



Agenda Item F.1.a  
NMFS Report 2  
Sept 2016  
Rule Making Plan for 2016: Groundfish  
Trawl Gear Modifications: #3  
Supplemental Comment

Mr. Herb Pollard, Chair  
Pacific Fishery Management Council  
7700 NE Ambassador Place Suite 101  
Portland OR 97220

Dear Mr. Pollard: Please accept these comments on behalf of Pacific Seafood:

**On the matter of Agenda Item F.1.a, NMFS Report 2, Rule Making Plan for 2016: Groundfish, Trawl Gear Modifications: #3, Pacific Seafood stands united with the Oregon Trawl Commission (OTC), the Environmental Defense Fund (EDF) and a large number of fishermen, and herein asks that Pacific Fishery Management Council support those named above and our industry in urging the National Marine Fisheries Service (NMFS) to follow through on the required rulemaking necessary to promulgate the regulations to modify and change trawl gear as needed to legally prosecute rockfish harvest, in an efficient manner through use of best practices beginning on January 1, 2017. Below are reasons and rationale why carrying forward this rulemaking is critically important to harvesters, processors, our markets and our coastal communities.**

**Prologue:**

Recently the Oregon Trawl Commission held a meeting which included fishermen, processors and other stakeholders in Newport Oregon to discuss the opportunities and challenges facing the non-whiting trawl industry in harvesting, processing, and marketing the substantial increases of rockfish quotas with the newly expanded ACL's for Widow and Canary rockfish. This meeting was attended by five managers and the COO of Pacific Seafood, These six individuals are responsible for the orderly procurement and marketing of wild seafood products in our Processing/Sales division. This includes west coast groundfish.

**OTC's intent** for this summit meeting was to discuss what fishermen and processors must do in the non-whiting industry, if we are to successfully harvest and take to market this additional rockfish. Most who attended believe this will require a collaborative effort amongst fishermen, processors, and markets: Several salient points from the meeting:

1. The west coast groundfish industry has been "off" the rockfish market for 16 years.

2. Swai and Tilapia now account for approximately 15% of the U.S. per capita consumption of seafood-an increase of 65 to 1 since 1998. These two species now occupy a great amount of shelf space in our retail stores. This includes space that was previously filled by west coast groundfish. This is to be expected when over 90% of U.S. seafood is now imported.
3. Pacific Seafood has lost 45% of their groundfish fillet crew in our coastal plants since implementation of the IFQ program in 2011. (other processors reported similar losses)
4. In order to successfully market the increased supply of rockfish we will need to start planning and working immediately if we expect to capture the additional business we need to support our fishermen in 2017.
5. It is impossible establish a customer commitment for this increased tonnage if we cannot create a “go-to-market” business strategy which we can execute in a consistent and predictable manner:

**Trawl Gear Modification: Why is it so important for January 1, 2017:**

The new increase in ACL's for Widow and Canary are effective January 1, 2017, however we will not gain an actual increase in harvest access until May 15<sup>th</sup>, 2017. This eclipses 37.5% of our market year. It also juxtaposes the non-whiting harvest mid-water start with an active shrimp season, the start of whiting, and, unpredictable, but expected, increases in landings of rockfish bycatch from the whiting fleet. If this were not enough please consider that mid-May is the start of Copper River Salmon. All retailer focus will be on salmon. This is a huge annual event in the retail trade and retailers rarely take on two promotions simultaneously.

The processors at the OTC meeting estimated we need to train 100 new filleters coast wide if we are to fillet this fish for the highest valuation. Even this will not help if we flood the market with huge volumes of rockfish. It will more likely go to the freezer. No processor with any business acumen would launch this type of campaign in this environment. The alternative is to not hire the additional filleters, not risk losing another round of market confidence, and continue your previous business plan. Rockfish deliveries that are unplanned or plants that are understaffed will freeze whole rockfish at the lowest valuation. This is not what we want to see: for our processing businesses, our fishermen, our employees or our markets. Our business is to bring value to the resource; but it must occur without risking the business itself. A worst case scenario: We crash the market and take years to recover.

**Markets: Timing and planning are everything:** Markets are not built overnight. They are built on fundamental principles. These include consistent and predictable supply chains. They require constant attention, management, and dedication. They do not function well if there is no

confidence that products will be delivered on time and in the amounts promised. Success requires an executable, go-to-market business plan, and a supply chain that delivers as promised.

At the OTC meeting processors and harvesters discussed how to begin a rockfish market campaign. The most important element mentioned was to have the gear modifications in place so we can begin the legal harvest of rockfish January 1, 2017: Besides what is stated above:

1. January to April is a relatively slow period for the processing plants. The plants are looking for additional work for their employees in this period.
2. We could augment our menu to retailers by offering rockfish as well as Dover and other flatfish.
3. We could (should) begin working out a collaborative business plan immediately amongst, fishermen retailers to run promotions for rockfish. We could bring rockfish in at the ideal time of year during Lent when retailers are looking for opportunities to promote fish.
4. Starting January 1 could be a huge “win” for industry. Rather than flood the market in May we could gradually ramp up production with rockfish harvested inward of the shoreside boundary, and build our market confidence while creating new jobs and making the necessary investments in our plants to handle the increased volume. This strategy make good business sense. Breaking down all good business practices to handle an onslaught on May 15<sup>th</sup> does not.

#### **Why are we at this juncture?**

Rightly or wrongly industry believes that NMFS has failed to follow through again. And again the “hurt” is going to hit the non-whiting sector the hardest. On a Council action of this magnitude, which we have been fighting to achieve for five years, we do not understand why NMFS was remiss to discuss, and too cavalier to publically announce, that there is now a delay. This is a discredit and disservice to the fishermen and processors who have sacrificed so much and waited so long for these species to rebuild to sustainable levels. We have sacrificed millions in lost opportunities while waiting to get the green light, when in some cases these over fished species have been rebuilt for years. Ironically it has reduced revenues for cost recovery, buyback repayment, and state landing taxes as well.

**OTC sent a letter to Eileen Sobeck**, Assistant Administrator to Fisheries. We fully support the OTC letter. The letter is an excellent representation of the situation. As stated in the letter, the NMFS delay to follow through for rulemaking on trawl gear modification by January 1 2017 is “unacceptable”.



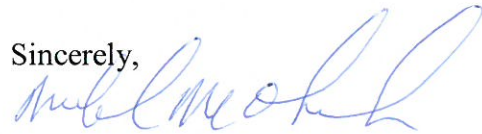
**Conclusion:**

We would have welcomed an earlier chance for input on impacts to industry, and an opportunity work with NMFS to establish a method that guaranteed these regulations are promulgated by January 1, 2017.

Respectfully: The non-whiting sector does not deserve this treatment. If we going to remedy ailments in the IFQ non-whiting sector we need to work collaboratively: Harvesters: Processors: Markets: And our Regulatory Agencies and their advisors: We have an opportunity to rebuild this fishery but we need help from all parties. This is our chance to take a positive step forward. Please do not let it slip by.

**We ask that the Council express their concerns on this matter to both the NMFS regional office and the NOAA head office as quickly as possible.**

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Okoniewski", written over a light blue horizontal line.

Mike Okoniewski,  
Fisheries Policy and Management Advisor:  
Pacific Seafood