



Phoenix Processor Limited Partnership

333 First Avenue West, Seattle, WA 98119 USA tel: (206) 286-8584 fax: (206) 286-8810

November 19, 2016

Chair Herb Pollard
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 101
Portland, WA 97220
August 15, 2014

Item.F.6

RE: Item F.6 – 5-Year Catch Share Program and Intersector Allocation Review Plans and Fishery Management Update

Dear Chair Pollard:

My comments today are on behalf of Phoenix Processor Limited Partnership (PPLP).

PPLP owns and operates two mothership processors in the Pacific whiting mothership sector. The MV Excellence has processed whiting in each of the last six years under the rationalization program; the SS Ocean Phoenix has processed in only one season since the coop fishery began. PPLP also owns a limited entry trawl permit with an MS/CV endorsement allowing harvests within the mothership coop fishery, which it leases out to a harvester in its fleet. Several partners in PPLP also own MS/CV-endorsed permits and catcher vessels that harvest whiting in the MS Coop Program delivering to PPLP. PPLP does not just provide a market to its own boats, it also provides a market to unaffiliated harvesters and their MS/CV-endorsed permits. In addition, PPLP maintains leasing arrangements with owners of other MS/CV-endorsed permits not currently affiliated with catcher vessels. These established relationships are key to PPLP's fleet management strategies as the vessel owners that have partnered with us to harvest fish in the mothership sector have considered their own allocations to be small and they value the access to other quota.

With regard to the 5-Year Review of the catch shares program, we have consistently expressed our view that inadequate access to overly constraining bycatch species is the single biggest problem for the mothership whiting fishery. The Council has done some great work to recognize and repair this problem. The efforts to provide additional bycatch, change the characterization of allocations to set-asides, provide for management buffers, and explore opportunities to provide relief such as through the "green light" approach are all appreciated. As several of these measures have been interim provisions, we appreciate and support your consideration of a more comprehensive fix as part of the 5-Year Review process.

As part of the 5-Year Review, NMFS conducted a series of listening sessions in various ports. One item raised in the last of these sessions, held in Newport, Oregon, was a concern expressed about the Council's decision under Amendment 20 to require limited entry permits for processing in the mothership sector. The commenters in that hearing claimed that this "closed class" prevents harvesters in the mothership sector from fully utilizing their allocations. The truth is not so simple, and there were several inaccurate statements introduced into the record. One fundamental error is the claim that no new processor can enter the sector. In reality, MS permits are fully transferable. For a new processor to enter the fishery, all they would only need to obtain an MS Permit, just as for a new entrant to harvest fish, they would have to obtain a limited entry trawl permit. As an owner of an MS Permit not currently being used, PPLP has actively sought out additional processors to use our permit, but have had no takers. The explanation given for not being interested in processing under our permit has been because the economics are simply not there to make it viable, with the main factor affecting profitability being inadequate access to constraining bycatch species.

PPLP does not support the suggestion made in the Newport listening session to undo the closed class of processors. The limited entry permit for processing whiting in the mothership sector was a key component of the trawl rationalization program intended to recognize the history of processing that made the mothership fishery viable for all who participate in it. This was the alternative adopted in the mothership sector in lieu of a twenty percent (20%) allocation of the sector's whiting to processors, the measure used in the inshore fishery to recognize processing history. Any reconsideration of the closed class of processors in the mothership whiting fishery under the 5-Year Review should consider the significant investment made by mothership processors, the stranded capital that would result should this investment not be appropriately recognized, and revisit the question of whether whiting allocations should be made to processors in the mothership sector.

A better focus for improvement of the operation of the mothership whiting fishery would be to comprehensively address the problem of inadequate access to constraining bycatch in the sector. Addressing these bycatch needs would be beneficial to all mothership sector participants.

Thank you for consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "James Mize", with a long horizontal flourish extending to the right.

James Mize
Director of Government Affairs
Premier Pacific Seafoods, Inc.
(On behalf of Phoenix Processor Limited Partnership)