

Congress of the United States

Washington, DC 20515

October 15, 2008

Dr. James W. Balsiger
Acting Assistant Administrator
National Marine Fisheries Service
1315 East-West Highway, Room 14743
Silver Spring, MD. 20910

RE: West Coast Groundfish Individual Fishing Quota for Processors

Dear Dr. Balsiger:

Thank you for your efforts thus far to reform the West Coast groundfish fishery and ensure the longevity of this important resource. As the Pacific Fishery Management Council considers the development of an individual fishing quota (IFQ) program, precise details of the program's design will be critical to restoring the fishery's economic and ecological health. Properly constructed improvements can significantly benefit fishermen and the coastal communities that depend on the groundfish resource.

We understand that the Pacific Fishery Management Council reached a milestone in June when it voted on a preliminary preferred alternative as part of the draft EIS for the IFQ program. It is encouraging to know that NMFS has been supportive of Council efforts to improve management of this fishery.

However, fishermen and other constituents have expressed serious concern with one element of the IFQ package – initial allocation of harvesting shares to processors. The Council's decision to grant 20% of the quota to processors will harm fishermen by increasing consolidation and marketing power in the processing sector, while failing to meet the Council's stated goal of protecting coastal communities. This component sets bad precedent and could undermine the success of any IFQ program.

According to the most recent Stock Assessment and Fishery Evaluation document for the groundfish fishery, the three largest processing companies process well in excess of 75% of the groundfish on the Pacific coast. In contrast, a Council sponsored study on the economic effects of IFQ management in the Pacific groundfish fishery found that groundfish fishermen in aggregate currently have a profit margin of zero. Not only would allocation to processors take a 20% bite out of fishermen who are already struggling to stay in business, but it would also give powerful processors even more ability to mandate landing times and prices.

More importantly however, allocating quota to processors will not protect coastal communities, which was the stated rationale of many Council members. Because the quota will be allocated to processors on a company basis rather than a plant basis, and because many large processors own more than one facility, there is nothing to prevent

those processors from consolidating that quota into a single plant. Nor is there anything to prevent processors who hold quotas from moving to another location or simply selling their quotas to processors in another port. Similar consolidation has happened in the processing sector in the recent past, and there is nothing to prevent it from happening again.

Finally, in all the IFQ programs that we are aware of in this country and around the world, harvesting quota has never been granted to processors except for the recent and highly controversial BSAI crab rationalization program in the North Pacific. Even when processors have later been permitted to purchase harvest quota shares from fishermen, this has sometimes resulted in excessive consolidation.

If the Council does not at least eliminate initial processor shares from the IFQ program, it will send the signal to processors around the country that they should seek their own allocation. This would make IFQ implementation much more contentious and likely put a chilling effect on the further adoption of important IFQ management reforms.

In closing, we want to encourage NMFS to support a fair, well-designed IFQ program that will transform the groundfish fishery from a fishery struggling with by-catch problems and economic stagnancy into a vibrant, ecologically, and economically sustainable fishery that will benefit fishermen, processors, coastal communities, and the fishery resource. If you have any questions, please do not hesitate to contact Susan Jane Brown (susanjane.brown@mail.house.gov; 202-225-6416) in Congressman DeFazio's office.

Sincerely,



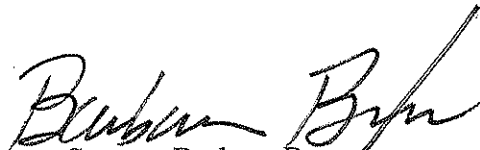
Representative Peter DeFazio
Member of Congress



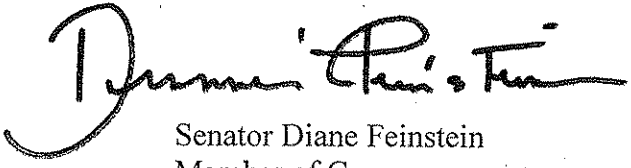
Senator Ron Wyden
Member of Congress



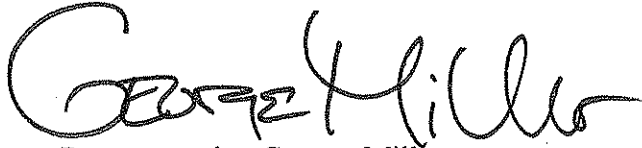
Representative Mike Thompson
Member of Congress



Senator Barbara Boxer
Member of Congress

A handwritten signature in black ink, reading "Diane Feinstein". The signature is written in a cursive style with a large initial "D" and a prominent flourish at the end.

Senator Diane Feinstein
Member of Congress



Representative George Miller
Member of Congress



Representative Sam Farr
Member of Congress



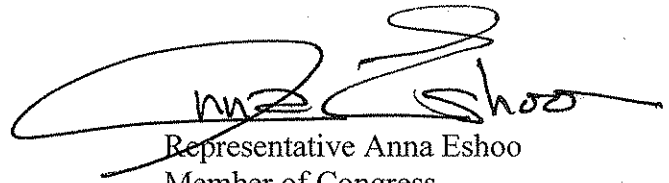
Representative Lois Capps
Member of Congress



Representative Rick Larsen
Member of Congress



Representative Darlene Hooley
Member of Congress



Representative Anna Eshoo
Member of Congress



Representative Earl Blumenauer
Member of Congress



Representative Thomas Allen
Member of Congress

cc: Governor Arnold Schwarzenegger
Governor Christine Gregoire
Governor Ted Kulongoski
Mary Glackin, Deputy Under Secretary for Oceans and Atmosphere, NOAA
Alan Risenhoover, Director of Sustainable Fisheries, NOAA