.

By 2002 Steve Fitz had developed a small but highly sustainable fishery for sand dabs using a Scottish seine, and had developed something of a following among local restaurateurs and consumers. In response to news of the impending shutdown of the fishery, consumers who knew how Fitz fished advocated to help keep his fishery open. This is an example of just one fisherman who was able to maintain his access. But any fishing organization that is able to develop a strong relationship with a local community can build an important alliance.

Such relationships provide a real opportunity to improve the public image of fishermen through education and outreach, which can only help our whole industry.

A "Meet the Fishermen" dinner organized by the Institute for Fisheries Resources provides an example of another way this can work. During the Slow Food Nation festival in San Francisco in 2008, IFR held a "Meet the Fishermen" dinner at the prestigious Hayes Street Grill in San Francisco. The fishermen's dinner was the first to sell out, and it provided an opportunity for "foodies" to meet real working fishermen face to face. The fishermen who participated

had a chance to explain how they fish, what it's like to be on the ocean, and what things they see on the water. The event was enormously successful.

These are just two examples of the important connections that can be built with consumers. A community fishery association can provide the structure for this kind of sustained outreach and contact with consumers over a long term.

#### 6. Providing Health Care

Health care is an issue that has been a major concern for fishermen around the country and the subject of other FN articles.

The Commercial Fishermen of America (CFA) has been working to restore national healthcare for fishermen through federal legislation since its beginning. Until that happens, or until something better happens regarding health care access in the US generally, many fishermen desperately need healthcare. Most now must go without.

Commercial fishermen are difficult to insure for a number of reasons. Fishermen work in a dangerous job, most fishermen are now in an expensive age bracket to insure, and many fishermen move around a lot for work. A community fishing association could offer a base for fishermen to access health care as a group. Grouping together the members of a community fishing association lowers the risk to insurance companies inherent in insuring specific individuals, making the companies much more likely to insure the group.

#### A New Way Forward?

The potential benefits of community fishing associations have not been fully explored, which makes the campaign to implement IFQs in every fishery instead all the more frustrating. IFQs are just not going to be the salvation for fisheries and fishing communities that their supporters would have you believe. There are – or should be soon – better alternatives to forced economic consolidation, big-boat vs small-boat fleet wars and privatizing precious public resources.

Clearly there are other (and likely better) ways to manage a fishery sustainably that keep more people employed and derive more value from a fishery. Innovative fishermen's communities around the country have already been finding ways to meet the major challenges they face head on.

The MSA already allows for the creation of these kinds of community-based fishing support organizations. However, standards or guidelines clearly need to be developed to encourage these alternatives to mature.

A group of fishermen in Port Orford, Oregon have adopted the motto "Fish Smarter Not Harder" for an organization (the Port Orford Ocean Resource Team) they founded to participate in bottom-up fisheries management decisions, collaborative research, and direct marketing. This motto could very well become a mantra for emerging community fishing associations around the country. Community associations are all about finding a smarter response to the challenges that face fishing communities today. 🐟

Sara Randall is Program Director for the Institute for Fisheries Resources (IFR), which works to protect fisheries resources and fishing communities on the US west coast. IFR is separate from but closely affiliated with the Pacific Coast Federation of Fishermen's Associations (PCFFA). Nate Grader is also a staff member of IFR working primarily on sustainable fisheries policy issues. The authors can be reached at IFR's San Francisco Office at (415) 561-3437, x 222 or by email to: [srandall@ifrfish.org](mailto:srandall@ifrfish.org). IFR's web site is at [www.ifrfish.org](http://www.ifrfish.org).



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**Sea Grant**  
Washington





April 7, 2009

Mr. Don Hansen, Chairman  
Pacific Fishery Management Council  
7700 NE Ambassador Place, Suite 101  
Portland, OR 97220-1384

**Agenda Item F.4 – FMP Amendment 20, Trawl Rationalization—Community Fishery Association (CFA) and Miscellaneous Clarification Issues**

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Dear Chairman Hansen:

Let me begin by thanking you and the Council for your work at the March meeting, and commend you for recognizing the interrelation of the trawl rationalization program with the viability of fishing communities and the other groundfish sectors.

Ecotrust is a Portland, OR based organization that works create economic opportunity, social equity and environmental well-being. We operate a number of for-profit and non-profit structures, and have a history of innovations—these include co-founding the world's first environmental bank, starting the world's first ecosystem investment fund, creating a range of programs in fisheries, forestry, food, farms and children's health, and developing new scientific and information tools to improve social, economic and environmental decision-making. Over nearly 20 years, Ecotrust has converted \$60 million in grants into more than \$300 million in capital for local people, businesses, and organizations from Alaska to California.

We are here today to comment on the council's deliberations on Community Fishery Associations. Our testimony is informed by our experience operating the North Pacific Fisheries Trust (NPFT). The NPFT is a \$6 million revolving loan fund, the first of its kind in the nation, operating in Alaska and on the West Coast. Our goal is to support community fisheries efforts such as Community Quota Entities (CQE) in the Gulf of Alaska. We also have investments in west coast fisheries that this Council manages.

Two experiences in Alaska with CFA-like entities are instructive for developing the CFA framework: Community Quota Entities (CQEs) and Community Development Corporations (CDQ). The NPFT (Trust) works with both types.

CDQs were established 15 years ago and were allocated 10% of overall quota in many species. Today they are vibrant community based economic development engines.

Community Quota Entities (CQEs) were formed 10 years into the Alaska IFQ program and were not allocated any QS and must buy it on the open market. They do this with great difficulty, given the price for quota and the capital barriers to entering into the market.

Both CDQs and CQEs are examples of CFAs. The management processes of both organizations create a sense of cohesion and cooperation at the scale of communities. Both forms have evolved considerable managerial skill and capacity. In terms of viability, however, one system is healthy, one is not. The major lesson here is that it is beneficial to establish CFA type institutions immediately when starting an IFQ program. As a 2004 Government Accounting Office report found (GAO-04-277), “the easiest and most direct way too help protect communities under an IFQ program is to allow the communities themselves to hold quota”.

Based on our experience with CDQs and CQEs, we ask for the following actions by the Council:

- Develop guidelines for CFA before the trawl IFQ program is implemented.
- As recommended by the GAO, make initial allocations to CFA type institutions that meet the guidelines.
- Create a pool of quota available to CFAs that includes, but is not limited to, the following three sources of quota shares:
  - A divestiture period during which those entities that qualify for quota share in excess of individual accumulation limits can divest of these excess quota shares, preferably, e.g., through a right of first refusal, to CFAs;
  - The difference between OYs and historical landings; and
  - The publicly financed “buyout quota”—as a reminder, the \$46M trawl buyout used a \$10M appropriation from the federal treasury and a \$36M guaranteed loan that remaining fleet members are paying off. That means that 22% of the “buyout quota” was financed by the public and should go to public interest entities.
- Consider higher accumulation limits for CFAs. This would help with several issues of importance to ensure community viability:
  - Holding quota at the community level helps reduce debt loads of new entrants;
  - Users of any gear type can access the quota by leasing for 8% overhead;
  - Community-held quota reduces mobility and maintains fishing opportunity and associated processing and port industries;
  - Taking some portion of overall quota off the market reduces trading volatility.
  - Reduces capital requirements for in season needs to cover overages

The “strawman” description of a Community Fishing Association prepared by council staff (Attachment 4, Agenda item F.4.a) is a promising start.

We encourage the Council to review a new collection on community impacts of quota programs published by the American Fisheries Society. It’s called *Enclosing the fisheries: people, places, and power* (Lowe, M. E., and C. Carothers, editors, 2008, American Fisheries Society, Symposium 68, Bethesda, MD; ISBN 978-1-934874-05-9), and contains many useful discussions about community entities including the Alaska CDQs and CQEs.

Also, here in San Francisco, Ecotrust is working with fishermen on the development of a community-based seafood venture at Fisherman’s Wharf. We have given considerable thought to the governance, community affiliation, financial viability and operations of what is essentially a CFA, and would be happy to share our business plan with council staff.

In conclusion, we feel that CFAs provide an important vehicle to make the benefits of catch share programs accessible to communities, and to better achieve the economic, social, and environment objectives of these programs in general, and the trawl ITQ program in particular.

Thank you.

A handwritten signature in black ink, appearing to read "Ed Backus". The signature is written in a cursive, flowing style.

Edward Backus, Vice President – Fisheries, Ecotrust  
Board Chair – North Pacific Fisheries Trust